



Edition 22  
From Feb 1,2023 to Feb 28,2023



## The Scoop

Despite multiple rate hikes, the gross domestic product (GDP) numbers for the last two fiscals notwithstanding, what is clear is that the economy is decelerating. The 4.4% year-on-year (y-o-y) rise in the GDP in the third quarter of FY23 is a three-quarter low. It is now evident that high interest rates are beginning to hurt the economy. The Reserve Bank of India (RBI) needs to re-think its monetary policy approach at a time when aggregate demand is weak and exports are slowing.

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### SPECIAL POINTS OF INTEREST

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## GST UPDATES



The GSTN released a new advisory on February 17, 2023, regarding the inclusion of Negative Values in Table 4 of GSTR-3B.

- ◆ On July 5, 2022, the government released Notification No. 14/2022 – Central Tax, which introduced changes to Table 4 of Form GSTR-3B. The modifications enable taxpayers to provide accurate information about Input Tax Credit (ITC) availed, ITC reversal, and ineligible ITC.
- ◆ Under the changes done yesterday night, net ITC is to be reported in Table 4(A), while ITC reversal is to be reported in Table 4(B) of GSTR-3B. Previously, credit notes were auto-populated in Table 4B(2) as ITC reversal. However, with the new changes, the impact of credit notes will now be accounted for on a net-off basis in Table 4(A) of GSTR-3B only.
- ◆ These changes are now live on the GSTN portal and will be applicable retrospectively from January 2023.

Read More: <https://www.gst.gov.in/newsandupdates/read/569>

# GST UPDATES

## 2. Advisory on New e-Invoice Portal

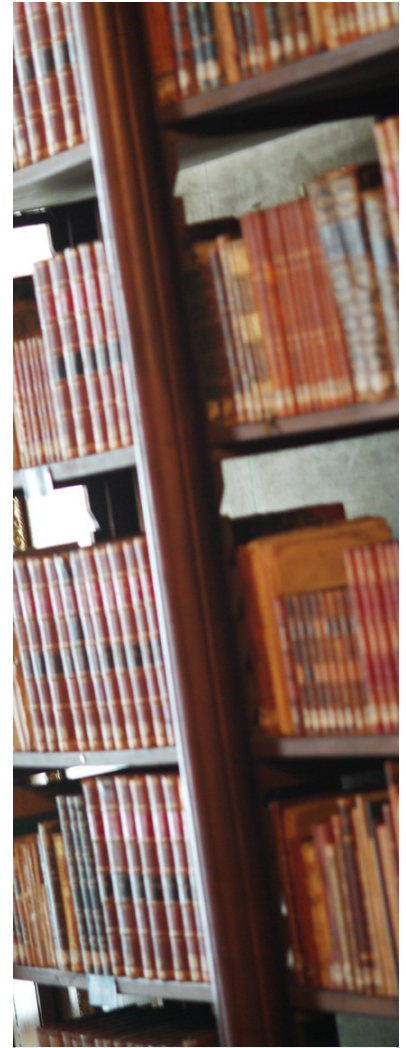
- ◆ GSTN has onboarded four new IRPs (Invoice Reporting Portals) for reporting e-invoices in addition to NIC-IRP.
- ◆ The beta launch of a new e-Invoice portal ([www.einvoice.gst.gov.in](http://www.einvoice.gst.gov.in)), has been done where taxpayers can find comprehensive information on e-invoice compliance in a user-friendly format, such as check your enablement status, self-enable themselves for invoicing, search for IRNs, web links to all IRP portals – all the relevant links/information in one convenient location.
- ◆ Taxpayers can log in to the new e-invoice portal using their GSTN credentials for select services pertaining to their GSTIN profiles.

