



Edition 28
From Aug 1,2023 to Aug 31, 2023



The Scoop

The Reserve Bank of India's recent unanimous decision to maintain the repo rate at 6.5% has set the stage for an engaging discussion on our economic landscape.

As we look at how our country's money situation is going, it's important to understand the details that make it all work. Lately, the people in charge decided that our country's money will grow by 6.5% next year. But, some parts of our economy, like selling things to other countries and providing services, are not doing very well. This could make it hard for our economy to grow as much as they hope. Right now, the 6.5% prediction seems like it might be too hopeful.

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INCOME TAX UPDATES



1. Amended clause (10D) of section 10 of the Act by substituting the existing sixth proviso with the new sixth, seventh and eighth provisos

Section 10 (10d) of Income Tax Act, 1961 on Payouts of Life Insurance Policy. Section 10 (10D) of the Income Tax Act allows tax exemption on the sum assured and accrued bonus (if any) received through their life

(i) with effect from assessment year 2024-25, the sum received under a life insurance policy, other than a unit linked insurance policy, issued on or after the 151 day of April, 2023, shall not be exempt under the said clause if the amount of premium payable for any of the previous years during the term of such policy exceeds Rs 5,00,000 [sixth proviso];

(ii) if premium is payable for more than one life insurance policy, other than a unit linked insurance policy, issued on or after 01.04.2023, the exemption under the said clause shall be available only with respect to such policies where the aggregate premium does not exceed Rs 5,00,000 for any of the previous years during the term of any of those policies [seventh proviso];

(iii) the sixth and seventh provisos shall not apply in case of any sum received on the death of a person [eighth proviso]

Read More: <https://incometaxindia.gov.in/news/circular-15-2023.pdf>



INCOME TAX UPDATES

2. Income-tax (Tenth Amendment) Rules, 2023.

- ◆ (a) in rule 2BB, for sub-rule (3), the following sub-rule shall be substituted, namely:- “(3) Notwithstanding anything contained in sub-rule (1) and (2), an employee, being an assessee, - (i) who has exercised option under sub-section (5) of section 115BAC; or (ii) whose income is chargeable to tax under sub-section (1A) of section 115BAC,
- ◆ (a) for the first proviso, the following proviso shall be substituted, namely: - “Provided that the allowance under clause (ii) of sub-section (1) of section 32 in respect of depreciation of any block of assets shall not exceed forty per cent. of the written down value of such block of assets in case of -

(i) a domestic company which has exercised option under sub-section (4) of section 115BA, or under sub-section (5) of section 115BAA, or under sub-section (7) of section 115BAB; or

(ii) an individual or a Hindu undivided family which has exercised option under sub-section (5) of section 115BAC; or

(iia) an individual or a Hindu undivided family, or an association of persons (other than a co-operative society) or a body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause

(iii) of clause (31) of section 2 whose income is chargeable to tax under sub-section (1A) of section 115BAC; or

(iv) a co-operative society resident in India which has exercised option under subsection (5) of section 115BAD; or

(v) a co-operative society resident in India which has exercised option under subsection (5) of section 115BAE

Read More: <https://incometaxindia.gov.in/communications/notification/notification-43-2023.pdf>



INCOME TAX UPDATES

3. Direct Tax Collections for F.Y. 2023-24 up to 09.07.2023

Tax collections are at Rs. 6.53 lakh crore which is 15.73% higher than the gross collections for the corresponding period of last year.

Direct Tax collection, net of refunds, stands at Rs. 5.84 lakh crore which is 17.33% higher than the net collections for the corresponding period of last year.

This collection is 32.03% of the total Budget Estimates of Direct Taxes for F.Y. 2023-24

Read More: <https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1145/PressRelease-Direct-Tax-Collections-for-FY2023-24-up-to-10-08-2023.pdf>



GST UPDATES



1. Advisory: e-Invoice Exemption Declaration Functionality Now Available

the e-Invoice Exemption Declaration functionality is now live on the e-Invoice portal. This functionality is specifically designed for taxpayers who are by default enabled for e-invoicing but are exempted from implementing it under the CGST

Salient features of this functionality are:

- a. The e-Invoice Exemption Declaration functionality is voluntary and can be accessed at the e-Invoice portal
- b. This functionality is applicable to taxpayers who are exempted from e-Invoicing as per the provisions of the CGST Rules.
- c. It is important to note that any declaration made using this functionality will not change the e-Invoice enablement status of the taxpayer.
- d. The responsibility to take decision vis-à-vis exemption with reference to various Notifications issued by the Government and report on the portal is of the person.

