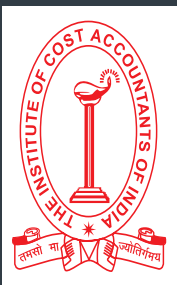




January, 2024

TAX Bulletin

Volume - 152
17.01.2024



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

www.icmai.in

Headquarters: CMA Bhawan, 12, Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

Delhi Office: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100

“

VISION STATEMENT

“The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally.”

”

MISSION STATEMENT

“The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.”

Objectives of Taxation Committees:

1. Preparation of Suggestions and Analysis of various Tax matters for best Management Practices and for the professional development of the members of the Institute in the field of Taxation.
2. Conducting webinars, seminars and conferences etc. on various taxation related matters as per relevance to the profession and use by various stakeholders.
3. Submit representations to the Ministry from time to time for the betterment and financial inclusion of the Economy.
4. Evaluating opportunities for CMAs to make way for further development and sustenance of the opportunities.
5. Conducting and monitoring of Certificate Courses on Direct and Indirect Tax for members, practitioners and stake holders and also Crash Courses on GST for Colleges and Universities.



January, 2024

TAX Bulletin

Volume - 152
17.01.2024



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

www.icmai.in

Headquarters: CMA Bhawan, 12, Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

Delhi Office: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100



The Institute of Cost Accountants of India

Statutory Body under an Act of Parliament

www.icmai.in

Certificate Courses Offered by the Tax Research Department

1. Certificate Course on GST (CCGST)
2. Advanced Certificate Course on GST (ACCGST)
3. Advanced Certificate Course on GST Audit and Assessment Procedure (ACGAA)
4. Certificate Course on TDS (CCTDS)
5. Certificate Course on Filing of Returns (CCFOF)
6. Advanced Course on Income Tax Assessment and Appeals (ACIAA)
7. Certificate Course on International Trade (CCIT)

Admission Link - <https://eicmai.in/advsc/DelegatesApplicationForm-new.aspx>

Modalities

Description	Course Name						
	CCGST	ACCGST	ACGAA	CCTDS	CCFOF	ACIAA	CCIT
Hours	72	40	30	30	30	30	50
Mode of Class	Offline/ Online	Online					
Course Fee* (₹)	10,000	14,000	12,000	10,000	10,000	12,000	10,000
Exam Fee* (₹)	1,000 per attempt						
Discounts	20% Discount for CMA Members, CMA Qualified and CMA Final Pursuing Students						

*18% GST is applicable on both Course fee and Exam fee

Eligibility Criteria for Admission

- ▲ Members of the Institute of Cost Accountants of India
- ▲ Other Professionals (CA, CS, MBA, M.Com, Lawyers)
- ▲ Executives from Industries and Tax Practitioners
- ▲ Students including CMA Qualified and CMA Pursuing

On passing the examination with 50% marks a Certificate would be awarded to the participant with the signature of the President of the Institute

Course Details

<https://icmai.in/TaxationPortal/OnlineCourses/index.php>

Courses for Colleges & Universities by the Tax Research Department

Modalities

Eligibility

- ▲ B.Com/ BBA pursuing or completed
- ▲ M.Com/ MBA pursuing or completed

Description	Courses for Colleges and Universities	
	GST Course	Income Tax
Batch Size	Minimum 50 Students per Batch per course	
Course Fee* (₹)	1,000	1,500
Exam Fee* (₹)	200	500
Duration (Hrs)	32	32

For enquiry about courses, mail at: trd@icmai.in

*18% GST is applicable on both Course fee and Exam fee

Behind every successful business decision, there is always a **CMA**



CMA (Dr.) V. Murali
Chairman
Direct Taxation Committee, ICMAI

FROM THE DESK OF CHAIRMAN

Esteemed Professional Colleague,

Our Hon'ble Finance Minister Mrs. Nirmala Sitharamanji is scheduled to present the central government's interim budget for fiscal year 2024-25 on February 1, 2024. It is unlikely that the finance minister will announce any major reforms as it will be a vote-on-account. However, the hopes are high. From raising the limit of standard deduction to making annuity income tax free and others.

POINT TO PONDER

Everyone wants happiness, no one wants pain then why do we forget that we can't have a rainbow without a little rain. Attitude matters: Attitude is a little thing that makes a big difference. Shakespeare wrote it succinctly **"Nothing is good or bad, but thinking makes it so."** Life is 10% how we make it and 90% how we take it.

ACTIVITIES AND PLAN OF ACTION

We hope the budget will address these issues with regard to the taxing of annuities and in order to encourage long-term savings, it would be preferable if annuity be taxed only once. Currently, it is taxed both at the entry and exit points. Additionally, the cap of Rs 5 lakh for tax purposes should be increased to Rs 10 lakh. This would expand the reach of savings products. Another important recommendation is to exempt mortality charges from GST. This would promote life insurance which still not widely popular in our populous country. The other steps which are expected are: Enhance support for affordable housing, removal of imposition of GST from insurance policies which are all directed to the welfare of the middle class salaried individuals.

On the departmental front, I look forward to the conduct of the webinar on 30.01.2024 on Direct Tax wherein the faculty would be CMA (Dr.) P. Siva Rama Prasad, Former Asst. General Manager, State Bank of India, Hyderabad. The topic for the session is "Basics of Transfer Pricing Mechanism in Foreign Trade: DT Purview". The areas to be discussed are Transfer Pricing including Specified Domestic Transactions, Determination of Arm's Length price, Advance Pricing Agreement, Safe Harbour Rules, Thin capitalisation and secondary Adjustment, DTAAs and GAAR.

The classes for all the ensuing batches Taxation courses have come to a close and the exams are scheduled on 4th February, 2024. I wish best of luck to the participants.

WRAP UP POINT

We should always spread happiness to all and keep personal problems within. **When we live for others, we live in their hearts forever.** To be happy, it is said don't do whatever you like, but like whatever you do. Happiness comes not from having much to live on but having much to live for.

Wishing each and every one of you a Life filled with joy, fulfilment, prosperity and bliss at home.

With Warm Professional Regards,

Forever, yours in service,

A handwritten signature in black ink, appearing to read 'V Murali'.

CMA (Dr.) V Murali

Chairman

Direct Taxation Committee, ICAI

17.01.2024



CMA Rajendra Singh Bhati
Chairman
Indirect Taxation Committee, ICAI

FROM THE DESK OF CHAIRMAN

This time I would like to start with a few important information being shared with my readers which they need to take a note in their profession life:

- Firstly, GSTN has issued an advisory in connection with the new Table 14 and Table 15 in Form GSTR-1/Invoice Furnishing Facility inter alia providing the details of information that must be furnished in these tables. Further, the advisory stipulates that a new table ECO-Documents (E-Commerce Operator Documents) would appear in Form GSTR-2B from the month of January 2024 and
- As regards to e-way bills the two important updates are:
 - ✓ Effective 1 February 2024, the E-Way Bill system would implement a check to ensure that the taxpayers generating E-Way Bill through web and API systems mandatorily provide 4-digit HSN code (for taxpayers having Annual Aggregate Turnover of less than INR 50mn) and 6-digit HSN code (for other taxpayers) and
 - ✓ Effective 1 March 2024, the e-Waybill system had proposed to block the generation of E-Way bills without E-Invoice / Invoice Reference Number (IRN) details in respect of various e-Waybill categories viz., Supply, Exports, SKD, CKD and Lots. However, the aforesaid advisory has been withdrawn by a subsequent update dated 10 January 2024.

On the departmental front, January was important as some important webinars were conducted. On 02.01.2024 a noteworthy webinar was conducted on the topic, "Overview of Recently Introduced Features for Registration Process – GST". The speaker for the session was CMA Sanjali Dias, Senior Vice President, GSTN. The speaker has herself played an important role in the process of implementation of the newly Introduced Features for Registration Process under GST. She spoke on the following areas like:

- Functionality for validating bank account and to view the status of validation
- Changes in email communication w.r.t Aadhaar authentication
- Changes made on the portal in relation to the Aadhaar Authentication process
- Enabling Geocoding facility for Additional place of business in addition to principal place of business for existing taxpayers
- Changes made in the placement of Form GST PMT-07 link
- Reporting supplies of unregistered persons in GSTR-8
- Automated Intimation of ITC mismatch in Form GST DRC-01C etc

The next webinar which was conducted was on 12.01.2024 on the topic, "Show Cause Notice & Reply – GST" and the faculty for the session was CMA Arpit Haldia, Indirect Tax Expert & Practicing Cost Accountant. During the session some important areas that were discussed are:

- Show Cause Notice Under GST and its contents
- Why they are issued by the department, the thought behind
- What is the procedure for issuing a Show Cause Notice under GST?
- Some common reasons for the issuance of a Show Cause Notice
- Consequences on failure to reply correctly to a SCN
- The process to handle a Show Cause Notice Under GST

All the other activities of the department is being carried on smoothly.

Thank You.



CMA Rajendra Singh Bhati
Chairman
Indirect Tax Committee, ICAI
17.01.2024

TAXATION COMMITTEES 2023 - 2024

Indirect Taxation Committee

Permanent Invitees

CMA Ashwin G. Dalwadi - President
CMA Bibhuti Bhusan Nayak - Vice-President

Chairman

1. CMA Rajendra Singh Bhati

Members

2. CMA Manoj Kumar Anand
3. CMA Dr. Ashish P. Thatte
4. CMA Chittaranjan Chattopadhyay
5. CMA Suresh Rachappa Gunjalli
6. CMA Dr. K Ch A V S N Murthy
7. CMA S.R. Bhargave, Co-opted
8. CMA Anil Sharma, Co-opted
9. CMA Mallikarjun Gupta, Co-opted

Secretary

CMA Rajat Kumar Basu, Addl. Director

Direct Taxation Committee

Permanent Invitees

CMA Ashwin G. Dalwadi - President
CMA Bibhuti Bhusan Nayak - Vice-President

Chairman

1. CMA (Dr.) V. Murali

Members

2. CMA Navneet Kumar Jain
3. CMA Avijit Goswami
4. CMA Dr. K Ch A V S N Murthy
5. CMA Dr. Ashish P. Thatte
6. CMA Rajendra Singh Bhati
7. CMA Rajgopal, Co-opted
8. CMA N Raveendranath Kaushik, Co-opted
9. CMA Sachin Kathuria, Co-opted

Secretary

CMA Rajat Kumar Basu, Addl. Director

EDITORIAL BOARD

CMA B M Gupta

CMA Rahul Renavirkar

CMA Navneet Jain

CMA Mrityunjay Acharjee

ACKNOWLEDGEMENTS

CMA Ashok B. Nawal

CMA Mrityunjay Acharjee

CMA Amit Sarker

CMA Vishwanath Bhat

CMA Bhogavalli Mallikarjuna Gupta

CMA T K Jagannathan

CMA Shiba Prasad Padhi

CMA Niranjana Swain

CMA Navneet Kumar Jain

CMA Anil Sharma

CMA Arindam Goswami

CMA Manmohan Daga

CMA Niranjana Swain

CMA Amit Dey

TEAM TAX RESEARCH DEPARTMENT

CMA Rajat Kumar Basu

CMA Tinku Ghosh Das

CMA Priyanka Roy

Ms. Mukulika Poddar

- Additional Director - Tax Research

- Deputy Director - Tax Research

- Assistant Director - Tax Research

- Officer - Tax Research

CONTENTS

ARTICLES		
INDIRECT TAX		
01	Deductions for Payments to MSEs under Income Tax Act - An Analysis	
	CMA Niranjan Swain	Page - 1
02	Understanding GST Audit in India	
	CMA Amit Dey	Page - 8
PRESS RELEASE		
	Direct Tax	Page - 14
NOTIFICATIONS AND CIRCULARS		
	Indirect Tax	Page - 15
	Direct Tax	Page - 33
JUDGEMENTS		
	Indirect Tax	Page - 34
	Direct Tax	Page - 36
TAX CALENDAR		
	Indirect Tax	Page - 40
	Direct Tax	Page - 40
PUBLICATIONS		
	E-Publications of Tax Research Department	Page - 41

Articles on the Topics of Direct and Indirect Taxation are invited from readers and authors. Along with the article please share a recent passport-sized photograph, a brief profile and the contact details. The articles should be the author's own original.