Read More: <https://www.gst.gov.in/newsandupdates/read/571>

## 3. Advisory on opting for payment of tax under the forward charge mechanism by a Goods Transport Agency (GTA)

- ◆ As per notification dated 13th July, 2022, an option is being provided on the portal to all the existing taxpayers providing Goods Transport Agencies Services, desirous of opting to pay tax under the forward charge mechanism to exercise their option. They can navigate Services > User Services > Opting Forward Charge Payment by GTA (Annexure V), after login, to submit their option on the portal.
- ◆ Option in Annexure V FORM is required to be submitted on the portal by the Goods Transport Agencies every year before the commencement of the Financial Year.
- ◆ The Option once filed cannot be withdrawn during the year and the cut-off date for filing the Annexure V FORM is 15th March of the preceding financial year.
- ◆ Annexure V has been made available on the portal for GTA's to exercise their option for the Financial Year 2023-24, which would be available till 15TH March, 2023.

Read More: <https://www.gst.gov.in/newsandupdates/read/572>





## GST UPDATES

### 4. Important updates on 49th GST Council Meet

a. Council approved recommendations on commodities like pan masala, gutkha, chewing tobacco –

- No Capacity based levy
- Exports of these items to be allowed only on LUT with consequential refund of accumulated ITC
- compensation cess to be changed from ad valorem to specific tax based levy

b. Amnesty

- Extension of time limit from 30 days to 90 days for application for revocation of cancellation of registration.
- One time amnesty scheme for past cases of GST cancellation on account of non-filing of the returns, but application for revocation of cancellation of registration could not be filed within the time.
- Amendment to Section 62 of CGST Act, 2017 to extend timelines under sub-section (2) thereof and one time amnesty for past cases

c. Rationalisation of Late fee for Annual Return GSTR-9

- For FY 2022-23 onwards reduced from Rs200 per day to Rs 50 per day if turnover upto Rs.5 crores subject to maximum of 0.04% of turnover
- For FY 2022-23 onwards reduced from Rs200 per day to Rs 100 per day if turnover exceeds Rs.5 crores & upto Rs.20 crores subject to maximum of 0.04% of turnover.

d. Amnesty in respect of pending returns in FORM GSTR-4, FORM GSTR-9 and FORM GSTR-10 - by way of conditional waiver/ reduction of late fee

e. Rationalization of provision of place of supply of services of transportation of goods by deletion of section 13(9) of IGST Act, 2017

f. Reduction in GST Rate –

- On “Rab” rate reduced from 18% to 5% (if sold prepackaged and labelled) and NIL (if sold otherwise)
- “Pencil Sharpener” rate reduced from 18% to 12%

Read More: [https://www.cbic.gov.in/htdocs-cbec/deptt\\_offcr/press-release-gst-18jan2023.pdf](https://www.cbic.gov.in/htdocs-cbec/deptt_offcr/press-release-gst-18jan2023.pdf)



## INCOME TAX UPDATES



### 1. The Centralised Processing of Equalisation Levy Statement Scheme, 2023

- **Furnishing of Equalisation Levy Statement.**- (1) Every assessee or e-commerce operator shall furnish the Equalisation Levy Statement under sub-section (1) of section 167 of the Act within the time stipulated under sub-rule (2) of rule 5 of the rules.
- **Invalid Equalisation Levy Statement.**- The Commissioner may declare an Equalisation Levy Statement, invalid,- (i) for non-compliance of procedure for using any software not validated and approved by the Director General; or (ii) on account of incomplete information in the Equalisation Levy Statement.
- **Processing of Equalisation Levy Statement;** validating any software used for e-filing the statement; call centers to answer queries and provide taxpayer services which may include outbound calls to assessee or e-commerce operators requesting for clarification to assist in the processing of their statements;

Read More: <https://incometaxindia.gov.in/communications/notification/notification-3-2023.pdf>