The facility to report exemption declaration is purely for business facilitation purposes.

Read More: <https://www.gst.gov.in/newsandupdates/read/596>

GST UPDATES

2. e-Invoice Reporting and IRN Generation

- Please be informed that e-Invoice reporting and IRN (Invoice Reference Number) generation services on all IRPs, including the 4 new IRPs, are provided free of charge. There are no fees associated with using these essential services for generating and reporting e-Invoices. The IRPs are mandated to offer e-Invoice reporting and IRN generation as part of their compliance process, ensuring that taxpayers can avail these services without incurring any additional cost.
- However, we would like to highlight that any additional Value-Added Services (VAS) offered by IRPs are independent of the standard e-Invoice reporting and IRN generation and may have associated charges. GSTN has no role in the provision or pricing of such Value-Added Services.
- Before availing any additional VAS, we advise taxpayers to review the details of the services, data security and their associated costs as offered by the respective IRPs.
- Additionally, in addition to the four new IRPs, e-Invoice reporting and IRN generation services are also provided by NIC-IRP. Users can access these services at <https://einvoice1.gst.gov.in> and <https://einvoice2.gst.gov.in>.

3. MERA BILL MERA ADHIKAAR SCHEME

- As per the direction from the Government, the GSTN has developed and launched a mobile application (available on iOS and Android platforms) and also a web portal for the “**Mera Bill Mera Adhikaar**” scheme.
- 2.This scheme will be implemented from 1st September, 2023 initially in the States of Gujarat, Assam, Haryana and UTs of Puducherry and Daman & Diu and Dadra & Nagar Haveli, as per the policy decision of the Government.

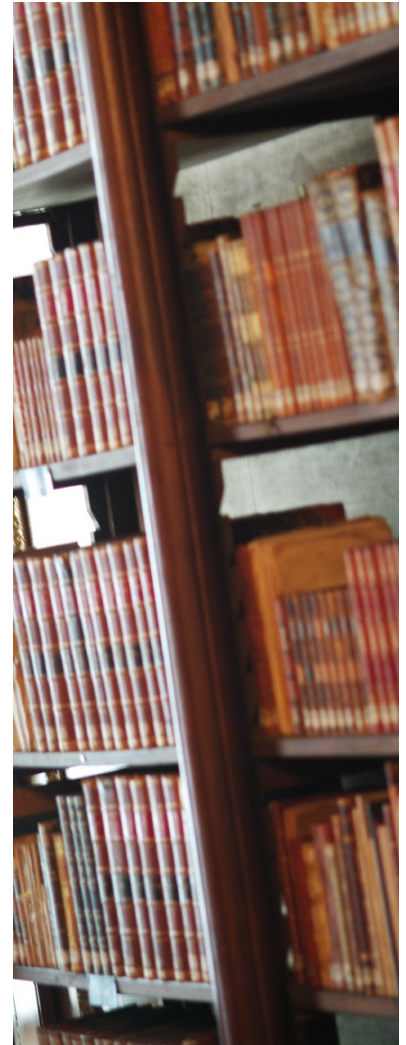
•3.Mobile Application and Web Portal:

- The mobile application is available for download on both iOS and Android platforms and links are given below.