Please send the articles to

trd@icmai.in / trd.ad1@icmai.in

Deductions for Payments to MSEs under Income Tax Act – An Analysis



**CMA Niranjan Swain,
Advocate & Tax Consultant**

1. Background:

While computing income from business or profession, the Income-tax Act allows deduction of different expenditure according to the system of accounting followed by the assessee. In case of assessee, who follows a cash system of accounting, the deduction shall be allowed on an actual payment basis, whereas, in the case of a mercantile system of accounting, the deduction is allowed on an accrual basis. However, section 43B of the Income-tax Act, 1961 (IT Act) provides a list of several expenses which are allowed as a deduction on a payment basis even if incurred for the business or profession in accordance with provisions contained in section 30 to 37 including sub sections there under. Thus, even if an assessee follows the mercantile method of accounting, deduction of the specified expenses shall be allowed if the payment is made on or before the due date of furnishing the return of income, except the sum payable to micro and small enterprises.

2. Disallowability of Payments to micro or small enterprise (MSEs) Under Section 43B(h):

The Finance Act 2023 added one more item to the list in Section 43B by virtue of clause (h), the deduction of which shall be allowed on a payment basis. It provides that any sum payable to a micro or small enterprise (MSEs) beyond the time limit specified in Section 15 of the Micro, Small

and Medium Enterprises Development Act 2006 (MSMED Act) shall be allowed as a deduction in the previous year in which such sum is actually paid.

Section 43B of The Income Tax Act, 1961 is basically an age-old section which provides for certain deductions (mostly statutory dues) to be allowed only on actual payments. Further, the proviso of this section allows deduction if the amount is paid by the due date of furnishing ITR. Subsection (h) to Section 43B which reads as *“any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006» shall be allowed only in the previous year in which such sum is actually paid.* Further, the proviso to section 43B which allowed deduction if the dues were cleared up to the due date of filing ITR is not applicable to this section. *Therefore, even if you clear the dues to micro and small enterprises before due date of filing ITR, it won't be allowed as deduction if it was not paid up to 31st March of the relevant year in which it is incurred but be allowed in subsequent year i.e. in the year of payment.*

3. Relevant provisions under MSMED Act 2006:

MSMED Act as amended from time to time, inter alia provides for procurement preference and delayed

payment to MEME.

I. Section 15- Liability of buyer to make payment:

Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefor on or before the date agreed upon between him and the supplier in writing or, where there is no agreement in this behalf, before the appointed day:

Provided that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance.

II.

Section 2(b) “**appointed day**” means the day following immediately after the expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.

Explanation. --For the purposes of this clause,--

- (i) “the day of acceptance” means,
 - (a) the day of the actual delivery of goods or the rendering of services; or
 - (b) where any objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;

“**the day of deemed acceptance**” means, where no objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services

Summary of combined reading of Sec. 15 & 2(b) of MSMED Act.,

Particulars	Days	Days Count from
No Written Agreement	15 Days	Date of Actual Delivery of Goods / Service
Written Agreement	Max.45 Days	Date of Actual Delivery of Goods / Service

Particulars	Days	Days Count from
An Objection is Made by the Buyer in Writing	Within 15 Days' time.	The day on which objection is

III. Section 16 - Date from which and rate at which interest is payable:

Where any buyer fails to make payment of the amount to the supplier, as required under section 15, the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force, be liable to pay compound interest with monthly rests to the supplier on that amount from the appointed day or, as the case may be, from the date immediately following the date agreed upon, at three times of the bank rate notified by the Reserve Bank.

IV. Section 23 – Disallowance of Interest:

Notwithstanding anything contained in the Income-tax Act, 1961, the amount of 43 of 1961. interest payable or paid by any buyer, under or in accordance with the provisions of this Act, shall not, for the purposes of computation of income under the Income-tax Act, 1961, be allowed as deduction.

V. Section 24 – Overriding effect:

The provisions of sections 15 to 23 shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

VI. Section 22 - Requirement to specify unpaid amount with interest in the annual statement of accounts.

Where any buyer is required to get his annual accounts audited under any law for the time being in force, such buyer shall furnish the following additional information in his annual statement of accounts, namely: -

- (i) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;
- (ii) the amount of interest paid by the buyer in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;
- (iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified

under this Act;

- (iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and
- (v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.

VII.

Further half yearly reporting requirements under Companies Act, 2013 MCA vide notification “Specified Companies (Furnishing of Information about payment to micro and small enterprise suppliers) Order, 2019” dated 22nd January 2019, mandates that, all specified companies who buy goods or avail services from micro and small enterprises and whose payments to such suppliers have exceeded 45 days shall submit a half yearly return (eform MSME Form I) to the ministry of corporate affairs (MCA) stating the following:- the outstanding amount due and the reasons for delay;

4. Overriding effect in applicability of provisions of sections 15 to 23 of MSMED Act:

Section 24 of MSMED Act which provides overriding effect in applicability of provisions of sections 15 to 23 over provisions contained in any other law for the time being in force.

(a)

Section 24 of the Act is a non obstante clause. According to “*Principle of Statutory Interpretation*” a clause beginning with “*notwithstanding anything contained in this Act or in some particular provision in the Act or in some particular Act or in any law for the time being in force*” is something appended to a section in the beginning, with a view to give the enacting part of the section, in case of conflict, an overriding effect over the provisions or Act mentioned in non obstante clause. It is equivalent to saying that in spite of the provisions or Act mentioned in the non obstante clause, the enactment following it will have its full operation or the provisions embraced in the non obstante clause will not be an impediment for operation of the enactment. Thus, a non obstante clause may be used as legislative device to modify the ambit of

the provision or law mentioned in the non obstante clause or to override it in specified circumstances.

(b)

The expression “*non obstante clause*” refers to a statutory provision intended to give an overriding effect over other provisions or enactments. ***State (NCT of Delhi) v. Narender, (2014) 13 SCC 100***

(c)

Hon’ble Supreme Court in ***Union of India v. G.M. Kokil 1984 (Supp) SCC 196 / AIR 1984 SC 1022*** explained that “*a non obstante clause*” is a legislative device which is usually employed to give overriding effect to certain provisions over some contrary provisions that may be found either in the same enactment or some other enactment, that is to say, to avoid the operation and effect of all contrary provisions”.

(d)

In simpler terms, “it is equivalent to saying that in spite of the provision or Act mentioned in the non obstante clause, the enactment following it will have its full operation or that the provisions embraced in the non obstante clause will not be an impediment for the operation of the enactment.” ***A.K. Patnaik (ed.), G.P. Singh’s, Principles of Statutory Interpretation (14th edn., LexisNexis Butterworths, New Delhi, 2016) p. 401.***

(e)

The proposition that the provisions employing these clauses carry wide and overarching effect over other provisions sought to be subdued, has also been judicially endorsed inasmuch as the Supreme Court enunciated this aspect in ***Orient Paper and Industries Ltd. v. State of Orissa 1991 Supp (1) SCC 81***, in inter alia the following terms:

“12. This sub-section overrides ‘any provision to the contrary in any other law’. These words are an expression of the widest amplitude engulfing all rules having the force of law, whichever be the source from which they emanate — statutory, judicial or customary — the only exception, in the context, being the Constitution of India. This means, once brought into force, the sub-section will, subject to the Constitution, operate with full vigour, notwithstanding any statute or judicial

decision or any other rule recognising any right or interest or grant inconsistent with or contrary to the provisions of the sub-section.”

(f)

In order to enumerate the principles for determining the priority of applying the respective legislations, the non obstante clause operates as a kind of tie-breaker provision i.e. in the event of conflict between two statutory provisions seemingly applicable to a particular situation, owing to its overriding effect, the provision carrying the non obstante clause will be given effect to. **Parayankandiyal Eravath Kanapraavan Kalliani Amma v. K. Devi, (1996) 4 SCC 76, paras 76-77; Union of India v. Ajeet Singh, (2013) 4 SCC 186, para 18.1; Narcotics Control Bureau v. Kishan Lal, (1991) 1 SCC 705.**

Therefore Section 15 of the MSMED Act read with section 2(b) mandates payments to Micro and Small enterprises within time as per the written agreement, which **cannot be more than 45 days**. If there is no such written agreement, the section mandates that the payment shall be made **within 15 days**.

In view of above decisions interpreted non obstante clause, section 15 - Liability of buyer to make payment and section 16- Date from which and rate at which interest is payable have overriding effect i.e. over contractual provisions as governed under Indian Contract Act 1872.

5. New Section Applicable from which period:

This newly inserted section 43B(h) takes effect from 1st April 2024 and will accordingly apply to all assessment years starting from **AY 2024-25 (previous year 2023-24)**. Therefore, it is in this background, the taxpayers have to take precautionary measures to avoid disallowance of expenditure which may be outstanding (to SME units) as on 31st March, 2024 representing the expenditures of the **financial year 2023-24**. Kindly note, **any liability which was outstanding in respect of the period prior to 01.04.2023 would not be hit by clause (h) of section 43B even if it is outstanding as on 31st March, 2024 or even subsequent periods.**

6. Consequences on default in payment to Micro and Small Enterprise within the

specified time limit u/s 15 of MSMED Act, 2006:

The Buyer who fails to make the payment to the supplier of goods or services i.e Registered Micro or Small Enterprise will fall in the ambit of the clause (h) of Section 43B of the Income tax Act in addition to the compensatory interest liability as imposed u/s 16 of the MSMED Act, 2006 which is also ineligible business expenditure.

(a) **Compensatory Interest:** To Pay Compounded Interest on monthly rest which is three times of the bank rate notified by RBI (RBI repo rate)

(b) **Disallowances of Compensatory Interest paid to MSME:** As per Section 23 of MSMED Act, 2006 the amount of Interest payable or paid by the buyer in accordance with section 16 of the MSMED Act, 2006 shall not for the purpose of computation of total income under the IT Act, 1961 be allowed as deduction

(c) **Disallowances of Expenses:** Any sum payable by the buyer for the expenditure incurred or purchases to the registered supplier as a MICRO or SMALL enterprise shall be disallowed if the same is not paid as per section 15 of MSMED Act, 2006

(d) **Applicable to what kind of Creditors/Vendors of Business Entity:** This section is applicable to all business entities but not towards all its creditors. The first and foremost criteria for section 43B(h) to be applicable is that the respective Creditor should be registered as MSME i.e. it should hold valid Udyam certificate and be classified as Micro or Small enterprise. If the creditor is not registered as MSME, then section 43B(h) becomes inapplicable to the said vendor. Further, section 43B(h) applies only to creditors who are Manufacturers or Service Providers. It's not applicable to creditors who are registered as Traders.

8. Criteria for classification as Micro, Small or Medium Enterprise under MSMED Act is as follows:

In the case of Goods & Services (Both)	Micro Enterprises	Small Enterprises
Turnover	Less than or equal to INR 5 Crore	Less than or equal to INR 50 Crore
Investment in Plant & Machinery	Less than or equal to INR 1 Crore	Less than or equal to INR 10 Crore



Kindly note, both the above criteria of Investment in P for the year it incurred, and Machineries and Turnover shall be satisfied. If any of the one of the two criteria is not satisfied, then the enterprise falls in the higher bracket. Calculation of investment in plant & machinery or equipment is with reference to the ITR of the previous year filed under the Income tax Act,1961. Therefore, WDV of the assets would be considered and not their original cost. Similarly, for computing the turnover, it shall exclude export of goods or services or both. Information as regards turnover and export turnover shall be linked to the Income-tax Act,1961 or the Central Goods and Services Act and the GSTIN. Section 43B(h) covers only micro and small enterprises. It does not cover medium enterprises. Thus, if payment is not made by 31st March of the previous year the outstanding amount due to medium enterprise is not liable for disallowance.

