



Edition 24
From Apr 1, 2023 to Apr 30, 2023



The Scoop

From last two years global economy is struggling with a series of severe shocks — the COVID-19 pandemic, the war in Ukraine and resulting food and energy crises, surging inflation, these uncertainties continue to undermine the confidence among consumers and businesses to spend.

The fact that India worked on tax administration, strong policies and strict rules in compliances. The revenue collection in 2022 is Rs. 14.71 lakh crore which is 24.58% than 2021. India is expecting to grow in FY 2023–24 by 6.1% as projected by IMF.

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SPECIAL POINTS OF INTEREST

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INCOME TAX UPDATES



1. Clarification regarding deduction of TDS under section 192 read with sub-section (1A) of section 115BAC of the Income-tax Act, 1961

- ◆ Sub-section (1A) has been inserted in section 115BAC of the Income-tax Act, 1961 (the Act) to provide for a new tax regime with effect from the assessment year beginning on or after the 1st day of April, 2024.
- ◆ Under this new regime, the income-tax in respect of the total income of the person shall be computed at the rates provided in sub-section (1A) of section 115BAC, subject to certain conditions, including the condition that the person does not avail of specified exemptions and deductions.
- ◆ Representations have been received expressing concerns regarding tax to be deducted at source (TDS) on salary income of a person under section 192 of the Act as the deductor, being an employer, would not know if the person, being an employee, would opt out from taxation under sub-section (1A) of section 115BAC of the Act or not.



INCOME TAX UPDATES

- ◆ under section 119 of the Act, a deductor, being an employer, shall seek information from each of its employees having income under section 192 of the Act regarding their intended tax regime and each such employee shall intimate the same to the deductor, being his employer, regarding his intended tax regime for each year and upon intimation, the deductor shall compute his total income, and deduct tax at source thereon according to the option exercised.
- ◆ If intimation is not made by the employee, it shall be presumed that the employee continues to be in the default tax regime and has not exercised the option to opt out of the new tax regime. Accordingly, in such a case, the employer shall deduct tax at source, on income under section 192 of the Act, in accordance with the rates provided under sub-section (I A) of section 115BAC of the Act.

Read More: <https://incometaxindia.gov.in/communications/circular/circular-no-4-2023.pdf>

2. Direct Tax collections up to 10th April, 2023

- ◆ Gross Direct Tax collections (provisional) for the FY 2022-23 stand at Rs. 19.68 lakh crore registering a growth of 20.33%
- ◆ Net Direct Tax collections (provisional) for the FY 2022-23 stand at Rs. 16.61 lakh crore marking a growth of 17.63%
- ◆ Refunds aggregating to Rs. 3,07,352 crore have been issued in FY 2022-23

Read More: <https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1133/Press-Release-DTC-for-the-FY-2022-23-exceed-the-Union-Budget-Estimates-by-2.41-lakh-crore-i.e.-by-16.97-dated-03-04-2023.pdf>



GST UPDATES



1. Time limit for Reporting Invoices on the IRP Portal


- ◆ A time limit has been imposed on reporting old invoices on the e-invoice IRP portals for taxpayers with AATO greater than or equal to 100 crores.
- ◆ To ensure timely compliance, taxpayers in this category will not be allowed to report invoices older than 7 days on the date of reporting.
- ◆ It is applied to all document types for which IRN is to be generated. Thus, once issued, the credit / Debit note will also have to be reported within 7 days of issue.
- ◆ There will be no such reporting restriction on taxpayers with AATO less than 100 crores, as of now.
- ◆ In order to provide sufficient time for taxpayers to comply with this requirement, it will be implemented from 01.05.2023 onwards.

Read More: <https://www.gst.gov.in/newsandupdates/read/578>

GST UPDATES

2. Advisory on Bank Account Validation

- ◆ GSTN introduced the functionality for bank account validation This feature will ensure that the bank accounts provided by the Tax Payer is correct.
- ◆ The bank account validation status can be seen under the Dashboard→My Profile→Bank Account Status tab in the FO portal. Tax Payers will also receive the bank account status detail on registered email and mobile number immediately after the validation is performed for his declared bank account.
- ◆ Post validation, any bank account number in the database would have one status out of the below mentioned four status types. The exact details of the accounts can be seen by hovering mouse over these icons in the Tax Payers’ dashboard in FO Portal.

| Icon | Description |
|---|------------------------|
|  | Success |
|  | Failure |
|  | Success With Remark |
|  | Pending for Validation |

