



Edition 21
From Jan 1,2023 to Jan 31,2023



The Scoop

2022 could safely be called out as a year where the pandemic became an endemic. It was this year that characterized a true return to normal, a lot of resumption of activities in various sectors such as hospitality, aviation & tourism. The softening of commodity prices and other costs amidst strong revenues appears to have boosted corporate performance. However, there is slowdown in growth with possibilities of recession in large and inflation would continue to be area of concern because of global slowdown.

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SPECIAL POINTS OF INTEREST

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GST UPDATES



Advisory on “Initiating Drop Proceeding” by taxpayers

- ◆ A functionality of Automated Drop Proceedings of GSTINs suspended due to non-filing of returns has been implemented on the GST Portal.
- ◆ It is applicable to the taxpayers who have filed their pending 6 monthly or 2 Quarterly returns.
- ◆ Such taxpayers are advised to revoke the suspension once the due returns have been filed by clicking on “INITIATE DROP PROCEEDING” for which navigation is as follows:

“Services > User Services > View Notices and Orders > Initiate Drop Proceeding”

Read More: <https://www.gst.gov.in/newsandupdates/read/565>

GST UPDATES

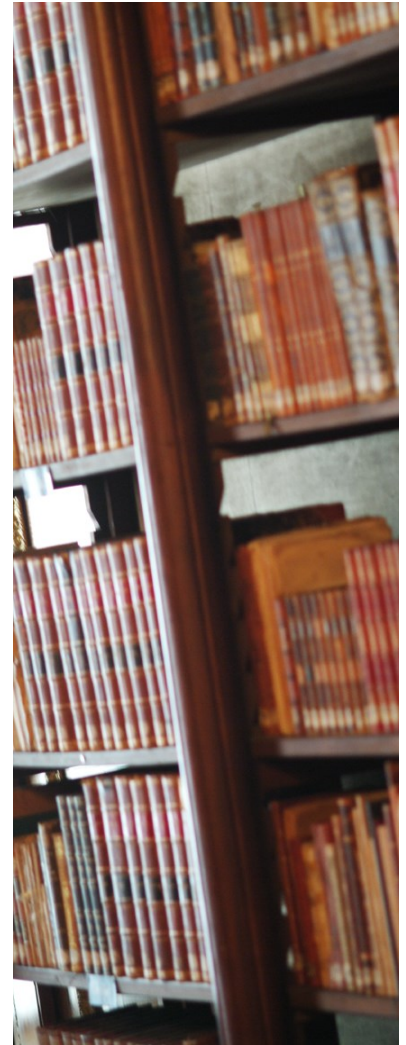
Advisory on taxpayers facing issue in filing GSTR-3B

- ◆ In the process of filing TRAN forms, few taxpayers have submitted their forms on the portal but did not finally File it within the specified time i.e. 1st Oct'22 to 30th Nov'22.
- ◆ After submitting the Tran Forms, only filing was to be done with e-sign.
- ◆ Further, it is seen that such taxpayers have not raised any ticket for difficulty faced by them in filing Tran Forms. Some taxpayers were also contacted by GSTN and they informed that they do not intend to file TRAN forms.
- ◆ As the TRAN forms of these taxpayers are submitted but not filed, these taxpayers are not able to file their GSTR-3B.
- ◆ Now such taxpayers are advised to raise a ticket on GST Grievance Portal giving consent that their TRAN filing status may be reset by GSTN. Once the consent for resetting their unfiled TRAN forms is received, the TRAN forms will be reset and the taxpayer will be able to file their GSTR-3B.

Read More: <https://www.gst.gov.in/newsandupdates/read/567>

Clarifications regarding applicability of GST on certain services

- i. Applicability of GST on accommodation services supplied by Air Force Mess to its personnel: It is hereby clarified by CBIC that accommodation services provided by Air Force Mess and other similar messes, such as, Army mess, Navy mess, Paramilitary and Police forces mess to their personnel or any person other than a business entity are covered by Sl. No. 6 of notification No. 12/2017 – Central Tax (Rate) dated 28.06.2017 provided the services supplied by such messes qualify to be considered as services supplied by Central Government, State Government, Union Territory or local authority.





GST UPDATES

Clarifications regarding applicability of GST on certain services

- ii. Applicability of GST on incentive paid by MeitY (**Ministry of Electronics and Information Technology**, Government of India)to acquiring banks under Incentive scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions: It is clarified that incentives paid by MeitY to acquiring banks under the Incentive scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions are in the nature of subsidy and thus not taxable.