9. Example on deduction of payment made to SME in computation of Income from business or profession:

Sr. No.	Day of acceptance of any goods or services by a buyer from a supplier	Credit period (Days)	Actual date of payment	Deduction allowed in which FY
1	29/03/2024	60	25/05/2024	FY 2024-25
2	1/4/2024	45	21/05/2024	FY 2024-25
3	31/01/2024	15	20/02/2024	FY 2023-24

Sr. No.	Day of acceptance of any goods or services by a buyer from a supplier	Credit period (Days)	Actual date of payment	Deduction allowed in which FY
4	11/9/2023	20	3/10/2023	FY 2023-24
5	30/11/2023	30	20/12/2023	FY 2023-24
6	21/04/2024	40	20/06/2024	FY 2024-25
7	15/12/2023	-	5/4/2024	FY 2024-25
8	10/11/2023	-	30/11/2023	FY 2023-24

10. Applicability of Section 43B(h) in various situations

Purchases pertain to	When paid	Time-ly / Late	When deductible u/s 43B(h)
Pror to 01.04.2023	—	- *	NA
FY 2023-24	FY 2023-24	Timely	AY 2024-25
FY 2023-24	FY 2023-24	Late*	AY 2024-25
FY 2023-24	FY 2024-25	Timely	AY 2024-25
FY 2023-24	FY 2024-25	Late*	AY 2025-26

*Interest u/s 16 for late payment & disallowance u/s 23 shall apply

11. Result if the payment is not made within the due dates:

Transaction with MSME	Without writing the terms	In writing the terms
Revenue/Capital Nature	15 days under section 2(b)- {day before the appointed day i.e. 15 days}	45 days from the date of acceptance/ deemed acceptance
Revenue/Capital Nature	15 days under section 2(b)- {day before the appointed day i.e. 15 days}	45 days from the date of acceptance / deemed acceptance
Penalty in case of Default	Compound Interest at three (3) times the bank rates notified by the RBI	Compound Interest at three (3) times the bank rates notified by the RBI
Disallowance of interest payment	These interest payments are penal in nature and therefore, will not be deemed as business expenditure u/s 37	These interest payments are penal in nature and therefore, will not be deemed as business expenditure u/s 37
In the matter of Default i.e. payment is made after 15 days/45 days but during the same FY 2023-24 i.e. up to 31st March 2024	These payments will be disallowed along with interest during the FY 2023-2024 under section 43B(h) and its interest shall be disallowed u/s 37(1).	But these payments (without interest) will be permitted on a payment basis as and when the payment is made during the pertinent financial year i.e. FY 2024-25
	No impact on the given answer while filing the ITR.	

In case of Default i.e. payment is incurred after 15 days/45 days but after 31st March 2024 during the following financial year i.e. FY 2024-25 but after the filing of ITR for the AY 2024-25 (FY 2023-24)	In case of Default i.e. payment is made post 15 days/45 days which crosses 31st March 2024 i.e during the following financial year i.e. FY 2024-25 but before filing the ITR for the AY 2024-25 (FY 2023-24)
In case of Default i.e. payment is incurred after 15 days/45 days but after 31st March 2024 during the following financial year i.e. FY 2024-25 but after filing of ITR for the AY 2024-25 (FY 2023-24)	

12. Whom the clause (h) of Section 43B of the Income Tax Act, 1961 is applied:

The Clause is applicable to all the assessee, for the sum payable to the micro or small enterprises only. Clause h of section 43B of the Income Tax Act, 1961 is applicable from the financial year starting from 01April, 2023 i.e Assessment year 2024-2025. As the section 43B is for the expenditure allowed on payment basis, so it is for the expenses/ purchases debited to the profit and loss account for the year 2023-2024 and not the outstanding balance of the registered suppliers of Micro or small enterprises as on 31.03.2023.

1. Examples: If No Agreement in Writing

Date of Invoice	Date of Delivery of Goods / Service	Due date of Payment asper MSMED Act, 2006	Actual Payment Date	Deduction Allowed in FY
5/3/2024	5/3/2024	20/03/2024	25/03/2024	2023-24
5/3/2024	5/3/2024	20/03/2024	5/4/2024	2024-25
5/3/2024	20/03/2024	4/4/2024	3/4/2024	2023-24
5/3/2024	20/03/2024	4/4/2024	5/4/2024	2024-25

2. Example: If Agreement in Writing

Date of Invoice	Date of Delivery of Goods / Service	Agreement for days	Due date as per agreement	Due date of Payment asper MSMED Act, 2006	Actual Payment Date	Deduction Allowed in FY
5/3/2024	5/3/2024	15	20/03/24	20/03/24	25/03/24	23-24
5/3/2024	5/3/2024	15	20/03/24	20/03/24	5/4/2024	24-25
5/3/2024	20/03/24	15	4/4/2024	4/4/2024	3/4/2024	23-24
5/3/2024	20/03/24	15	4/4/2024	4/4/2024	5/4/2024	24-25
10/2/2024	10/2/2024	60	10/4/2024	26/03/24	25/03/24	23-24
10/2/2024	10/2/2024	60	10/4/2024	26/03/24	2/4/2024	24-25



13.

Thus, it may be noted that *any liability which was outstanding in respect of the period prior to 01.04.2023 would not be hit by clause (h) of section 43B even if it is outstanding as on 31st March, 2024 or even subsequent periods.* Such outstanding amounts may be due to pending disputes with respect to those supplies or services between the parties and agreed for settlement of dues upon resolution of dispute or any other issue between them.

14. Reporting in Tax Audit Report under section 44AB:

The CBDT has issued Notification G.S.R. 155(E) on 05-03-2024, amending Clause 26 of Form 3CD to include references to Clause (h), extending the reporting requirement to delayed payments to MSEs. However, it was later found that the amendment did not specifically require reporting of amounts not paid within the due date as per the MSMED Act. A subsequent corrigendum issued by the CBDT, via Notification G.S.R. 223(E) dated 19-03-2024, corrected this oversight. The corrigendum made changes to Clause 22 of Form 3CD, and nullified the changes made to Clause 26. Amended Clause 22 requires the tax auditors shall to report disallowances under Section 43B(h) and interest on delayed payments to MSEs. This effectively separates the reporting of delayed

payments to MSEs from other types of payments covered under Section 43B. Further the tax auditors do not need to report detailed break-ups of amounts payable to the MSEs but must form an opinion on the disallowability of these payments under section 43B(h). Additionally, it covers the reporting requirements for interest on delayed payments and specifies conditions under which amounts payable to MSEs should be considered admissible for tax purposes

15. Conclusion:

Introduction of subsection (h) to section 43B is a boom for the growth of Micro and Small enterprises. It will accelerate their performance due to timely payments to them and no default from Buyer side. On the other hand, it will lead to high tax consequences for the buyers or receiver of goods and services if delay happens in actual payment by them. Hence, one has to ensure timely payments to the MSME's. Further proviso to section 43B which extends the time limit for allowance of deduction if actual payments are made up to the 'due date' for furnishing the return under section 139(1), would not apply in respect of the payment referred to in clause (h) of section 43B. It is in this background, the taxpayers have to take precautionary measures to avoid disallowance of expenditure which may be outstanding (to MSME units) as on 31st March, 2024 representing the expenditures of the financial year 2023-24.

Understanding **GST** Audit in India



CMA Amit Dey
Cost Accountant

Introduction to GST

Goods and Services Tax (GST) is a comprehensive indirect tax levied on the supply of goods and services in India. It replaced multiple cascading taxes like Central Excise Duty (most part), Service Tax, Value Added Tax (VAT), etc., aiming to create a unified taxation system. GST is categorized into Central GST (CGST), State GST (SGST), and Integrated GST (IGST) based on the level of government collecting the tax. In a revolutionary step, Goods and Services Tax (GST) was introduced to unite India's markets and simplify the complex web of State and Central Taxation Laws. GST paved the way for a uniform structure in the taxation of goods and services across the nation, ensuring uniformity in terms of taxable events, tax rates, point of levy, provisions for registration, return filing, tax payment, refunds, audit, adjudication, appeals etc.

Audit is the examination of records, returns and other documents maintained or furnished by the registered taxpayer to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to check his compliance with the provisions of CGST Act.

Audit under GST is an important compliance verification tool to measure the level of compliance of a taxpayer in the light of the provisions of the CGST Act, 2017, and the Rules made there under. The whole edifice of the GST eco-system is built on Self-assessment/self-compliance by GST Taxpayers. It is aimed to bring transparency, deter tax evasion, and guide towards compliance accuracy in

businesses.

GST Audit is mandated to do a meticulous scrutiny of taxpayer's transactions to validate the accuracy of the reported GST liability. The activity of Audit by the department is to, examine the records, returns, and other documents maintained or furnished by the taxpayer, verify the correctness of turnover declared, taxes paid, refund claimed, and input tax credit availed, and assess the taxpayer's compliance with the provisions of the CGST Act, 2017 and the Rules made there-under.

Purpose of GST Audit

GST audits play a crucial role in ensuring tax compliance, transparency, and accountability among taxpayers. The primary purposes of GST audits are:

1. **Verification of Taxpayer's Compliance:** Audits help verify whether taxpayers are complying with GST laws, including timely filing of returns, correct payment of taxes, and maintenance of accurate records.
2. **Detection of Discrepancies:** Auditors examine financial statements, invoices, and other records to detect any discrepancies or inconsistencies in input-output tax calculations, thereby preventing tax evasion.
3. **Revenue Protection:** By identifying non-compliance and recovering unpaid taxes, GST audits contribute



to revenue protection for the government, ensuring the sustainability of public finances.

4. Improvement of Tax System: Audit findings provide insights into the effectiveness of GST laws and procedures, enabling authorities to make necessary improvements for a fair and efficient tax system.

Types of GST Audit

In India, GST audits are classified into two main types:

1. Regular GST Audit:

- Conducted annually for taxpayers whose aggregate turnover exceeds the prescribed threshold (currently ₹2 crores for most states).
- Auditors review the taxpayer's financial records, GST returns, input tax credit (ITC) utilization, and compliance with GST provisions.

2. Special GST Audit:

- Nature and complexity of business

Initiated by tax authorities when there are suspected cases of tax evasion, non-compliance, or significant discrepancies in a taxpayer's GST records.

- A special audit may be ordered based on risk assessment, complaints, or other indicators warranting detailed scrutiny.

Types of GST Audit – In details

Section 2 (13) of CGST defines audit as an examination of records, returns, and other documents maintained or furnished by a registered person under this Act to verify the correctness of turnover declared, taxes paid, refund claimed, assess compliance, and input tax credit availed.

The GST Act provides for different types of audits under GST, including;

➤ Departmental Audit

To ensure proper calculation and discharge tax liability, tax authorities conduct departmental audits regularly. Section 65 and Rule 101(3) of GST Audit Rules, the commissioner or an officer authorized by him can conduct this audit and verify the details of the records

and books of account of the registered person.

The audit by tax authorities shall be conducted at the place of business of a registered person or office. An intimation of the audit is provided at least 15 days in advance and has to be completed within 3 months from the date of commencement.

Statutory Audit

As of 30th July 2021, the government has notified the removal of GST audit and certification done by CA/ CMA. Now the GST audit turnover limit is Rs 2 crores in a financial year, which means taxpayers exceeding the turnover limit shall submit self-certified GSTR 9C.

Special Audit

According to Section 66 and Rule 102 of GST Audit Rules, an authorized officer at any stage of scrutiny, inquiry, or investigation may avail of the services provided by CA/ CMA. The authorized officer can consider the nature and complexity of the business to know if the value has not been correctly declared or credit availed is not within the normal limits.

The expense of such special audits and examination of records returns is paid by the commissioner. The period required to audit the account can be provided with an extension of an additional ninety days. Conclusions of the special audit under GST are communicated to the auditee in Form GST ADT-04.

Taxpayer-initiated Audit

This audit is initiated by the taxpayer to verify compliance with the provisions of the GST Act. The law provides for several consequences of non-compliance including fines, imprisonment, and penalties. Henceforth, taxpayers must ensure compliance.

Taxpayers are advised to keep accurate and complete books of accounts including invoices, receipts, returns, and other documents.

In Conclusion

Understanding the five types of audits under GST is essential for businesses operating in India as it will serve as a crucial tool to ensure compliance, accountability, and

transparency in the GST framework.

Audit Type	Conducted By	Frequency	Provision
Departmental Audit	Tax authorities	Ad-Hoc	Section 65, Rule 101 (3)
Statutory Audit	Self	Annually	Section 35(5)
Special Audit	Tax authorities	Ad-Hoc	Section 66, Rule 102
Taxpayer Initiated Audit	Self	As per your own discretion	GST Law

Who Conducts GST Audits

GST audits are conducted by Cost Accountants (CMAs) or Chartered Accountants (CAs)(possible only in the case of special audit) who are authorized by the taxpayer. Additionally, tax authorities, such as the Goods and Services Tax Network (GSTN) and the Directorate General of GST Intelligence (DGGI), oversee and supervise the audit process to ensure its integrity and fairness.