## INCOME TAX UPDATES

### 2. Income-tax Amendment (3rd Amendment) Rules, 2023.

**Amended Rule 16CC:** Form of report of audit prescribed under tenth proviso to section 10(23C).

The report of audit of the accounts of a fund or institution or trust or any university or other educational institution or any hospital or other medical institution which is required to be furnished under clause (b) of the tenth proviso to clause (23C) of section 10 shall be in— (a) Form No. 10B where—

(I) the total income of such fund or institution or trust or university or other educational institution or hospital or other medical institution, without giving effect to the provisions of the sub-clauses (iv), (v), (vi) and (via) of the said clause, **exceeds rupees five crores** during the previous year; or

(II) such fund or institution or trust or university or other educational institution or hospital or other medical institution has received any foreign contribution during the previous year;

(III) or such fund or institution or trust or university or other educational institution or hospital or other medical institution has applied any part of its income outside India during the previous year;

**Amended Rule 17B:** Audit report in the case of charitable or religious trusts, etc.-

The report of audit of the accounts of a trust or institution which is required to be furnished under sub-clause (ii) of clause (b) of sub-section (1) of section 12A, shall be in,-

(a) Form No. 10B where,-

(i) the total income of such trust or institution, without giving effect to the provisions of sections 11 and 12 of the Act, exceeds rupees five crores during the previous year; or

(ii) such trust or institution has received any foreign contribution during the previous year; or

(iii) such trust or institution has applied any part of its income outside India during the previous year;

## INCOME TAX UPDATES

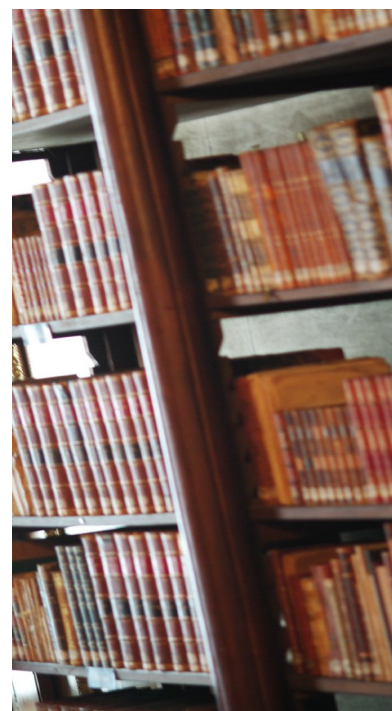
Read More: <https://incometaxindia.gov.in/communications/notification/notification-7-2023.pdf>

### 3. Direct Tax collections up to 10th February, 2023

- ◆ Gross collections = Rs. 15.67 lakh crore which is 24.09% higher than the gross collections for the corresponding period of last year.
- ◆ Direct Tax collection, net of refunds, stands at Rs. 12.98 lakh crore which is 18.40% higher than the net collections for the corresponding period of last year.
- ◆ This collection is 91.39% of the total Budget Estimates of Direct Taxes for F.Y. 2022-23 and 78.65% of the Revised Estimates of Direct Taxes for F.Y. 2022-23.



# CORPORATE AFFAIRS UPDATES



1. Time extended for filing of 45 company e-Forms, PAS-03 and SPICE+PartA in MCA 21 Version 3.0 without additional fee to 31st March, 2023

- ◆ Due to change in way of filing in Version-3, including fresh process of registration of users on MCA-21 and process of stabilization of 45 forms launched with effect from 23.01.2023, it has been decided to allow further additional time till 31.03.2023 for filing of these forms which are due for filing between 07.02.2023 and 28.02.2023, without additional fees, to the stakeholders.
- ◆ Further, Form PAS-03 which was closed for filing in Version-2 on 20.01.2023 and launched in Version-3 on 23.01.2023, and whose due dates for filing fall between 20.01.2023 and 28.02.2023, can also be filed without payment of additional fees till 31.03.2023.