Whenever, the Tax Payer is shown ‘Failure’ icon with further details such as -

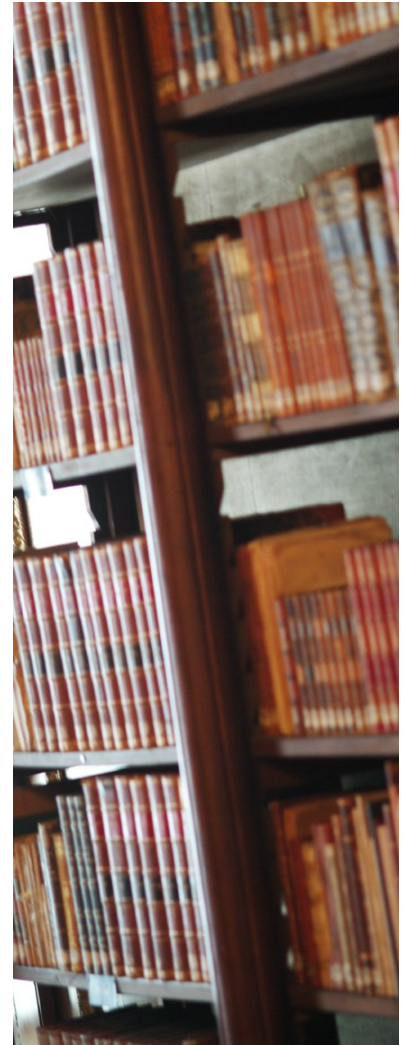
The entered PAN number is invalid. -

PAN not available in the concerned bank account. -

PAN Registered under GSTIN, and the PAN maintained in the Bank Account are not same. -

IFSC code entered for the bank account details is invalid.

continue to next page.....





GST UPDATES

In these cases, the Tax Payer is expected to ensure that he has entered correct bank details and the KYC is completed by bank for his bank account.

- ◆ Whenever, the Tax Payer is shown, the status of his bank account as 'Success With Remark' icon with details "The account cannot be validated since the bank is not integrated with NPCI for online bank account validation", the Tax Payer should provide alternate bank account number so that it can be revalidated to expedite further online processes.
- ◆ If the account status is shown as "Pending for Validation" then please wait since the account will be validated by NPCI.
- ◆ The Tax Payer at any time can add/delete the bank account details and new account details will be validated.

Read More: https://tutorial.gst.gov.in/downloads/news/advisory_on_bank_account_validation_17april2023.pdf

3.New facility to verify document Reference Number (RFN) mentioned on offline communications issued by State GST authorities

- ◆ In order to enable the taxpayers to ascertain that an offline communication (i.e. one which is not system-generated) was indeed sent by the State GST tax officer or not, a new facility for Reference Number (RFN) generation by State tax officer and verification by taxpayer has been provided. Under this feature, the State Tax office can generate a RFN for the physically generated correspondence sent to the taxpayer, which can be validated by the taxpayer (both pre-login and post-login). The facility to verify RFN of System-generated documents, once deployed, shall also be available in a seamless manner using the same link.
- ◆ To verify a Reference Number mentioned on the offline communications sent by State GST officers that are being sent to you, navigate to **Services > User Services > Verify RFN** option and provide the RFN to be verified.

Read More: <https://www.gst.gov.in/newsandupdates/read/580>

CORPORATE AFFAIRS UPDATES



1. Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2023 – Shift of Authority to process Striking Up of Companies

- ◆ MCA has amended or transferred the responsibility of striking off companies from Registrar of Companies to Registrar, Centre for Processing Accelerated Corporate Exit (a.k.a. Registrar, Centre for PACE) with effect from 1st May, 2023.
- ◆ Now, the Registrar, Centre for PACE [established under Section 396(1) of the Companies Act, 2013] shall be the Authority exercising functional jurisdiction of processing and disposing applications made in eForm STK-2 and all matters related thereto as mentioned under Section 248 having territorial jurisdiction all over India. In order to bring all the eForms related to striking up off companies in line with the said notification, eForm STK-2, eForm STK-7 and eForm STK-8 has also been substituted.