Read More: <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.cbic.gov.in/htdocs-cbec/gst/cir-190-02-2023-cgst.pdf>

Facility Of 'Initiating Drop Proceedings' Of Suspended GSTINs Due To Non-filing Of Returns

- ◆ A feature known as "Automated Drop Proceedings" has recently been introduced for GSTINs that have been suspended because returns have not been filed
- ◆ For taxpayers who have submitted their pending returns, such as their six-month or two quarterly returns, the functionality is available.
- ◆ The system will automatically end the proceedings and lift the suspension if taxpayers have submitted all of their outstanding returns.
- ◆ Once the required returns have been filed, taxpayers are advised to revoke the suspension if the status of the GSTIN does not automatically change to "ACTIVE"
- ◆ Applicable to taxpayers whose GSTINs have been suspended after December1,2022

Read More: <https://www.gst.gov.in/newsandupdates/read/568>

INCOME TAX UPDATES



Extension of time limit for compliance to be made for claiming any exemption under Section 54 to 54GB of the Income-tax Act,1961 ('Act') in view of the then-Covid-19 pandemic -reg.

The Central Board of Direct Taxes (hereinafter referred to as "the CBDT") had vide Circular No. 12 of 2021 dated 25.06.2021 provided relaxation in respect of certain compliances to be made by taxpayers including inter alia investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, for the purpose of claiming any exemption under the provisions contained in Section 54 to 54GB or the Income Tax Act, 1961

For the purpose of claiming any exemption under the provisions contained in Section 54 to 54 OB of the Act, for which the last date of such compliance falls between 01" April, 2021 to 28th February, 2022 (both days inclusive), may be completed on or before 31st March,2023.

Read More: <chrome-extension://efaidnbnmnibpcajpcglclefindmkai/https://incometaxindia.gov.in/communications/circular/circular-1-2023.pdf>

Section 54 of Income Tax Act

Section 54 gives relief to a taxpayer who sells his residential house and from the sale proceeds he acquires another residential house.



INCOME TAX UPDATES

Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Interest income (Abolishing of limit of Rs 5,000)

Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish statement of financial transaction (SFT). For the purposes of prefilling the return of income, CBDT has issued notification to include reporting of information relating to interest income.

Earlier guidelines for Preparation of Statement of Financial Transactions (SFT) mentioned "The information is to be reported for all account/deposit holders where cumulative interest **exceeds Rs 5,000 per person** in the financial year" has now been changed to

"The information is to be reported for all account/deposit holders where any interest exceeds **zero per account** in the financial year excluding Jan Dhan Accounts" with effective from 5th Jan,2023.

Read More: <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://incometaxindia.gov.in/communications/notification/notification-1-2023-systems.pdf>

Direct Tax collections up to 10th January, 2023 show that gross collections are at Rs. 14.71 lakh crore which is 24.58% higher than the gross collections for the corresponding period of last year.

Direct Tax collection, net of refunds, stands at Rs. 12.31 lakh crore which is 19.55 % higher than the net collections for the corresponding period of last year.

Read More: <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1124/PressRelease-Direct-Tax-Collections-for-FY2022-23-up-to-10-01-2023.pdf>

CORPORATE AFFAIRS UPDATES



Amend the Companies (Management and Administration) Rules, 2014

These rules may be called the Companies (Management and Administration) Amendment Rules, 2023. (2) They shall come into force with effect from 23rd January, 2023. 2. In the Companies (Management and Administration) Rules, 2014, in annexure , - (a) for Form No.MGT-3, the following Form shall be substituted, namely:- Form No. MGT.3 Notice of situation or change of situation or discontinuation of situation, of place where foreign register shall be kept .

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



MCA UPDATES

Registration of Foreign Companies

In the Companies (Registration of Foreign Companies) Rules, 2014 (a) in sub-rule 2 of rule 3, for clause (c), the following clause shall be substituted, namely:- “ (c) father’s name or mother’s name or spouse’s name;”; (b) in the Annexure, for the FORM FC-1, FORM FC-2, FORM FC-3 and FORM FC-4, the following shall be substituted, namely: - “Form No. FC-1 Information to be filed by foreign company with effect from 23rd January, 2023

Read More: <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.mca.gov.in/bin/dms/getdocument?mds=AUcAKkFj6qD9VsQT1arCcQ%253D%253D&type=open>

Companies-Accounts-Amendment Rule

In exercise of the powers conferred under sub-sections (1) and (3) of section 128, sub-section (3) of section 129, section 133, section 134, sub-section (4) of section 135, sub-section (1) of section 136, section 137 and section 138 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Accounts) Rules, 2014, namely:- 1. Short title and commencement.- (1) These rules may be called the Companies (Accounts) Amendment Rules, 2023. (2) They shall come into force with effect from 23rd January, 2023.