Read More: <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.mca.gov.in/bin/>





## MCA UPDATES

### 2. Filing of Forms

GNL-2 (filing of prospectus related documents and private placement), MGT-14 (filing of Resolutions relating to prospectus related documents and private placement), PAS-3 (Allotment of Shares), SH-8 (letter of offer for buyback of own shares or other securities), SH-9 (Declaration of Solvency) and SH-11 (Return in respect of buyback of securities) can be filled from 22.02.2023 to 31.03.2023 due to migration from V2 Version to V3 Version in MCA 21 Portal

Read More: <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.mca.gov.in/bin/dms/getdocument?mds=L1%252FfzzFGRvjYOFmh0PQHAW%253D%253D&type=open>

### 3. Major changes done in DIR-12 FORM in V3

1. Form has been made web based.
2. Two new purposes added in case where all the directors of the company become disqualified under the Companies Act, 2013, in the section 'Purpose of filing the form' with the nomenclature as 'Appointment due to disqualifications of all the existing directors' and in such case Promoter Shareholder shall have the signing rights and 'Appointment by liquidator/IRP/RP' in case of liquidation and in such case liquidator shall have the signing rights.
3. Consent to act as a director in form DIR-2 shall be part of form DIR-12 itself. Further, it can be validated with the digital signature of the director appointed.
4. Attachments removed and information captured in machine readable format.
5. Other enhancement (pre-filling of data, repositioning of fields, nomenclature update, additional checks and balances introduced etc.)

Read More: [chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.mca.gov.in/content/dam/mca/pdf/46-forms-FAQs\\_07-Feb-2022.pdf](chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.mca.gov.in/content/dam/mca/pdf/46-forms-FAQs_07-Feb-2022.pdf)

## Reserve Ratios

CRR: 4.50%

SLR: 18.00%

## Exchange Rate (As on Feb 28, 2023)

INR / 1 USD : 82.5343

INR / 1 GBP : 99.3897

INR / 1 EUR : 87.4277

INR / 100 JPY : 60.5037

## RBI UPDATES



### 1. RBI Cancels Registration of Two Entities for Regulatory Lapses

The Reserve Bank of India cancelled the registration of Pune-based Kudos Finance and Investments and Mumbai-based Credit Gate for regulatory lapses in lending practices. With cancelled Certificate of Registration (CoR), the two NBFCs should not transact the business of a non-banking financial institution.

### 2. RBI Grants in-principle approval to 32 entities for Payment Aggregator licence

The RBI has granted a total of 32 in-principle authorisations to existing payment aggregators, to operate as online payment aggregators, according to a press statement issued by the central bank. RBI also granted a total of 19 new online PA authorisations to firms including Groww Pay Services, Juspay Technologies, Mswipe Technologies, Tata Payments, and Zoho Payment Tech



## RBI UPDATES

### 3. Introduction of Foreign Contribution (Regulation) Act (FCRA) related transaction code in NEFT and RTGS Systems

New RBI rules for foreign donations via NEFT, RTGS:

Currently, foreign contributions must be received only in the “FCRA account” of State Bank of India (SBI), New Delhi Main Branch (NDMB). The contributions to the FCRA account are received directly from foreign banks through SWIFT and from Indian intermediary banks through NEFT and RTGS systems.

The donor details such as name, address, country of origin, amount, currency, and purpose of remittance are required to be captured in such transactions and SBI is required to report the same to Ministry of Home Affairs (MHA) on daily basis.