Read More: <https://www.mca.gov.in/bin/dms/getdocument?mds=ab6Q0qvTuxNB7D4lj6zO7Q%253D%253D&type=open>

Reserve Ratios

CRR: 4.50%

SLR: 18.00%

Exchange Rate (As on Mar 30, 2023)

INR / 1 USD : 81.7829

INR / 1 GBP : 102.02

INR / 1 EUR : 90.0871

INR / 100 JPY : 60.36

RBI UPDATES



1. RBI penalises Mahindra Finance, Indian Bank over disclosure of interest rates to borrowers

- ◆ RBI imposed penalties on Mahindra & Mahindra Financial Services Ltd, Indian Bank, and Muthoot Money Limited for non-compliance with regulatory norms.
- ◆ Mahindra & Mahindra Financial Services Ltd has been fined Rs 6.77 crore for failing to comply with norms related to the disclosure of interest rates to borrowers at the time of loan sanction
- ◆ Indian Bank has been fined Rs 55 lakh for contravention of certain Know Your Customer (KYC) norms, and Muthoot Money Limited has been fined Rs 10.50 lakh for non-compliance with certain provisions of the 'Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016'. These penalties demonstrate the RBI's commitment to enforcing regulatory guidelines and promoting transparency and compliance in the Indian financial system.



RBI UPDATES

2. Public sector banks transfer Rs 35,012 crore unclaimed deposits to RBI

- ◆ Several public sector banks in India have transferred a total of Rs 35,012 crore (\$4.7 billion) in unclaimed deposits to the Reserve Bank of India (RBI). The move comes as part of an effort to reduce the amount of unclaimed funds held by banks and ensure that the money is put to productive use
- ◆ The banks that have transferred the unclaimed deposits to the RBI include State Bank of India, Punjab National Bank, Bank of Baroda, Union Bank of India, and Canara Bank, among others. The largest transfer was made by State Bank of India, which transferred Rs 13,274 crore (\$1.8 billion) to the DEAF (Depositor Education and Awareness Fund)
- ◆ The transfer of unclaimed deposits to the DEAF is aimed at promoting financial literacy and awareness among depositors. The fund is used to finance various activities related to educating depositors on the benefits and risks associated with banking and financial products

3. RBI to launch centralised portal PRAVAAH for licencing, approval applications

- ◆ RBI is set to introduce a new secured web-based portal called "PRAVAAH" (Platform for Regulatory Application, Validation And Authorisation) aimed at simplifying and streamlining the application processes.
- ◆ The portal will display the timeframes for deciding on applications and approvals, leading to greater effectiveness in regulatory processes and making it easier for regulated entities to do business with RBI
- ◆ It will provide transparent timelines for the decision-making process on the applications/approvals sought by the applicants.
- ◆ This will enable the applicants to know the expected timeframes for the decision on their applications, and they can plan their business activities accordingly





RBI UPDATES

5.RBI imposes Rs 44 lakh penalty on 4 co-op banks.

- ◆ The Reserve Bank of India (RBI) has levied penalties of Rs 44 lakhs on four cooperative banks for violating various norms. The penalties are based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the banks with their customers
- ◆ Chennai-based The Tamil Nadu State Apex Co-operative Bank was penalized Rs 16 lakh for failing to transfer eligible amounts to the Depositor Education and Awareness Fund within the prescribed period and failing to report a fraud to NABARD within the prescribed timeline
- ◆ Bombay Mercantile Co-operative Bank was penalized Rs 13 lakh for not transferring the eligible amount to the Depositor Education and Awareness Fund within the prescribed period and transferring the same with delay.
- ◆ Janata Sahakari Bank, Pune, was penalized Rs 13 crore for non-compliance with directions on 'Interest Rate on Deposits'.
- ◆ Baran Nagrik Sahkari Bank, Baran, Rajasthan was penalized Rs 2 lakh for violating certain norms....