Form No. AOC-5 Notice of address at which books of account are to be maintained

Read More: <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.mca.gov.in/bin/dms/getdocument?mds=URBkg0OQEvExHY9sWICZbQ%253D%253D&type=open>

MCA UPDATES

Invitation of comments from the public on changes being considered to the Insolvency and Bankruptcy Code, 2016

In November-December, 2021, the Ministry of Corporate Affairs invited public comments on issues related to the corporate insolvency resolution and liquidation frameworks, and the introduction of a cross-border insolvency framework. Since receipt of public comments in response to such invitation, further changes are being considered to bolster the frameworks under the Code.

Changes under consideration : To strengthen the functioning of the IBC, changes to the Code are being considered in relation to the admission of corporate insolvency resolution process (“CIRP”) applications, streamlining the insolvency resolution process, recasting the liquidation process, and the role of service providers under the Code.

Read More: <chrome-extension://efaidnbmnnnibpcajpcgicclefindmkaj/https://www.mca.gov.in/bin/dms/getdocument?mds=%252F%252BvFPv8K3F2phOvVgShgDA%253D%253D&type=open>



Reserve Ratios

CRR: 4.50%

SLR: 18.00%

Exchange Rate (As on JAN 31, 2023)

INR / 1 USD : 81.7387

INR / 1 GBP : 100.8983

INR / 1 EUR : 88.5982

INR / 100 JPY : 62.7700

RBI UPDATES



Periodic Update of KYC details of Customers

As per the present guidelines, if there is no change in KYC information, a self-declaration to that effect from the individual customer is sufficient to complete the re-KYC process. The banks have been advised to provide facility of such self-declaration to the individual customers through various non-face-to-face channels such as registered email-id, registered mobile number, ATMs, digital channels (such as online banking / internet banking, mobile application), letter, etc., without need for a visit to bank branch. Further, if there is only a change in address, customers can furnish revised / updated address through any of these channels after which, the bank would undertake verification of the declared address within two months.

Fresh KYC process can be done by visiting a bank branch, or remotely through a Video based Customer Identification Process (V-CIP) (wherever the same has been enabled by the banks)

Read More:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54998



RBI UPDATES

RBI extends time for renewal of agreements for existing Safe Deposit Locker/Safe Custody Article Facility Provided by Banks

- RBI extended the deadline till December 31,2023 for banks to renew locker agreements with their customers.
- The earlier deadline was 1st Jan'23.
- The extension comes after the central bank observed that banks are yet to inform a large number of customers of the need for revised agreements.

Read More: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55092

Action against SBM Bank (India) Ltd., under sections 35 A and 36(1)(a) of the Banking Regulation Act, 1949

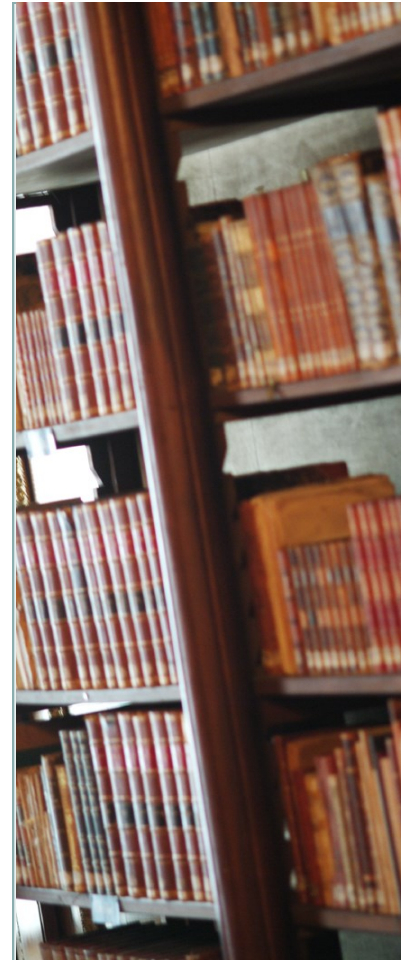
The Reserve Bank of India has today, in exercise of its powers under sections 35A and 36(1)(a) of the Banking Regulation Act, 1949, directed SBM Bank (India) Ltd to stop, with immediate effect, all transactions under Liberalised Remittance Scheme (LRS) till further orders.