Principles of GST Audit

- **Risk-Based Selection:** The audit process begins with Risk-based selection of taxpayers to be audited. The primary objective of GST Audit is to translate the identified risk parameters into a meaningful review and an Audit Plan to ensure efficiency;
- **Systematized and Comprehensive:** GST Audits follow a methodical and all-encompassing approach, ensuring a meaningful and efficient audit;
- **Technique based on materiality:** The degree of scrutiny and application of an audit tool is applied depending upon the identified nature of risk factors;
- **Record Every Detail:** Proper recording of all checks and findings made during the entire audit;
- **Exploring the Uncharted:** Identify the unexplored compliance verification parameters;
- **Educating Taxpayers:** Taxpayers are educated for tax awareness and better compliance.

GST Audit Process

The GST Audit process includes the following steps:

- The auditee is formally notified of an upcoming audit through the prescribed format (FORM GST ADT-01) at least 15 working days before the conduct of the audit.
- FORM GST ADT-01 also enlists the documents and data to be submitted to the Auditor for a preliminary review. A period of 15 days is prescribed for submission of the documents.
- The audit will officially commence when the auditor accepts the documents submitted by the auditee or initiates verification of the business premises, whichever is later.
- During the audit, the authorized officer may request access to verify the books of accounts or other necessary documents. Auditee/taxpayer's cooperation is crucial for the timely completion of the audit.
- On completion of the audit verification, the Auditee/ taxpayer receives the preliminary findings, and his views/comments are recorded to finalize the observations.
- On finalization of observations, the results are sent to the Auditee/taxpayer in the form of a Final Audit Report (Form GST ADT-02) within 30 days.
- The Auditee/taxpayer is given the option to make the payment of tax short paid / not paid with a waiver of show cause notice. The final audit findings are informed to the Auditee/taxpayer within 30 days along with his rights and obligations and the reasons for such findings.
- The entire audit process is to be completed within 3 months from the date of commencement, with the provision of a further 6-month extension if necessary.
- The Auditee/taxpayer is not required to provide most of the digital information, as this data is already available with the department.



- Audit verification may be conducted at the place of business of the registered taxpayer or at the office of the authorized officer.
- The emphasis of the audit is on trade facilitation and providing a non-intrusive environment to taxpayers.

Documentation and Records Required for GST Audit

Taxpayers undergoing GST audit must maintain and provide the following documents and records:

- GST registration certificate
- GST returns (GSTR-1, GSTR-3B, GSTR-9, etc.)
- Invoices and vouchers
- Ledger accounts and financial statements
- Input tax credit (ITC) details
- Challans and payment receipts
- Transportation of Goods – E-way Bill Details
- Correspondence with tax authorities
- Any other records as required under GST rules and regulations.

Income tax returns

Cost Audit Report, if applicable

What is the indicative list of documents, other than as available on GSTN, required to be furnished by the taxpayer:

The Taxpayer will be required to furnish:

Copies of Balance Sheet, Profit & Loss Accounts (with all complete schedules)

- Annual returns submitted to the Registrar of Companies - All companies registered in India must prepare and file with the Registrar of Companies, an annual return in FORM MGT 7, within 60 days from the date of the annual general meeting.
- Income Tax Returns along with the Annexures and

Income Tax audit report, if any, under Section 44AB of the Income-tax Act, 1961

- Directors and Auditors Report
- Cost audit report, if any, under Section 148 of the Companies Act, 2013
- The overall annual turnover of the company from all its products and services during the immediately preceding financial year should be Rs. 50 crore or more for the companies in the regulated sectors (Telecommunication, supply of electricity, Petroleum products) and Rs. 100 crore or more for the companies in the non-regulated sectors.
- Form 26 AS - Form 26AS is a statement that provides details of any amount deducted as TDS or TCS from various sources of income of a taxpayer.
- Details of Anti-Evasion/ Preventive/ DGGSTI cases booked, if any, and copy of SCN issued thereof (Directorate General of Goods and Services Tax Intelligence - The DGGI is the apex intelligence and investigative agency for matters relating to violation of the Goods & Services Tax, Central Excise Duty and Service Tax. DGGI has been entrusted with the task of improving compliance of Indirect Tax laws.
- List of major input supplies with specific mention of HSN Code and applicable rate of GST
- The taxable person will be also required to provide information /assistance for the timely completion of the audit.

Challenges and Common Issues in GST Audits

While GST audits are essential for tax transparency and compliance, they also pose certain challenges to taxpayers:

1. Complexity of GST Laws: The intricate nature of GST laws, including multiple tax rates, exemptions, and procedural requirements, can make compliance challenging for businesses, especially small and medium enterprises (SMEs).
2. ITC Reconciliation: Reconciling input tax credit (ITC) across multiple invoices, vendors, and GST

returns requires meticulous record-keeping and reconciliation processes, which can be time-consuming and prone to errors.

3. **Technical Issues with GSTN:** Technical glitches or system downtime on the GSTN portal may hinder taxpayers' ability to file returns accurately and on time, leading to compliance issues during audits.
4. **Interpretation of GST Provisions:** Differences in interpretation or ambiguity in GST provisions may result in disputes between taxpayers and auditors regarding the applicability of tax rates, exemptions, or treatment of specific transactions.
5. **Transitional Challenges:** Transitioning from the previous tax regime to GST posed initial challenges for businesses in terms of understanding new compliance requirements, restructuring processes, and adapting to digital platforms for tax compliance.

Addressing these challenges requires continuous training, awareness, and support from tax authorities to ensure smoother GST compliance and audit processes for businesses.

Penalties and Consequences of Non-Compliance

Failure to comply with GST laws or rectify audit findings may lead to various penalties and consequences, including:

- **Late Filing Penalty:** A penalty is imposed for late filing of GST returns, calculated based on the number of days of delay and the taxpayer's turnover.
- **Non-Payment of Tax:** If taxes remain unpaid or underpaid after the audit, penalties and interest are levied on the outstanding amount.
- **Incorrect Claims:** Incorrect or excessive claims of input tax credit (ITC) can result in penalties, recovery of ITC, and adverse impact on the taxpayer's compliance rating.
- **Obstruction of Audit:** Obstructing or delaying the audit process, withholding information, or providing false/misleading statements can attract penalties and legal consequences.
- **Cancellation of Registration:** Persistent non-

compliance or serious violations may lead to cancellation of GST registration, barring the taxpayer from conducting taxable activities legally.

It is crucial for taxpayers to proactively address audit findings, rectify errors, and comply with GST laws to avoid penalties and maintain good tax compliance practices.

Recent Developments and Changes in GST Audit

In recent years, several developments and changes have been introduced to streamline GST audit procedures and enhance compliance:

1. **Digital Transformation:** The GSTN portal has been upgraded with improved functionalities, such as simplified return filing, e-invoicing, auto-population of data, and real-time compliance monitoring, reducing manual interventions and enhancing transparency.
2. **Risk-Based Approach:** Tax authorities are adopting a risk-based approach to GST audits, focusing on high-risk taxpayers, sectors prone to non-compliance, and specific areas of concern identified through data analytics and risk assessment tools.
3. **Simplified Audit Formats:** The government has introduced simplified audit formats and procedures to reduce the compliance burden on taxpayers, especially small businesses, by streamlining documentation requirements and audit processes.
4. **E-invoicing and Digital Documentation:** The implementation of e-invoicing and digital documentation requirements has improved the accuracy and transparency of transactions, making it easier for auditors to verify data during GST audits.
5. **Focus on Training and Awareness:** Tax authorities and professional bodies are conducting regular training sessions, workshops, and awareness campaigns to educate taxpayers, auditors, and stakeholders about GST laws, compliance requirements, and best practices for audit readiness.
6. **Compliance Rating System:** The introduction of a GST compliance rating system incentivizes taxpayers to maintain good compliance records, as higher ratings can lead to benefits such as reduced



scrutiny, faster refunds, and improved business reputation. – when is it implement, if implemented pls ask the author to share the screen shots here and explain in detail

7. Customized Audit Approaches: Auditors are adopting customized audit approaches based on the size, complexity, and nature of business operations, ensuring that audit procedures are proportionate and effective in addressing compliance risks.
8. Collaborative Compliance Initiatives: Collaborative efforts between tax authorities, industry associations, and professional bodies are being encouraged to promote voluntary compliance, resolve disputes, and address industry-specific challenges related to GST audits.

These recent developments and changes reflect the government's ongoing efforts to make GST audits more efficient, transparent, and taxpayer-friendly while maintaining the integrity and effectiveness of the tax system.

Benefits of Audit to Taxpayers

Participating in GST Audits offers several benefits for the tax-compliant auditee:

- Enhanced Compliance: Taxpayers gain a better understanding of tax laws and procedures, making compliance smoother.
- Precision in Returns: Taxpayer's GST returns and Self-assessments are prepared accurately, with a sharper focus on correctness and completeness.
- Improved Accounting: Audits can help taxpayers

spot and rectify deficiencies in their accounting and internal control systems.

- Fewer Hassles: With thorough audits, the chances of disputes and legal proceedings decrease significantly.

Conclusion

In conclusion, GST audits play a vital role in ensuring tax compliance, transparency, and revenue integrity in India's GST regime. By conducting regular and special audits, tax authorities can verify taxpayer compliance, detect discrepancies, and take corrective actions to uphold tax laws' integrity.

Taxpayers must maintain accurate records, comply with GST provisions, and proactively address audit findings to avoid penalties and legal consequences. The recent developments in GST audit procedures, digital transformation initiatives, and collaborative compliance efforts are aimed at simplifying audit processes, reducing compliance burdens, and fostering a culture of voluntary tax compliance among businesses.

As GST continues to evolve, taxpayers and stakeholders must stay informed about regulatory changes, leverage digital tools for compliance, and collaborate with tax authorities and professionals to ensure smooth and efficient GST audit experiences. Ultimately, a robust GST audit framework contributes to a fair, transparent, and sustainable tax environment that benefits both taxpayers and the government.

FAQs on Audit under Section 65 of the CGST Act, 2017 - Link has been given for further reference.

https://gstchennai.gov.in/pdf/GST%20Booklet_New.pdf



Press Releases

Direct Tax collections at 80.61% of total Budget Estimates of Direct Taxes for F.Y. 2023-24 upto 10.01.2024

Gross Direct Tax collections at Rs. 17.18 lakh crore with Y-o-Y growth of 16.77%, as on 10th January, 2024

Direct Tax collection, Net of refunds stands at Rs. 14.70 lakh crore with Y-o-Y growth of 19.41%

Net Corporate Income Tax (CIT) grows at 12.37% and Net Personal Income Tax (PIT) grows 27.26% Y-o-Y respectively

Refunds worth Rs. 2.48 lakh crore issued during 1st April, 2023 to 10th January, 2024

Posted On: 11 JAN 2024 4:58PM by PIB Delhi

The provisional figures of Direct Tax collections up to 10 January, 2024 continue to register steady growth. Direct Tax collections up to 10 January, 2024 show that gross collections are at Rs. 17.18 lakh crore which is 16.77% higher than the gross collections for the corresponding period of last year. Direct Tax collection, net of refunds, stands at Rs. 14.70 lakh crore which is 19.41% higher than the net collections for the corresponding period of last year. This collection is 80.61% of the total Budget Estimates of Direct Taxes for F.Y. 2023-24.

So far as the growth rate for Corporate Income Tax (CIT) and Personal Income Tax (PIT) in terms of gross revenue collections is concerned, the growth rate for CIT is 8.32% while that for PIT is 26.11% (PIT only)/ 26.11% (PIT including STT). After adjustment of refunds, the net growth in CIT collections is 12.37% and that in PIT collections is 27.26% (PIT only)/ 27.22% (PIT including STT).

Refunds amounting to Rs. 2.48 lakh crore have been issued during 1 April, 2023 to 10 January, 2024.



NOTIFICATIONS & CIRCULARS

Indirect Tax

GOVERNMENT OF INDIA MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE) CENTRAL BOARD OF
INDIRECT TAXES AND CUSTOMS

NOTIFICATION No. 01/2024 – CENTRAL TAX

New Delhi, the 5th January,

2024 G.S.R...(E).— In exercise of the powers conferred by sub-section (6) of section 39 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Commissioner, on the recommendations of the Council, hereby extends the due date for furnishing the return in FORM GSTR-3B for the month of November, 2023 till the tenth day of January, 2024, for the registered persons whose principal place of business is in the districts of Tirunelveli, Tenkasi, Kanyakumari, Thoothukudi and Virudhunagar in the state of Tamil Nadu and are required to furnish return under sub-section (1) of section 39 read with clause (i) of sub-rule (1) of rule 61 of the Central Goods and Services Tax Rules, 2017.