a. **Android Link:** <https://play.google.com/store/apps/details?id=com.gstn.msma>

b. **iOS Link:**<https://apps.apple.com/in/app/mera-bill-mera-adhikaar/id6450875616>

c. **The web portal can be accessed at:**<https://web.merabill.gst.gov.in>



GST UPDATES

4. Advisory for applicants where GST Registration application marked for Biometric-based Aadhaar Authentication

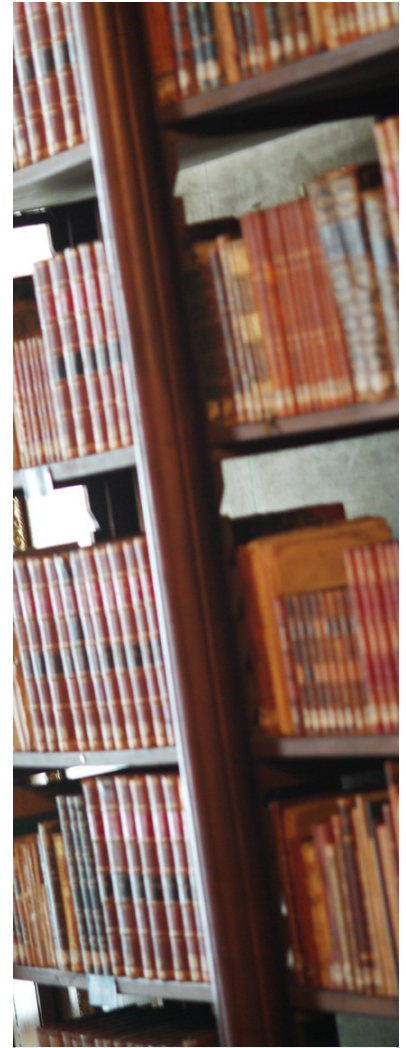
- ◆ Rule 8 of CGST Rules had been amended to provide that those applicants who had opted for authentication of Aadhaar number and identified on the common portal, based on data analysis and risk parameters, shall be placed for biometric-based Aadhaar authentication and taking photograph(s) of the applicant.
- ◆ Pilot for implementation of the above change is ready and the functionality is ready for roll out by GSTN portal. This functionality is being launched in Puducherry from 30th August, 2023 in the pilot phase. After submission of application in Form GST REG-01 and before generation of ARN, the applicant will either get the message for visiting GST Suvidha Kendra (GSK) or a link on the declared Mobile and Email ID; as may be applicable at TRN stage, based on identification by common portal so that registration process may be completed.
- ◆ Those applicants who get the link on Mobile & Email ID for Aadhaar Authentication, they can proceed for completing their application as per existing implementation.

Read More: <https://www.gst.gov.in/newsandupdates/read/600>

4. Introducing Electronic Credit Reversal and Reclaimed statement

- ◆ In order to facilitate the taxpayers in correct and accurate reporting of ITC reversal and reclaim thereof and to avoid clerical mistakes, a new ledger namely Electronic Credit and Re-claimed Statement is being introduced on the GST portal. This statement will help the taxpayers in tracking of their ITC that has been reversed in Table 4B(2) and thereafter re-claimed in Table 4D(1) and 4A(5) for each return period, starting from August return period.

Read More: <https://www.gst.gov.in/newsandupdates/read/601>



Reserve Ratios

CRR: 4.50%

SLR: 18.00%

Exchange Rate (As on Jul'31, 2023)

INR / 1 USD : 82.2484

INR / 1 GBP : 105.5074

INR / 1 EUR : 90.5758

INR / 100 JPY : 58.06

RBI UPDATES



1. ENHANCING TRANSACTION LIMITS FOR SMALL VALUE DIGITAL PAYMENTS IN OFFLINE MODE

- ◆ As announced in the policy the upper limit of an offline payment transaction is increased to ₹500. Other instructions mentioned in the framework shall continue to remain applicable as before.
- ◆ This directive is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect immediately.