OTHER NEWS UPDATES

- ◆ **UPI processes 8.7 bln transactions in March, highest ever since inception:** As per the National Payments Corporation of India's (NPCI) data, UPI transactions in March 2023 witnessed a 60% increase in volume and a 46% increase in value compared to the same period in the previous year
- ◆ **Bank of Maharashtra inaugurated its first dedicated Branch for Start-ups in Pune:** The dedicated branch will provide all kinds of support to a startup during its growth journey.
- ◆ **Canara Bank and NPCI Launch Cross-Border Bill Payment Service for Indians in Oman:** Canara Bank and NPCI Bharat BillPay Ltd (NBBL) have collaborated to launch a service that allows Indians residing in Oman to make payments for their bills in India. Until now, Indian expatriates had limited options and had to use traditional methods to pay their domestic bills.
- ◆ **HDFC Bank Signs \$300 Million Credit Agreement with Export-Import Bank of Korea:** The credit line will be utilized by HDFC Bank for the funding requirements of companies with equity participation by Korean firms, companies having business relationships with Korean companies, and consumers who wish to purchase cars manufactured by Korea-related companies.
- ◆ **Canara Bank has partnered with Reserve Bank of India innovation hub:** This partnership has introduced a new customer-friendly service called "Digitalised Submission of Form 15G/15H," which is aimed at enhancing customer satisfaction. With this initiative, all depositors, including senior citizens, can now conveniently submit their Tax Waiver forms through SMS and Website, using their registered mobile phone number, from anywhere and at any time.
- ◆ **IDFC First Bank Q4 net profit up 134% y-o-y to Rs 803 crore in Q4:** IDFC reported a 134% year-on-year (YoY) rise in its net profit for the quarter ended March at Rs 803 crore, primarily due to higher growth in net interest income (NII). For Q4FY23, IDFC First Bank's NII, which reflects difference between interest earned and expended, grew 35% y-o-y to Rs 3,597 crore.



INTERNATIONAL NEWS UPDATES

- ◆ **Britain forges biggest trading deal ,trans-Pacific pact:** UK has reached its largest trade deal ,the country is set to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which covers a market of around 500 million people with a combined GDP of £9tn.The deal will remove tariffs on a range of British exports to member countries, including whisky, cars, and beef, and will give UK businesses greater access to fast-growing markets in the Asia-Pacific region.
- ◆ **China's Yuan Replaces Dollar as Most Traded Currency in Russia:** The Chinese yuan accounted for 23.6% of Russia's foreign exchange turnover in the first quarter of 2023, while the dollar's share was 22.5%. This marks the first time the yuan has surpassed the dollar in Russia's currency market.
- ◆ **Global trade expected to grow 1.7% in 2023, WTO:** Despite ongoing concerns over the war in Ukraine, high inflation, and financial uncertainty, the World Trade Organization (WTO) has raised its projection for global trade growth in 2023 from 1% to 1.7%.
- ◆ **Asian Infrastructure Investment Bank (AIIB) to open first overseas office in Abu Dhabi:** The Asian Infrastructure Investment Bank (AIIB) has recently signed an agreement to create its first Interim Operational Hub in Abu Dhabi Global Market, marking its initial foray into establishing an overseas office. AIIB is a multilateral development bank that focuses on financing infrastructure projects that prioritize sustainability.
- ◆ **US Federal Reserve faults Silicon Valley Bank execs, itself in bank failure:** Silicon Valley Bank failed due to a combination of extremely poor bank management, weakened regulations and lax government supervision It is the go-to bank technology start-ups for years, but failed spectacularly in March, setting off a crisis of confidence for the banking industry.
- ◆ **U.S. GDP rose at a 1.1% pace in the first quarter:** Gross domestic product rose at a 1.1% annualized pace in the first quarter, below the 2% estimate. Slumping inventories and a general decline in private investment held back early year gains. Inflation was higher than expected in the quarter, with the PCE price index rising 4.2% against the 3.7% estimate.



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



EXPERT SPEAK

Revised Advisory on Time limit for Reporting Invoices on IRP Portal

1. Announcement by Government

Advisory on time limit for Reporting Invoices on the IRP Portal for taxpayers with AATO greater than or equal to 100 crores. Taxpayers in this category will not be allowed to report invoices older than 7 days on the date of reporting. The time limit applies to reporting tax invoices, credit notes and debit notes to any notified IRP, including any old documents unreported as on 1st May 2023.

2. Background:

In e-invoicing system, an identification number (IRN) is issued against every invoice by the registration portal IRP. In order to regulate the practice, the time limit has been set for reporting invoices on IRP which will reduce delay in filing compliances

3. Consequences of not adhering to time limit:

If the team misses the 7-day window for e-invoicing, they must once again raise the invoice and report it to IRP. Also, it affects the flow of input tax credits

For example: If an invoice has a date of April 1, 2023, it cannot be reported after April 8, 2023. The validation system built into the invoice registration portal will disallow the user from reporting the invoice after the 7-day window.

4. Applicability :

The rule or validation does not apply to taxpayers whose AATO is less than INR 100 crore.

5. Action Required :

Taxpayers have to report the invoice within the 7-day window provided by the new time limit.



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