2. This notification shall come into force with effect from 20th day of December, 2023.

[F. No. CBIC-20006/1/2024-GST]

GOVERNMENT OF INDIA MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)
CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS
NOTIFICATION NO. 02/2024 – CENTRAL TAX

New Delhi, the 5th January, 2024

G.S.R...(E).- In exercise of the powers conferred by section 164 of the Central Goods and Services Tax Act,

2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following rules further to amend the Central Goods and Services Tax Rules, 2017, namely: —

1. Short title and commencement. -(1) These rules may be

called the Central Goods and Services Tax (Amendment) Rules, 2024.

(2) They shall come into force on the 31st day of December, 2023.

2. In the Central Goods and Services Tax Rules, 2017, in rule 80,—

(a) after sub-rule (1A), the following sub-rule shall be inserted, namely:-

“(1B) Notwithstanding anything contained in sub-rule (1), for the financial year 2022-2023, the said annual return shall be furnished on or before the tenth day of January, 2024 for the registered persons whose principal place of business is in the districts of Chennai, Tiruvallur, Chengalpattu, Kancheepuram, Tirunelveli, Tenkasi, Kanyakumari, Thoothukudi and Virudhunagar in the state of Tamil Nadu.”;

(b) after sub-rule (3A), the following sub-rule shall be inserted, namely:-

“(3B) Notwithstanding anything contained in sub-rule (3), for the financial year 2022-2023, the said self-certified reconciliation statement shall be furnished along with the said annual return on or before the tenth day of January, 2024 for the registered persons whose principal place of business is in the districts of Chennai, Tiruvallur, Chengalpattu, Kancheepuram, Tirunelveli, Tenkasi, Kanyakumari, Thoothukudi and Virudhunagar in the state of Tamil Nadu.”;

GOVERNMENT OF INDIA MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE) CENTRAL BOARD OF
INDIRECT TAXES AND CUSTOMS

NOTIFICATION No. 03/2024- Central Tax New Delhi,

5th January, 2024

S.O.....(E).— In exercise of the powers conferred



by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereinafter referred to as the said Act), the Central Government, on the recommendations of the Council, hereby rescinds the notification of the Government of India in the Ministry of Finance, Department of Revenue, number 30/2023-CT, dated the 31st July, 2023 published vide number S.O. 3424(E), dated the 31st July, 2023, except as respects things done or omitted to be done before such rescission.

2. This notification shall come into force from 1st day of January, 2024.

[F.No.CBIC-20001/7/2023-GST]

GOVERNMENT OF INDIA MINISTRY OF FINANCE
DEPARTMENT OF REVENUE CENTRAL BOARD OF
INDIRECT TAXES AND CUSTOMS

NOTIFICATION NO. 04/2024-CENTRAL TAX

New Delhi, the 5th January, 2024

S.O...(E).—In exercise of the powers conferred by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereinafter referred to as the said Act), the Central Government, on the recommendations of the Council, hereby notifies the following special procedure to be followed by a registered person engaged in manufacturing of the goods, the description of which is specified in the corresponding entry in column (3) of the Schedule appended to this notification, and falling under the tariff item, sub-heading, heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Schedule, namely:—

1. Details of Packing Machines.—(1) All the registered persons engaged in manufacturing of the goods mentioned in Schedule to this notification shall furnish the details of packing machines being used for filling and packing of packages in **FORM GST SRM-I**, electronically on the common portal, within thirty days of coming into effect of this notification.

(2) Any person intending to manufacture goods as mentioned in the Schedule to this notification, and who has been granted registration after the issuance of this notification, shall furnish the details of packing machines being used for filling and

packing of packages in **FORM GST SRM-I** on the common portal, within fifteen days of grant of such registration.

(3) The details of any additional filling and packing machine being installed at the registered place of business shall be furnished, electronically on the common portal, by the said registered person within twenty four hours of such installation in PART (B) of Table 6 of **FORM GST SRM-I**.

(4) If any change is to be made in the declared capacity of the machines, the same shall be furnished, electronically on the common portal, by the said registered person within twenty four hours of such change in Table 6A of **FORM GST SRM-I**.

(5) Upon furnishing of such details in **FORM GST SRM-I**, a unique registration number shall be generated for each machine, the details of which have been furnished by the registered person, on the common portal.

(6) In case, the said registered person has submitted or declared the production capacity of his manufacturing unit or his machines, to any other government department or any other agency or organisation, the same shall be furnished by the said registered person in Table 7 of **FORM GST SRM-I** on the common portal, within fifteen days of filing such declaration or submission:

Provided that where the said registered person has submitted or declared the production capacity of his manufacturing unit or his machines, to any other government department or any other agency or organisation, before the issuance of this notification, the latest such certificate in respect of the manufacturing unit or the machines, as the case may be, shall be furnished by the said registered person in Table 7 of **FORM GST SRM-I** on the common portal, within thirty days of issuance of this notification.

(7) The details of any existing filling and packing machine disposed of from the registered place of business shall be furnished, electronically on the common portal, by the said registered person within twenty four hours of such disposal in Table 8 of **FORM GST SRM-I**.

2. Special Monthly Statement.– The registered person shall submit a special statement for each month in FORM GST SRM-II, electronically on the common portal, on or before the tenth day of the month succeeding such month.

3. Certificate of Chartered Engineer.– (1)The taxpayer shall upload a certificate of Chartered Engineer FORM GST

SRM-III in respect of machines declared by him, as per para 1 of this notification, in Table 6 of FORM GST SRM-I. (2) If details of any machine are amended subsequently, then fresh certificate in respect of such machine shall be uploaded.4. This notification shall come into effect from 1st day of April, 2024.

S. No	Chapter /Heading / Sub-heading /Tariff item.	Description of Goods.
(1)	(2)	(3)
1.	106 90 20	Pan-masala
2.	2401	Unmanufactured tobacco (without lime tube)– bearing a brand name
3.	2401	Unmanufactured tobacco (with lime tube)–bearing a brand name
4.	2401 30 00	Tobacco refuse, bearing a brand name
5.	2403 11 10	‘Hookah’ or ‘gudaku’ tobacco bearing a brand name
6.	2403 11 10	tobacco used for smoking ‘hookah’ or known as ‘hookah’ tobacco or ‘gudaku’ not bearing a brand name
7.	2403 11 90	Other water pipe smoking tobacco not bearing a brand name.
8.	2403 19 10	Smoking mixtures for pipes and cigarettes
9.	2403 19 90	Other smoking tobacco bearing a brand name
10.	2403 19 90	Other smoking tobacco not bearing a brand name
11.	2403 91 00	“Homogenised” or “reconstituted” tobacco, bearing a brand name
12.	2403 99 10	Chewing tobacco (without lime tube)
13.	2403 99 10	Chewing tobacco (with lime tube)



S. No	Chapter /Heading / Sub-heading /Tariff item.	Description of Goods.
(1)	(2)	(3)
14.	2403 99 10	Filter khaini
15.	403 99 20	Preparations containing chewing tobacc
16.	403 99 30	Jarda scented tobacco
17.	2403 99 40	Snuff
18.	2403 99 50	Preparations containing snuff
19.	403 99 60	Tobacco extracts and essence bearing a brand name
20.	2403 99 60	Tobacco extracts and essence not bearing a brand Name
21.	2403 99 70	Cut tobacco
22.	2403 99 90	Pan masala containing tobacco 'Gutkha'
23.	2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', bearing a brand name
24.	2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', not bearing a brand name

Explanation.— (1) In this Schedule, “tariff item”, “heading”, “sub-heading” and “Chapter” shall mean respectively, a tariff item, heading, sub-heading and Chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

(2) The rules for the interpretation of the First Schedule to the said Customs Tariff Act, 1975, including the section and chapter notes and the General Explanatory notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.

(3) For the purposes of this notification, the phrase “brand name” means brand name or trade name, whether registered or not, that is to say, a name or a mark, such as symbol, monogram, label, signature or invented word or writing which is used in relation to such specified goods for the purpose of indicating, or so as to indicate a connection in the course of trade between such specified goods and some person using such name or mark with or without any indication of the identity of that person.



FORM GST SRM-I

Registration and disposal of packing machines of pan masala and tobacco products

1. GSTIN	
2. Legal name	
3. Trade name, if any	
4. ARN	
5. Date of filing	

6. Details of the machines

Sr. no	Make, if available	Model no, if available.	Name of manufacturer.	Mac-hine no	Date of purchase.	Address of the place of installati-on	No. of tracks	Weight of package-s which can be packed on the machine (in grams).	Packing capacity of each track (No. of packageswhich can be packed for a particular weight of package).	Total packing capacity of the machine for a specific weight of package to be packed.	Electricity consumpti-on capacity of the machine per hour (KWH).	Registr-ation no. of the machine (to be auto-generate-d by the system)	Work-ing status (Y/N)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
										9X10			
Part (A) Existing													
Part (B) Newly Added													



6A. Amendment to the details of machines.

Sr. no	Registration no. of the machine.	Ma-ke.	Mode-l no.	Name of manuf-acture	Mach-ine no.	Date of purch-as	Address of place of installati-on.	No. of trac-k	Weight of package-s which can be packed on the machin-e (in grams)	Packing capacity of each track (No. of packages which can be packed for a particular weight of package)	Total packing capacity of the machine for a specific weight of package to be packed	Electricity consumpti-on capacity of the machine per hour (KWH).	Working status (Y/N).	Date of change in any paramete-r listed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
											9X12			

7.Details of the intimation of the machines furnished to other departments.

Sr. no	Date of intimation.	Name of Govt. department / any other agency or organisation.	Details of declaration (to be uploaded as pdf).
1	2	3	4

8. Disposal of the packing machines.

Sr. no	Registration no. of the machine.	Make	Mo-del no	Name of manuf-acturer.	Machi-ne no	Date of purch-ase	Address of place of installati-on	No. of tracks	Weight of packages which can be packed on the machine (in grams).	Packing capacity of each track (No. of packages which can be packed for a particular weight of package)	Total packi-ng capac-ity of the machi-ne for a specif-ic weigh-t of packa-ge to be packe-d.	Date of disp-osal.	Reason of disposal (Suppli-ed/ Conde-mned).
1	2	3	4	5	6	7	8	9	10	11	12	13	14



9. Product details.

Sr. no.	Brand name.	Packing type.	Quantity in grams in each package.	HSN	Description of the product.
1	2	3	4	5	6

10. Details of the Documents uploaded.

1.Certificate of chartered engineer.
2.Information given to other departments
3.Any other document to be mentioned by taxpayer

11. Verification

I hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature of Authorised Signatory

Name Designation / Status

Place

Date

Instructions to Form GST SRM-1

1.Terms used:

(i) GSTIN: Goods and Services Tax Identification Number

(ii) HSN: Harmonized System of Nomenclature

(iii) MRP: Maximum Retail Price

(iv) KWH: Kilo Watt Hour (v) Packing type: Pouch, Zipper etc

2. Table 6: Details of existing machines should be provided in Part-A and details of new machines added thereafter have to be provided in Part-B. Column wise details of the information to be provided is given in the table below:

Column no.	Description
2	Make of the machine, if available should be provided as to whether it is semi-automatic or automatic

Column no.	Description
3	Mention model number of the machine, if available.
4	Name of the manufacturer of the machine to be provided.
5	Machine number to be provided.
6	Date of purchase as mentioned on the invoice or any other document in lieu thereof, issued by supplier, have to be provided.
7	Address of the place where machine has been installed has to be selected from the drop down provided for the same based on the details of places of business provided by the manufacturer in FORM GST REG-01
8	Number of tracks associated with the machine to be provided.
9	Weight of package which can be packed by the machine (in grams) is to be declared here. The registered person can enter multiple entries of the same for each machine
10	Packing capacity of each track has to be provided in terms of number of packages which can be packed by the machine on the said track per hour for the particular weight of package declared in column 9.
11	Total packing capacity of the machine for a specific weight of package which can be packed would be computed by System based on information provided in column 8,9 &10
12	Electricity consumption capacity of the machine to be provided in KWH.
13	Unique registration no. of the machine would be generated by System after filing the form. Structure of the unique no. will be GSTIN followed by three digits.
14	Whether the machine is working or is at standby. Accordingly, Y or N to be selected from the drop down menu

3. Table 6A: Amendment to the details of the machine already provided in Table 6 or amended thereafter to be provided. After entering registration number of the machine assigned by the System in column 12 of Table 6, other details of the machine would be auto-populated. The same can be edited wherever required. Certificate of chartered engineer shall also be uploaded for the machines whose details have been amended if the particulars given in the certificate uploaded earlier undergoes any change and the details of the documents uploaded should be given in Table 10. Any such change in any of the details of the machine including its working status which needs to be amended, has to be communicated within twenty four hours of the said change carried out by the registered person.