Read More: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12531&Mode=0>

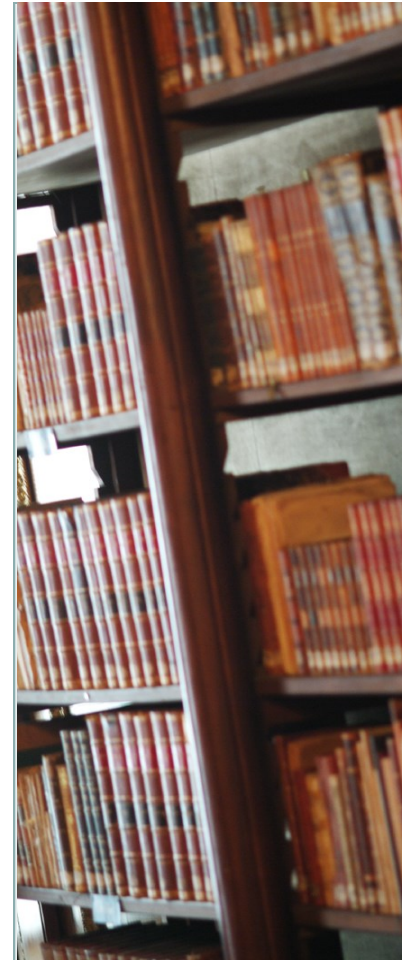
RBI UPDATES

2.RBI fines four major Indian PSUs for late overseas investment reporting

- ◆ The Reserve Bank of India (RBI) has imposed late submission fees amounting to ₹2,000 crore on four major public sector undertakings namely, ONGC Videsh Ltd, Indian Oil Corp. Ltd, GAIL (India) Ltd, and Oil India Ltd for failing to promptly report their overseas investments.
- ◆ The delayed reporting has prompted RBI to take restrictive measures, affecting further remittances and transfers until the discrepancies are resolved.

3.RBI Levies Monetary Penalties on 4 Co-operative Banks for Regulatory Violations:

- ◆ The Reserve Bank of India (RBI) has taken stringent action by imposing monetary penalties totaling Rs4.20 lakh on four co-operative banks. These banks – Vita Urban Cooperative Bank Ltd, Shri Vinayak Sahakari Bank Ltd, Shreeji Bhatia Cooperative Bank Ltd, and Mizoram Urban Cooperative Development Bank Ltd – have been found to be in breach of various regulations set forth by the central banking authority.
- ◆ Vita Urban Cooperative Bank, located in Maharashtra, and Shri Vinayak Sahakari Bank of Gujarat have both been fined Rs1.50 lakh.
- ◆ Shreeji Bhatia Cooperative Bank, also hailing from Maharashtra, faces a penalty of Rs1 lakh. This penalty stems from non-compliance with specific directives issued by the RBI, encompassing the Supervisory Action Framework (SAF) and Know Your Customer (KYC) guidelines.
- ◆ Mizoram Urban Cooperative Development Bank, located in Aizawl, has been fined Rs20,000.
- ◆ The RBI, after carefully considering the responses and oral arguments presented by the banks during personal hearings, concluded that the charges of non-compliance with its directives were substantiated. Consequently, the monetary penalties were imposed as a consequence of these regulatory violations.





OTHER NEWS UPDATES

- ◆ Airtel Payments Bank partners with Frontier Markets, Mastercard to support 1 lakh women-owned businesses: Airtel Payments Bank, in collaboration with Mastercard Center and Frontier Markets, has introduced a transformative initiative named She Leads Bharat: Udyam. This initiative is designed to uplift 100,000 women-owned small businesses by providing them with opportunities to learn and earn.
- ◆ **RBI Raises Offline Payment Transaction Upper Limit to ₹500 from ₹200:** Reserve Bank of India (RBI) has made changes to the offline payment transaction regulations, aiming to enhance user convenience and digital payment adoption. The central bank has decided to increase the upper limit of offline payment transactions from ₹200 to ₹500, with immediate effect. This move is part of RBI's ongoing efforts to streamline payment processes and adapt to evolving consumer needs.
- ◆ **Unified Payment Interface (UPI): Simplified Mobile Money Transfer in India:** The Unified Payments Interface (UPI) has revolutionized digital transactions in India, enabling instant and secure fund transfers through mobile apps.
- ◆ **Public sector banks and major private banks collected over ₹35,000 cr in charges:** Charges amounting to over ₹35,000 crore have been amassed due to reasons such as non-compliance with minimum balance requirements, additional ATM transactions, and SMS services.
- ◆ **Profit Of PSU Banks More Than Doubles To Rs 34,774 Cr In Q1:** The public sector banks (PSBs) have registered an impressive profit of over Rs 34,774 crore in the first quarter of June 2023 showcasing a substantial increase that more than doubles their previous earnings. As per the quarterly data published by public sector banks, the collective profit reported by the 12 state-owned banks amounted to Rs 15,306 crore, during the corresponding April-June period in the prior fiscal year.