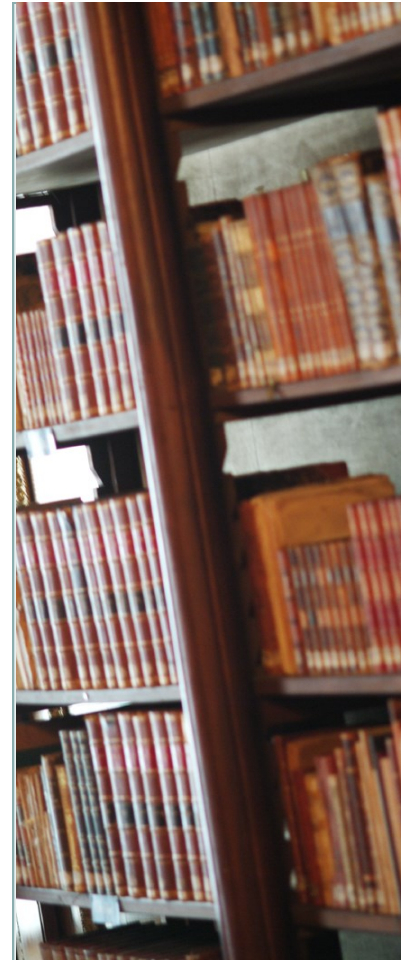
The necessary changes have been introduced in NEFT and RTGS systems, the technical details are provided in the Annexure of the given Circular.

Member banks are advised to incorporate necessary changes in their core banking / middleware solutions to capture the requisite details while forwarding the foreign donations through NEFT and RTGS systems to SBI.

This Circular is applicable to the Chairman / Managing Director / Chief Executive Officer of member banks participating in NEFT and RTGS Systems and shall come into force from 15th March, 2023

### 4. RBI scraps licence of MP-based Garha Co-operative Bank

- The bank is immediately forbidden from carrying out a number of activities, including accepting deposits and repaying deposits, as a result of the termination of its licence.
- The bank lacks sufficient capital and earning potential, according to the RBI, which revoked the licence with effect as of Monday’s end of business hours.
- Furthermore, it stated that given its current financial situation, Garha Co-operative Bank would be unable to fully reimburse its depositors





## RBI UPDATES

### 5. RBI imposes restrictions on 5 co-operative banks

The Reserve Bank of India imposed several restrictions on five cooperative banks HCBL Co-operative Bank, Lucknow (Uttar Pradesh); Adarsh Mahila Nagari Sahakari Bank Maryadit, Aurangabad (Maharashtra); and Shimsha Sahakara Bank Niyamitha, Maddur, Mandya District in Karnataka on withdrawals, in the wake of the deteriorating financial condition of the lenders. The restrictions will remain in place for six months, With restrictions in place, the banks, without prior approval of RBI, cannot grant loans, make any investment, incur any liability, and transfer or otherwise dispose of any of its properties

### 6. RBL Bank signs an agreement with Exim Bank for trade finance

Export-Import Bank of India (India Exim Banktrade's) assistance programme for cross-border transactions intends to facilitate India's exports globally by providing credit enhancement to trade instruments.

- ◆ India Exim Bank will open new trade channels with the participating foreign banks and institutions in emerging countries through the programme.
- ◆ The TAP's credit upgrades for trade instruments will encourage the mobilisation of trade financing and strengthen aid to Indian exporters





## OTHER NEWS UPDATES

- ◆ **Japan to invest ₹7,200 crores in Uttar Pradesh, HMI Group :** Japan's eminent hospitality group Hotel Management International Company Limited (HMI) will be opening 30 new properties across Uttar Pradesh. The company has signed an MoU with the UP government to invest Rs 7200 crore at the UP Global Investors Summit.
- ◆ **Saraswat Bank partners Tagit to deploy omnichannel banking:** Saraswat Bank has partnered with Singapore based digital banking solutions provider Tagit to implement omnichannel digital banking solutions for its retail and corporate customers. Under the association, the bank will use Tagit's Mobeix Digital Banking platform to enhance customer experience
- ◆ **Amazon will join the ONDC network in India:** E-commerce giant Amazon announced that it will join the Indian government's ONDC (Open Network for Digital Commerce) platform, and as part of its initial collaboration will integrate its Smart Commerce and logistics services with the ONDC network. Amazon logistics services include pickup and delivery, while Smart Commerce is a suite of SaaS (software-as-a-service) products hosted on AWS that can assist MSMEs build and scale their business and integrate it with the ONDC network
- ◆ **India's UPI, Singapore's PayNow to be integrated for cross-border remittances:** The use of UPI-PayNow will help workers who visit Singapore for a brief time and normally forgo roughly 10% of their earnings in bank fees for money transfers.
- ◆ **Alibaba exits India's Paytm, selling shares for \$167 million:** Alibaba sold a 3.1% stake in the company through a block deal worth \$125 million
- ◆ **Paytm releases a QR Code with a G20 theme to commemorate India's presidency:** The working group will assist create models that can be applied in developing ecosystems to strengthen investment capacity and give global investors with a best practice framework for financing start-ups in G20 member nations.