4. Table 7: Details of the intimation of the machines furnished to other department have to be provided. Documents should be uploaded in pdf format after making

entries and the details of the documents uploaded should be given in Table 10.

5. Table 8: Details of the machines disposed of (supplied / condemned) shall be provided. After entering registration number assigned to the machine by the System, other details would be auto-populated. Date of disposal and reason for the same to be provided.

6. Table 9: Details of the brands, packing type, HSN and description of the products manufactured to be provided in this table. If there is any change in the information already furnished in this table, the details need to be amended accordingly.

7. Table 10: List of Documents uploaded:

✳ Single Certificate of chartered engineer to be uploaded in pdf format for all machines in the format as per FORM



GST SRM-III after entering the particulars of the machines.

in the certificate uploaded earlier undergoes any change.

*Certificate of chartered engineer, in the format as per FORM GST SRM-III, shall also be uploaded for the machines whose details have been amended if the particulars given

*Document in pdf format providing details of the intimation of the machines furnished to other department have to be uploaded.

FORM GST SRM-II

Monthly Statement of inputs used and the final goods produced by the manufacturer of goods specified in the Schedule

1. GSTIN	
2. Legal name	
3. Trade name, if any	
4. Financial year	
5. Tax period	
6. ARN	
7. Date of filing	

8. Details of inputs

Serial number	HSN.	Description.	Unit. (UQC)	Opening balance.	Quantity procured.	Value of the quantity procured (Rs.)	Quantity consumed.	Closing balance	Waste generated.
1	2	3	4	5	6	7	8	9	10

9. Details of production

Brand name.	Machine registration number.	Packing type	Quantity in grams in each package.	HSN	Description of the product.	Number of packages packed	MRP per package packed. (Rs.)	Total value (in MRP)of the packages packed by machine. (Rs.)
1	2	3	4	5	6	7	8	9
								7X8
Total								

10. Power consumption



Sr. No.	Meter / DG set no	Initial meter reading on first day of the month.	Final meter reading on the last day of the month.	Consumption (KWH).
1	2	3	4	5
(A) Electricity meter reading				
(B) DG set meter reading				
C) Solar power having battery				
(D) Other				

11. Details of grid integrated solar power

Sr. No.	Initial meter reading on first day of the month.	Final meter reading on the last day of the month.	Generation/Export / Import / Consumption (KWH)
1	2	3	4
(A) Solar meter reading (Generation)			
(B) Power meter reading (Import of electricity)			
(C) Power meter reading (Export of electricity)			
(D) Net consumption [A+B-C]			

12. Verification



I hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature of Authorised Signatory

Name

Designation / Status Place Date

Instruction to Form GST SRM-II

1. Terms used:

- (i) GSTIN: Goods and Services Tax Identification Number
- (ii) HSN: Harmonized System of Nomenclature
- (iii) MRP: Maximum Retail Price (iv) KWH: Kilo Watt Hour
- (v) DG set: Diesel Generator set used for power generation
- (vi) Packing type: Pouch, Zipper etc.

2. Table 8: Details of inputs used for manufacturing the goods specified in Schedule appended with the notification, have to be provided. Column wise details of the information to be provided are given in the table below

Column no	Description
1	
2	HSN at minimum 4 digit level of the inputs used for manufacturing to be reported.
3	Description of the goods as per HSN to be provided.
4	Unit of measurement of the goods to be selected from the drop down.
5	Quantity available in the beginning of the month to be reported for the first time. From next month onwards, the information will be auto-populated from the closing balance of the previous month.
6	Quantity procured during the month have to be reported.
7	Value of the quantity procured have to be provided.
8	Quantity consumed have to be reported.
9	Closing balance should be the sum of quantity reported in col. 5 & 6 reduced by quantity reported in col. 8 (5+6-8)
10	ste generated, if any to be reported

3. Table 9: Details of the products manufactured to be reported brand wise, machine wise and package wise. Column wise details of the information to be provided is given in the table below



Column no	Description
1	
2	Brand reported in table 9 of Form GST SRM-I to be selected from drop down for reporting production during the tax period.
3	Registration number of the machine assigned by System to be reported.
4	Packing type viz. pouch, zipper etc. manufactured during the tax period to be reported.
5	Description of the packing (Quantity in grams in each pack) to be reported.
6	HSN, at 8 digit level, of the goods manufactured during the tax period to be reported.
7	Description of the product manufactured during the tax period to be reported.
8	Number of packages packed during the tax period to be reported.
9	Maximum Retail Price (MRP) in Rs. per package packed to be reported.
10	Total value in MRP of the packages packed during the tax period will be computed by System based on the information provided in col. 6&7

4. Table 10: Power consumption during the month to be reported. Initial reading of the electricity meter in the beginning of the month to be reported for the first month. From the next month onwards, the final reading reported at the end of previous month will become initial reading of the month. Reading of DG set used, if any should also be reported separately. For reporting the reading of more than one electricity meter or DG set, separate rows to be used. Also, electricity meter reading is to be given of the main meter of the manufacturing unit in case separate meter for machines is not available. Solar power mentioned at PART C pertains to only that generated through batteries not integrated with the grid.

5. Table 11. Here, details of the power consumed from solar power integrated with the grid is to be reported

FORM GST SRM-III Certificate of Chartered Engineer

1.GSTIN -

2.Details of the machines for which certificate has been issued -

Sr. no	Make, if avail-able	Model no., if avai-able	Name of manufact-urer.	Mac-hine no.	Registration no. assigned by System (in cases where the amendment in specification of the machines in Table 6A to be done).	Date of purc-hase, if avail-able	No. of trac-ks	Weight of packages which can be packed on the machine (in grams).	Packing capacity of each track (No. of packages packed for a particular weight of package).	Total packing capacity of the machine for a specific weight of package to be packed.	Electricity consumption capacity of the machine per hour (KWH)	Remarks if any
1	2	3	4	5	6	7	8	9	10	11	12	13



Sr. no	Make, if avail-able	Model no., if avai-lable	Name of manufact-urer.	Mach-ine no.	Registration no. assigned by System (in cases where the amendment in specification of the machines in Table 6A to be done).	Date of pur-chase, if avail-able	No. of trac-ks	Weight of packages which can be packed on the machine (in grams).	Packing capacity of each track (No. of packages packed for a particular weight of package).	Total packing capacity of the machine for a specific weight of package to be packed.	Electricity consumption capacity of the machine per hour (KWH)	Remarks if any
1	2	3	4	5	6	7	8	9	10	11	12	13

This is to certify that I have examined --- (no.) machines and the above details are true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature

Name –

Registration number –

Address –

Mobile no. –

Date:

Place:

[F.No.CBIC-20001/7/2023-GST]

GST (Central Tax - Rate)

GOVERNMENT OF INDIA MINISTRY OF FINANCE
(Department of Revenue)

Notification No. 01/2024-Central Tax (Rate)New Delhi,

3rdJanuary, 2024

G.S.R.(E).-In exercise of the powers conferred by sub-section (1) of section 9 and sub-section (5) of section 15 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue),

No.1/2017-Central Tax (Rate), dated the 28thJune, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), videnumber G.S.R. 673(E), dated the 28thJune, 2017, namely:-

In the said notification, in Schedule I –2.5%, -

(i)against S. No.165, in column (2), for the entry, the entry “2711 12 00, 2711 13 00, 2711 19 10”shall be substituted;

(ii)against S. No. 165A, in column (2), for the entry, the entry “2711 12 00, 2711 13 00, 2711 19 10”shall be substituted;2.This notification shall come into force with effect fromthe4thday of January, 2024.

[F.No. 190354/223/2023-TRU]



Customs (Non - Tariff)

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
CENTRAL BOARD OF
INDIRECT TAXES AND CUSTOMS*****

Notification No. 01/2024 - Customs (N.T.)

New Delhi, dated the 4th January,

2024/14 Pausha 1945 (SAKA)

In exercise of the powers conferred by section 14 of the

Customs Act, 1962 (52 of 1962), and in supersession of the Notification No. 93/2023-Customs(N.T.), dated 21st December, 2023 except as respects things done or omitted to be done before such supersession, the Central Board of Indirect Taxes and Customs hereby determines that the rate of exchange of conversion of each of the foreign currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or vice versa, shall, with effect from 5th January, 2024, be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods

Sl.No	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
		(a)	(b)
(1)	(2)	(3)	
		(For Imported Goods)	(For Export Goods)
1.	Australian Dollar	57.45	55.00
2.	Bahraini Dinar	229.75	213.05
3.	Canadian Dollar	63.50	61.50
4.	Chinese Yuan	11.85	11.45
5.	Danish Kroner	12.40	12.05
6.	EURO	92.70	89.55
7.	Hong Kong Dolla	10.80	10.55
8.	Kuwaiti Dinar	279.95	262.55
9.	New Zealand Dolla	53.40	51.05
10.	Norwegian Kroner	8.15	7.95
11.	Pound Sterling	107.35	103.90
12.	Qatari Riyal	23.60	22.20
13.	Saudi Arabian Riyal	22.95	21.55
14.	Singapore Dollar	63.75	61.75



Sl.No	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
		(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
15.	South African Rand	4.60	4.30
16.	Swedish Kroner	8.20	8.00
17.	Swiss Franc	100.15	96.35
18.	Turkish Lira	2.90	2.70
19.	UAE Dirham	23.40	22.00
20.	US Dollar	84.25	82.50

SCHEDULE-II

Sl.No.	Foreign Currency	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees	
		(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
1.	Japanese Yen	59.10	57.25
2.	Korean Won	6.55	6.20

[F.No. 468/01/2024-Cus.V]

Government of India Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs
Notification No. 02/2024-CUSTOMS (N.T.)

New Delhi, 15th January, 2024
25 Pausha, 1945 (SAKA)

S.O. ... (E).- In exercise of the powers conferred by sub-

section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Indirect Taxes & Customs, being satisfied that it is necessary and expedient to do so, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S. O. 748 (E), dated the 3rd August, 2001, namely:-



In the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following Tables shall be substituted, namely: -

“TABLE-1

Sl.No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$Per Metric Tonne)
(1)	(2)	(3)	(4)
1.	1511 10 00	Crude Palm Oil	869
	1511 90 10	RBD Palm Oil	874
3	1511 90 90	Others – Palm Oil	872
4	1511 10 00	Crude Palmolein	877
5	1511 90 20	RBD Palmolein	880
6	1511 90 90	Others – Palmolein	879
7	1507 10 00	Crude Soya bean Oil	928
8	7404 00 22	Brass Scrap (all grades)	4862

TABLE-2

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$)
(1)	(2)	(3)	(4)
1	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	662 per 10 grams
2	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	662 per 10 grams
3	71	(i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or semimanufactured forms of silver falling under sub-heading 7106 92; (ii) Medallions and silver coins having silver content not below 99.9% or semimanufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage. Explanation. - For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver.	747 per kilogram



Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$)
(1)	(2)	(3)	(4)
4	71	(i) Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units; (ii) Gold coins having gold content not below 99.5% and gold findings, other than imports of such goods through post, courier or baggage. Explanation. - For the purposes of this entry, "gold findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place.	662 per 10 grams

TABLE-3

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	8140 (i.e., no change)"

2. This notification shall come into force with effect from the 16th day of January, 2024.

[F. No. 467/01/2024-Cus.V]

Customs (Anti-Dumping Duty)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE)

NOTIFICATION No. 01/2024-Customs (ADD)

New Delhi, the 15th January, 2024

G.S.R...(E).- Whereas, the designated authority, vide notification number 7/06/2023-DGTR, dated the 30th June, 2023, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 30th June, 2023, had initiated the review in terms of sub-section (5) of section 9A of the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), and read with rule 23 of the Customs Tariff (Identification,

Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, in the matter of continuation of anti-dumping duty on imports of "Meta Phenylene Diamine" (hereinafter referred

to as the subject goods) falling under tariff item(s) 2921 51 20 or 2921 51 90 of the First Schedule to the Customs Tariff Act, originating in or exported from China PR (hereinafter referred to as the subject country) imposed vide notification of the Government of India, Ministry of Finance (Department of Revenue), number 5/2019-Customs (ADD), dated the 24th January, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 46(E), dated the 24th January, 2019;

And whereas, in the matter of review of anti-dumping duty on imports of the subject goods, originating in or exported from the subject country, the designated authority in its final findings, published vide notification number 7/06/2023-DGTR, dated the 23rd October, 2023, published in the Gazette of India, Extraordinary, Part-I,

Section 1, dated the 23rd October, 2023, has come to the conclusion that-

(i) the imports from the subject country have remained

substantial in absolute terms as well as relative to the domestic industry's production and in the Indian demand, even though the volume has declined slightly since the original investigation;

- (ii) the production, sales, capacity utilization of the domestic industry is adversely impacted on account of dumped imports;
- (iii) dumped imports from subject country are causing injury to the domestic industry;
- (iv) there is likelihood of not only continuation but also intensification of dumping and consequent injury to the Indian industry in the event of cessation of the existing anti-dumping duties at this stage, and has recommended continued imposition of the anti-dumping duty on imports of the subject goods, originating in or exported from the subject country, in order to remove injury to the domestic industry.

(Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 and in supersession of the notification of the Government of India, Ministry of Finance (Department of Revenue), number 5/2019-Customs (ADD), dated the 24th January, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 46(E), dated the 24th January, 2019, the Central Government, after considering the aforesaid final findings of the designated authority, hereby imposes on the subject goods, the description of which is specified in column (3) of the Table below, falling under tariff item(s) of the First Schedule to the Customs Tariff Act as specified in the corresponding entry in column (2), originating in the country as specified in the corresponding entry in column (4), exported from the country as specified in the corresponding entry in column (5), produced by the producers as specified in the corresponding entry in column (6), an anti-dumping duty at the rate equal to the amount as indicated in the corresponding entry in column (7), in the currency as specified in the corresponding entry in column (8) and as per unit of measurement as specified in the corresponding entry in column (9) of the said Table, namely :-

Now, therefore, in exercise of the powers conferred by sub-sections (1) and (5) of section 9A of the Customs Tariff Act, 1975 read with rules 18, 20 and 23 of the Customs Tariff

Sl no	Tariff Item(s)	Description of goods	Country of origin	Country of export	Producer	Amount	Currency	Unit of Measurement
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	29215120 or 29215190	Meta Phenylene Diamine*	China PR	Any country including China PR	Zhejiang Amino-Chem Co., Ltd	1.50	USD	MT
2	do	do	China PR	Any country including China PR	Any producer other than serial number 1	1.71	USD	MT
3	do	do	Any country including China PR	China PR	Any	1.71	USD	MT

*Meta Phenylene Diamine , also known as m- Phenylene Diamine, 1,3- diaminobenzene, 1, 3- Benzenediamine, m-Aminoaniline, mBenzenediamine, m- Diaminobenzene, 1,3-Phenylenediamine, 3- Aminoaniline, mFenylendiamin, Phenylenediamine, and m-Aminoaline, Phenylenediamine meta.

2. The anti-dumping duty imposed under this notification shall be levied for a period of five years (unless revoked, superseded or amended earlier) from the date of publication of this notification in the Official Gazette and shall be payable in Indian currency.

Explanation.- For the purposes of this notification, rate of exchange applicable for the purpose of calculation of such anti-dumping duty shall be the rate which is specified in the notification of the Government of India, Ministry of Finance (Department of Revenue), issued from time to time, in exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and the relevant date for the determination of the rate of exchange shall be the date of presentation of the bill of entry under section 46 of the said Customs Act.

[F. No. CBIC-190354/255/2023-TRU]

NOTIFICATIONS & CIRCULARS

Direct Tax

MINISTRY OF FINANCE
(Department of Revenue)
(CENTRAL BOARD OF DIRECT TAXES)
NOTIFICATION

New Delhi, the 4th January, 2024

S.O. 66(E).— In exercise of the powers conferred by sub-clause (ii) of clause (4G) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies activity of investment in a financial product by the non-resident, in accordance with a contract with such non-resident entered into by a capital market intermediary, being a Unit of an International Financial Services Centre, where the income from such investment is received in the account of the non-resident maintained with the Offshore Banking Unit of such International Financial Services Centre, as referred to in sub-section (1A) of section 80LA.

Explanation.—For the purposes of this notification,—

- (i) “capital market intermediary” shall have the meaning as assigned to it in clause (ga) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021;
- (ii) “financial product” shall have the meaning as assigned to it in sub-clause (d) of sub-section (1) of section 3 of International Financial Services Centres Authority Act, 2019 (50 of 2019);
- (iii) “International Financial Services Centre” shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);
- (iv) “Unit” shall have the same meaning as assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).

[Notification No. 04/2024 F. No. 370142/48/2023-TPL]

JUDGEMENT INDIRECT TAX

Search authorization was erroneous if grounds set out in authorization were not borne out from information on record: HC

Facts of the case -

Bhagat Ram Om Prakash Agro (P.) Ltd. v. Commissioner Central Tax GST - [2023] (Delhi)

In the present case, inspection was conducted pursuant to the order passed by the Special Judge, whereby the learned Special Judge had directed to check the source of Rs. 50,00,000/- received by the petitioner. The petitioner filed writ petition and challenged the search authorisation by contending that none of grounds as set out in search authorization were borne out from information or material on record of revenue authority.

Decision of the case :

- The Honorable High Court noted that there were no reasons for the department to initiate the search against the petitioner under section 67(1) of the CGST Act and the record did not indicate that any further investigation was conducted prior to authorizing the inspection under section 67(1) of the CGST Act.

Assessee's request to amend/rectify Form GSTR-1 could not be rejected if wrong GSTIN mentioned inadvertently: HC

Facts of the case -

Star Engineers (I) (P.) Ltd. v. Union of India - [2023] (Bombay)

In the present case, the assessee carried out delivery of goods under "Bill-to-Ship-to-Model" in line with instructions received from its customer during period July 2021, November 2021 and January 2022 and GSTIN of third party were wrongly mentioned instead of its customer. It filed an application before Deputy Commissioner seeking approval to modify/amend Form GSTR-1 for financial year 2021-22 but Deputy Commissioner informed that matter was time barred and accordingly, petitioner's application was rejected. It filed writ petition seeking permission to amend GSTR-1.

Decision of the case :

- The Honorable High Court noted that the assessee had correctly issued e-invoices by appropriately citing GSTIN. However, at time of filing of Form GSTR-1, inadvertently GSTIN of third parties to whom shipment was delivered, was reported instead of its customer. The Court further noted that these errors of assessee were inadvertent and bonafide and there was not an iota of an illegal gain being derived by assessee.
- Therefore, the Court held that the instant petition was to be allowed and GST authorities were directed to permit assessee to amend/rectify Form GSTR-1 for relevant period either through online or manual means within a period of four weeks.

SLP dismissed against HC order where demand of ITC reversal was set aside holding that investigation against supplier is a pre-requisite

Facts of the case -

Assistant Commissioner of State Tax v. Suncraft Energy P. Ltd - [2023] (SC)

The taxpayer was asked to reverse the Input Tax Credit ('ITC') on the supplies on which the tax was alleged to be not paid by the supplier. The department contended that the ITC was not getting reflected in Form GSTR-2A of the taxpayer, hence, the condition of Section 16(2) of the CGST Act, 2017 was not met and the ITC was required to be reversed. Calcutta High Court noted that the taxpayer has produced the tax invoice, the bank statement proving that they have made payment in respect of the supplies and tax to the seller thereby demonstrating that all other conditions of 16 of the CGST Act are satisfied.

Further, no action was taken by the department against the supplier. It noted that where a tax is not paid by the supplier, an action is required to be taken against him first. Reversal of ITC by the recipient should be the last resort in extreme cases. Hence, the High Court set aside the demand order.



Decision of the case :

Hon'ble Supreme Court held that having regard to the facts and circumstances of the case and that the amount of tax involved is on the lower side, it was inclined not to interfere in the matter and upheld the decision of the High Court.

Assessee can't be penalized for non-constitution of Tribunal, demand of 50% amount unjustified being not its fault: HC

Facts of the case -

Shree Agrawal Enterprises v. State of U.P. - [2023] (Allahabad)

In the present case, the assessee wanted to challenge the order passed by the first appellate authority but the second appeal would lie before the appellate tribunal which has not been made functional. It filed petition before the High Court since the right of second appeal was denied on account of the failure of the Government to constitute the tribunal.

It was also contended that inconsistency arose among interim orders passed by High Court in different cases as regards amount of pre-deposit. One line of interim orders contemplated deposit of 30% of tax amount out of which 10% deposited before first appellate authority was liable to be adjusted. However, another line of interim orders contemplated deposit of 50% of tax amount.

Decision of the case :

- The High Court noted that assessee cannot be faulted for what is essentially a failure of Government. By imposing a demand of 50%, assessee would be penalized for no fault of theirs as Statute contemplates deposit of 10% plus 20% of disputed tax liability before first and second appellate authorities respectively.

- The High Court further noted that the assessee should deposit 20% of disputed tax liability in addition to earlier deposit of 10% of disputed tax amount before assessing authority. The Court also stayed the recovery proceedings of balance amount till decision of instant writ petition subject to aforesaid deposit and listed the matter on 15-1-2024.

HC stayed operation of demand-cum-show cause notice issued by dept. without issuing Form GST ASMT-10

Facts of the case -

Pepsico India Holdings (P.) Ltd. v. Union of India - [2023] (Gauhati)

In the present case, the petitioner company was served with a demand-cum-show cause notice under section 73(1) alleging that there was an un-reconciled ITC amount as reflected in GSTR-9C for financial year 2017-18 and petitioner was liable to reverse wrongly availed and utilized ITC along with applicable interest and penalty.

The petitioner filed writ petition against it and contended that mandatory conditions precedent required for invoking provisions of section 73(1) for issuance of impugned demand-cum-show cause notice were absent in instant case since Form GST ASMT-10 was not issued.

Decision of the case :

- The Honorable High Court noted that in instant case, Form GST ASMT-10 was not issued to petitioner. Therefore, prima facie the act of issuance of impugned Demand-cum-Show Cause Notice under Section 73(1) by proper officer was without compliance of mandatory conditions, more particularly, provisions of Section 61 read with Rule 99. Thus, the Court held that the operation of impugned Demand-cum-Show Cause Notice was to be stayed and matter was listed for hearing.

JUDGEMENT DIRECT TAX

Assessee entitled to get 6% interest on refund of excess amount of equalisation levy: HC

Facts of the case -

Group M Media India (P.) Ltd. v. Deputy Commissioner of Income-tax, International Tax - [2023] (Bombay)

The assessee had filed a statement of specified income disclosing total consideration for specified services and equalisation levy. After declaring the total levy paid, assessee claimed refund of a certain amount of levy.

The Assessing Officer (AO) paid the refund amount. However, the AO refused to grant interest on the amount refunded, contending that no provision provided for interest on refunding excess deduction or erroneous deduction of equalisation levy.

Aggrieved by the order, the assessee filed a writ petition to the Bombay High Court.

Decision of the case :

- The High Court held that a tax refund is a refund of taxes when the tax liability is less than the tax paid. The assessee, having paid taxes pursuant to a special order passed by the Assessing Officer when the amount is refunded, should carry interest in the matter.
- In the instant case, the assessee paid taxes pursuant to section 165 of the Finance Act, 2016 and, therefore, when the said amount is refunded, it should carry interest. While awarding interest, it is a kind of compensation for the use and retention of the money collected unauthorisedly by the Department. When the collection is illegal, there is a corresponding obligation to refund such amount with interest as much as they have retained and enjoyed the money deposited.
- The government must repay the taxpayer's refund along with accrued interest, as no explicit

statutory provision exempts it from the obligation to compensate for the undue retention of the taxpayer's money, despite the absence of an interest payment mandate on excess amounts/taxes collected.