INTERNATIONAL NEWS UPDATES

- ◆ **China's Economy Slips into Deflation: Implications and Countermeasures:** Deflation, the inverse of inflation, signifies a persistent decline in the general price levels of goods and services within an economy. In China's context, the primary drivers of deflation are diminished consumer demand and an economic slowdown.
- ◆ **Dutch Economy Enters Recession:** The Dutch economy has entered a recession, shrinking 0.3% on a quarterly basis in the second quarter. This is the first recession since the pandemic, and follows a 0.4% contraction. The recession is expected to have a negative impact on employment, with the unemployment rate rising from 3.5% to 4% in the coming months.
- ◆ **BRICS invites 6 new members, including Saudi Arabia and Iran:** The BRICS alliance — which presently reunites Brazil, Russia, India, China and South Africa — is set to invite Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates to join. It will bring new vigor to the BRICS cooperation mechanism, further strengthening a force for world peace and development.
- ◆ **UBS targets \$10 billion in costs, to cut 3,000 jobs after Credit Suisse takeover:** Most savings are set to come from cutting staff and analysts have estimated between 30,000 and 35,000 jobs could go globally. The initial job cuts follow a decision by the world's biggest wealth manager to absorb Credit Suisse's local arm, which last year was its only profitable division.
- ◆ **Goldman Sachs strikes wealth advisory deal as it revamps strategy:** Goldman Sachs (GS.N) struck a deal to sell part of its wealth business to an independent wealth manager, part of a strategy refresh which is seeing the bank exit some businesses and focus its wealth offering on targeting the super rich.
- ◆ **Google expands generative AI feature in search tool to India and Japan:** The expansion of the AI feature to these countries aims to enhance user experience and provide innovative search capabilities. By offering the feature in multiple languages, Google is furthering its commitment to making searching more accessible and convenient for users in India and Japan.



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EXPERT SPEAK

Tax Audit under Section 44AB of Income Tax Act

1. What is Tax Audit?

- ◆ Tax Audit under Section 44AB of the Income Tax Act is the examination and review of the books of accounts of a taxpayer having income from a business or profession.
- ◆ The tax auditor would ensure that books of accounts have been maintained correctly, report observations, and required information in the tax audit report.
- ◆ The applicability of tax audit depends upon the turnover/sales/gross receipts of the business or profession along with few more conditions.

2. What is the Audit Limit?

- ◆ A businessman is required to have his accounts audited if the total sales, turnover, or gross receipts from the business during the previous year (i.e. the financial year for which ITR has to be filed) exceeds Rs 1 crore.
- ◆ However, this limit of Rs 1 crore shall be increased to Rs 10 crore if cash receipts and cash payments during the year do not exceed 5% of the total receipts or payments

3. Timelines for Filing Tax Audit Reports

- ◆ The due date for filing tax audit reports is September 30 '23. And the last date for ITR filing along with audit report is October 31, 2023.

4. Documents or forms that auditor has to prepare/fill

Form 3CD: This is a common form for all those required to get their accounts audited to comply with any of the laws such as Income Tax Act, Companies Act etc.

Form 3CA: If a company is already mandated to get their books audited under any other law like the Companies Act, 2013, etc., then their audit report will be in Form 3CA.

Form 3CB: If an individual is only required to get an audit done for income tax purposes, then only Form ..



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EXPERT SPEAK

5.Checkpoints for conducting Audit:

- ◆ Last years closing balances of assets and liabilities are incorporated as opening balance of this year
- ◆ Assure that there is no difference in closing and opening balance of any account.
- ◆ Verify that opening balance is entered correctly.
- ◆ Basic info like name, PAN,address ;. Registration details of business under any other law; Nature of business; Details of partner/director, voting power, profit sharing, partnership deed etc
- ◆ Following Accounts to be checked properly
 - Salaries & Wages,
 - Travelling expenses,
 - Repair & Maintenance,
 - Stores & spare parts consumption,
 - Depreciation,



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