## INTERNATIONAL NEWS UPDATES

- ◆ **IMF flags debt restructuring hurdles:** Group of 20 (G20) nations have some disagreements over restructuring debt for distressed economies, the chief of the International Monetary Fund (IMF) said, adding that banning private cryptocurrencies should be an option. India's G20 presidency comes as its South Asian neighbours Sri Lanka, Bangladesh and Pakistan are seeking urgent IMF funds due to an economic slowdown caused by the COVID-19 pandemic and the Russia-Ukraine war.
- ◆ **CIBC kicks off first-quarter Canadian bank earnings with big profit beat:** Canadian Imperial Bank of Commerce (CIBC) (CM.TO) trounced quarterly profit estimates to C\$610 million(\$447 million), while revenue from global markets grew 17% from a year earlier.
- ◆ **Piraeus Bank posts higher fourth-quarter profit:** Piraeus Bank (BOPr.AT), Greece's fourth-largest lender by market value, reported higher quarterly net earnings, helped by lower costs and an increase in net interest income and fees. The bank, which is 27% owned by the country's HFSF bank rescue fund, reported net earnings of 170 million euros (\$180.03 million) in the fourth quarter
- ◆ **Japan's consumer inflation hits 41-year high:** Japan's core consumer inflation hit a fresh 41-year high in February as companies passed on higher costs to households
- ◆ **Nokia updates their logo to mark the beginning of a new era:** Nokia made the first modification to the company's brand identification in nearly 60 years
- ◆ **Pakistan receives \$700 mln funds from China:** The loan will bolster the country's diminishing foreign exchange reserves, and the money is expected to arrive at the State Bank of Pakistan this week. The coalition government has been trying to increase the country's foreign exchange reserves, which currently stand at \$3.25 billion as of February 17.



CA NAVISH NAGPAL  
(B.com, FCA, DISA,  
IFRS)



## EXPERT SPEAK

No GST have to pay on notice pay recovered by employer from employee for premature quitting of organization.

### 1. Announcement by Government

Forfeiture of salary or payment of bond amount in the event of the employee leaving the employment before the minimum agreed period, such amounts recovered by the employer are not taxable as consideration for the service of agreeing to tolerate an act or a situation.

**2. Background:** The writ petition was filed by the petitioner against the order of appellate authority which had rejected the claim for refund made by the petitioner for a refund of GST paid on notice pay received from the erstwhile employees.

**3. Concept:** An employer carries out an elaborate selection process and incurs expenditure in recruiting an employee, invests in his training and makes him a part of the organization, privy to its processes and business secrets in the expectation that the recruited employee would work for the organization for a certain minimum period. Premature leaving of the employment results in disruption of work and an undesirable situation.

**4. Impact:** The provisions for forfeiture of salary or recovery of bond amount in the event of the employee leaving the employment before the minimum agreed period are incorporated in the employment contract to discourage non-serious candidates from taking up employment. The said amounts are recovered by the employer not as a consideration for tolerating the act of such premature quitting of employment but as penalties for dissuading the non-serious employees from taking up employment and to discourage and deter such a situation.

**5. Conclusion:** the amount of money received by the petitioner as notice pay from erstwhile employees is not a taxable transaction for the purposes of the GST laws.



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