- The State, having received the money without right, having retained and used it, is bound to make the party good, just as an individual would be under similar circumstances. The obligation to refund money received and retained without right implies and carries with it the right to interest. Whenever money has been received by a party which ex ae quo et bono ought to be refunded, the right to interest follows.
- Therefore, there was no reason to deny interest payment to the deductor, and the AO was directed to pay simple interest at 6%, the rate prescribed under section 244A.

HC allowed Sec. 80-IB deduction despite ITR being filed after the due date on account of delay in audit

Facts of the case -

Pr. Commissioner of Income Tax vs. M/s H.P. Housing & Urban Development Authority - [2023] (Himachal Pradesh)

The assessee was engaged in the development of housing facilities. For the relevant assessment year, the assessee furnished its return of income belatedly. Subsequently, the assessee enhanced the declared income and claimed deduction under section 80-IB(10) by furnishing the revised return of income.

During the scrutiny proceedings, the Assessing Officer (AO), after considering section 80AC of the Act, denied the deduction under section 80-IB claimed by the assessee. The AO contended that the assessee failed to furnish its original return of income within the prescribed time limit under section 139(1) of the Act. In response, the assessee explained that the filing of its return was delayed due to a delay by the local Audit Department. Unsatisfied with the



explanation, the AO continued to deny the deduction.

The matter then reached the Himachal Pradesh High Court.

Decision of the case :

- The High Court held that a return of income filed under Section 139(4) could not be said to be meeting the requirements of Section 139(1) in the context of Section 80AC of the Act, which specifically insists upon the filing of return by the due date prescribed under Section 139(1) for availing the admissible deductions.
- In the instant case, the assessee took up a defence of late audit for belated filing of its return of income. Further, the AO did not dispute the veracity of the grounds so put forth for the late filing of the return. Accordingly, it was construed that the assessee had a reasonable & bonafide cause for not filing the return of income within the time permitted under Section 139(1).
- Moreover, the CIT(A) and the Tribunal held that the assessee was actually entitled in law to certain deductions under Section 80IB(10) of the Act. Therefore, if the assessee was otherwise entitled to deduction under Section 80IB(10) but, due to its ignorance or for some other reason, could not claim the same in the return of income, then the Appellate Authority should have looked into the same.
- The assessee should not be burdened with taxes which it is otherwise not liable to pay under the law. A duty is cast upon the Income Tax Authorities to charge legitimate taxes from the taxpayers. They are not there to punish the taxpayers for their bonafide mistakes.
- Accordingly, the appeal was dismissed.

No TCS on sale of empty liquor bottles as uncorking liquor bottles didn't amount to generation of 'scrap': HC

Facts of the case -

Tamil Nadu State Marketing Corporation Ltd. v. DCIT - [2023] (Madras)

Assessee-Company, owned by Tamil Nadu Government, had an exclusive monopoly for retail and wholesale of

Indian Made Foreign Spirits (IMFS) in the entire state of Tamil Nadu.

Assessee floated tenders to select third-party bar contractors (licensees) to sell eatables and collect empty bottles left by consumers at bars adjacent to/within the assessee's liquor retail shop. Assessee acting as an agent merely collected tender/licence amount from successful tenderer and remitted 99 per cent of same to Government retaining 1 per cent commission.

Assessing Officer (AO) treated assessee as the assessee-in-default for failure to collect tax at source under section 206C(1) on the amount tendered by the successful bar licensee from the sale of empty bottles by treating sale of bottles as scrap.

The matter reached before the Madras High Court.

Decision of the case :

- The Madras High Court held that to attract the liability under Section 206C, it is incumbent on the part of AO to establish that the bottles left by buyers of liquor who consume liquor in the bars attached to the assessee's retail shops qualify as 'Scrap' as defined in Section 206C.
- 'Scrap' is defined as waste and discarded material resulting from the 'manufacturing' or 'mechanical working of materials' rendered unusable due to breakage, cutting up, wear, or other reasons.
- The expression "mechanical working of material" has not been defined in the Income-tax Act 1961. Thus, the interpretation of "mechanical working of materials" is derived by applying the principle of noscitur a sociis, referencing the definition of "manufacture" in Section 2(29BA).
- The definition of "manufacture" in Section 2(29BA) of the Income Tax Act, 1961, aligns with the definition in Section 2(f) of the Central Excise Act, 1944. Consequently, for waste or scrap to incur excise duty under Section 3 of the Central Excise Act, 1944, it must also be specified in the 1st Schedule to the Central Excise Tariff Act, 1985.
- Certain activities may amount to "manufacture" yet not liable to Central Exercise Duty. An activity may

resemble a “manufacturing activity”, yet may not amount to “manufacture”. Thus, only those activities which resemble “manufacturing activity”, but are not a “manufacturing activity” can come within the purview of the expression of “mechanical working of material”.

- Thus, the expression “mechanical working of material” would apply only to such activities which are akin to “manufacturing activity” but not “manufacturing activity”. Only such “scrap” generated from such activity can be construed to be in contemplation of Section 206C.
- Mere opening, breaking or uncorking of a liquor bottle by twisting the seal in a liquor bottle will not amount to the generation of “scrap” from “mechanical working of material” for explanation to Section 206C.

Expression ‘used for purposes of business’ in sec. 32(1) had to be construed liberally to include even passive use: HC

Facts of the case -

Principal Commissioner of Income-tax vs. Indus Towers Ltd. - [2023] (Delhi)

The assessee-company was engaged in the business of sharing telecom infrastructure amongst various telecom service providers. During the year, the assessee took a loan for the construction of the tower. It claimed depreciation on the tower. It also claimed interest paid on the loan and upfront processing charges on the loan.

The Assessing Officer (AO) disallowed interest paid on the loan and depreciation primarily on the grounds that not all the towers might have been put to use as the tower-wise details had not been furnished.

On appeal, the CIT(A) and Tribunal ruled in favour of assessee. The matter reached the Delhi High Court.

Decision of the case :

- The Court held that the expression ‘used for the purposes of business or profession’ in the provision under section 32 had to be construed widely. This includes not only those cases where the buildings, machinery, plant, etc., are actively employed but also those cases where there is what may be described as

a passive user of the same in the business because of various reasons, including that machinery, may well depreciate even where it is not used in the business and even due to non-user and being kept idle.

- The towers which were constructed subsequent to the commencement of business of the assessee were so constructed admittedly during the year relevant to the subject assessment year. The expression ‘used for the purposes of the business’ in section 32(1) has to be construed liberally so as to include even passive users of the subject machinery (towers in the instant case). It was nobody’s case that the profits earned by the assessee had no nexus with the towers in question.
- Therefore, there was no infirmity in allowing the amount of depreciation concerning the said towers to be deducted.

No penalty proceedings under sec. 270A if additions were made based on voluntary disclosure by assessee: HC

Facts of the case -

Chambal Fertilizers and Chemicals Ltd. vs. Office of the Principal Commissioner of Income-tax - [2024] (Rajasthan)

The assessee filed its original return of income under Section 139(1) for the Assessment Year 2018-19. During the scrutiny proceedings, the assessee realized that the ‘provision for doubtful GST input tax credit’ had been inadvertently merged with another expense account and mistakenly claimed as deduction.

Accordingly, the said amount was suo moto surrendered by the assessee by revising its return of income and adding back the amount ‘provision for doubtful GST input tax credit’, to the total income. The Assessing Officer (AO) passed the assessment order, and a penalty under section 270A was imposed for misreporting of income.

The assessee filed an application under section 270AA against such penalty order, but it was rejected. Subsequently, the assessee challenged the rejection through a petition under section 264, which was also denied.

Assessee filed a writ petition before the Rajasthan High Court.



Decision of the case :

- The High Court ruled that the revising authority, without providing any substantial reasons and in a perfunctory manner, merely suggested that the assessee's case fell under both Clause (a) and (c) of Section 270A(9).
- The merging GST Input Credit with expenses was not pointed out/detected by AO, and the same was only pointed out voluntarily by the assessee. Therefore, sub-Clauses (a) and (c) of Section 270A (9) are not attracted.
- Moreover, it was evident that the Deputy Commissioner

breached the stipulations of the proviso to Section 270AA(4) by neglecting to afford any opportunity for a hearing. The order he issued was extremely brief, and it failed to specify the section under which the assessee's case fell within Section 270A(9).

- The fact that the indications were made that the matter falls within (a) and (c) necessarily means that even he was not sure whether it was a case of misrepresentation, suppression of facts, or claim of expense not substantiated by any evidence.
- Therefore, the order passed by the revisional authority rejecting the revision petition cannot be sustained.



Tax Calendar

(Indirect Tax)

Due Date	Returns
Jan 18th, 2024	GST-CMP-08 (Composition Scheme Dealers)
Jan 20th, 2024	GSTR-3B-Other than QRMP scheme
	GSTR-5A-OIDAR Services
Jan 22nd, 2024	GSTR-3B-QRMP-Invoice Furnishing Facility

Direct Tax

Due Date	Returns
Jan 30th, 2024	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M & 194S in the month of December, 2023
	Quarterly TCS certificate in respect of quarter ending December 31, 2023
Jan 31st, 2024	Quarterly statement of TDS for the quarter ending December 31, 2023
	Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending December 31, 2023
	Exercising the option to opt for alternative tax regime under section 115BAA by a domestic company for assessment year 2021-22
	Note: The CBDT, via Circular No. 19/2023, dated 23-10-2023, extended the due date for filing of Form no. 10-IC till 31-01-2024
	Intimation by Sovereign Wealth Fund in respect of investment made in India for quarter ending December, 2023
Intimation by a pension fund in respect of investment made in India for quarter ending December 31, 2023	



E-PUBLICATIONS OF TAX RESEARCH DEPARTMENT

Guide Book for GST Professionals	Handbook on GST on Service Sector
Handbook for Certification for difference between GSTR-2A & GSTR - 3B	Handbook on Works Contract under GST
Impact of GST on Real Estate	Handbook on Impact of GST on MSME Sector
Insight into Customs-Procedure & Practice	Assessment under the Income Tax Law
Input Tax Credit and In depth Discussion	Impact on GST on Education Sector
Taxation on Co-operative Sector	International Taxation and Transfer Pricing
Guidance notes on Preparation and Filing of Form GSTR 9 and 9c	Handbook on E-Way Bill
Guidance Note on Anti Profiteering	Filing of Return
	Handbook on Special Economic Zone and Export Oriented Units

For E-Publications, Please Visit Taxation Portal-

<https://icmai.in/TaxationPortal/>

Notes

A series of horizontal dotted lines for writing notes.

Notes

A series of horizontal dotted lines for writing notes, arranged in approximately 20 rows.

TAXATION COMMITTEES - PLAN OF ACTION

Proposed Action Plan:

1. Successfully conduct all Taxation Courses.
2. Publication and Circulation of Tax bulletin (both in electronic and printed formats) for the awareness and knowledge updation of stakeholders, members, traders, Chambers of Commerce, Universities.
3. Publication of Handbooks on Taxation related topics helping stakeholders in their job deliberations.
4. Carry out webinars for the Capacity building of Members - Trainers in the locality to facilitate the traders/registered dealers.
5. Conducting Seminars and workshops on industry specific issues, in association with the Trade associations/ Traders/ Chamber of commerce in different location on practical issues/aspects associated with GST.
6. Tendering representation to the Government on practical difficulties faced by the stakeholders in Taxation related matters.
7. Updating Government about the steps taken by the Institute in removing the practical difficulties in implementing various Tax Laws including GST.
8. Facilitating general public other than members through GST Help-Desk opened at Head quarter of the Institute and other places of country.
9. Introducing advance level courses for the professionals on GST and Income Tax.
10. Extending Crash Courses on Taxation to Corporates, Universities, Trade Associations etc.

Disclaimer:

The Tax Bulletin is an informational document designed to provide general guidance in simplified language on a topic of interest to taxpayers. It is accurate as of the date issued. However, users should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Tax Bulletin. The information provided in these documents does not cover every situation and is not intended to replace the law or change its meaning.

The opinion expressed in Article is fully based on the views of the experts. This information is provided for public services only and is neither an advertisement nor to be considered as legal and professional advice and in no way constitutes an attorney-client relationship between the Institute and the User. Institute is not responsible or liable in any way for the consequences of using the information given.

Contact Details:

Tax Research Department
12, Sudder Street, Kolkata - 700016

Phone: +91 33 40364717/ +91 33 40364798/ +91 33 40364711

E-mail: trd@icmai.in



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

www.icmai.in

Headquarters: CMA Bhawan, 12, Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

Delhi Office: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100