This action is based on certain material supervisory concerns observed in the bank.

Read More: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55095

PNB Q3 net profit slips 44 per cent to Rs 629 crore

Punjab National Bank (PNB) reported a 44 per cent decline in standalone net profit at Rs 629 crore in the third quarter ended December. The state-owned bank had earned a net profit of Rs 1,127 crore in the year-ago period. However, total income during October-December 2022 increased to Rs 25,722 crore as against Rs 22,026 crore in the year-ago period, PNB said in a regulatory filing.





RBI UPDATES

Reserve Bank of India announces Digital Payments Index for September 2022 (Press Release Jan 31,2023): The index for September 2022 stands at 377.46 as against 349.30 for March 2022.

The RBI-DPI index has increased across all parameters driven by significant growth in payment infrastructure and payment performance across the country over the period.

Read More:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55136

Master Direction – Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023

These directions may be read along with the ‘Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies’ issued by the Reserve Bank of India (the Guidelines).

Objective: These directions are issued with the intent of ensuring that the ultimate ownership and control of banking companies are well diversified and the major shareholders of banking companies are ‘fit and proper’ on a continuing basis.

Applicability

The provisions of these directions shall apply to all banking companies (as defined in clause (c) of Section 5 of the Banking Regulation Act, 1949), including Local Area Banks (LABs), Small Finance Banks (SFBs) and Payments Banks (PBs) operating in India¹.

Read More: https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12439

Kotak Mahindra Bank Q3 profit surges 31 pc

Private sector Kotak Mahindra Bank on Saturday reported a 31 per cent jump in its standalone profit at Rs 2,792 in the quarter ended December 2022



OTHER NEWS UPDATES

- ◆ **Adani loses \$34bn in 3 days, now only 11th richest :** The Indian tycoon has fallen from fourth place to 11th on the Bloomberg Billionaires Index, with a personal wealth wipeout of \$34 billion in just three trading days. With a current fortune of \$84.4 billion, Adani now sits just one spot above rival and Reliance Industries Ltd. chairman Mukesh Ambani, whose net worth is \$82.2 billion.
- ◆ **India's GDP Growth To Slow Down To 6-6.8% :** The government hopes India's GDP growth in the 6-6.8 per cent range - which is still less than the 7 per cent forecast for the current fiscal - would be possible due to certain advantages the country has over other nations amid the economic disruption caused by the COVID-19 pandemic.
- ◆ **RS Sodhi Resigns As Amul Head :** RS Sodhi resigned as the Managing Director of Gujarat Cooperative Milk Marketing Federation Ltd (GCMMF), which markets its products under the Amul brand. RS Sodhi was on the extension for the last two years. Mr Sodhi joined GCMMF as a sales officer more than 40 years back and became its Managing Director in June 2010. He was on the extension for the last two years.
- ◆ **UCO Bank Q3 profit more than doubles to Rs 653 crore:** UCO Bank reported more than two-fold jump in profit at Rs 653 crore for the quarter ended December 2022, driven by increase in interest income and decline in bad loans. Its net profit stood at Rs 310 crore in the same quarter of the preceding financial year.
- ◆ **BPCL posts 36% fall in profit:** State-owned Bharat Petroleum Corporation (BPCL) reported consolidated net profit of Rs 1,747 crore for Q3FY22, down 36% from Rs 2,579 crore reported a year ago, the company said in an exchange filing. The net profit is supported by reduction in crude oil prices.
- ◆ **Bajaj Finserv consolidated profit jumps 42% :** Bajaj Finserv reported a 42% year-on-year rise in its consolidated net profit to Rs 1,782 crore for the December quarter. Consolidated total income rose 23% to Rs 21,755 crore. The profit before tax rose 36% to Rs 4,418.96 crore.



INTERNATIONAL NEWS UPDATES

- ◆ **Bangladesh Gets \$4.7 Billion IMF Loan, Pakistan, Sri Lanka Still Waiting :** The International Monetary Fund has signed off on a \$4.7 billion support loan package for Bangladesh to help it cope with soaring energy and food costs that have sparked huge protests.
- ◆ **Eye-Watering Onion Prices Make Philippine Staple A Luxury :** Onion prices have reached as high as 800 pesos (nearly \$15) a kilogram in Manila supermarkets, making them more expensive than chicken or pork.
- ◆ **Boeing To Deliver Last 747, The Jumbo Jet :** Boeing is set to officially bid farewell to the original jumbo jet, the 747, as it makes its final commercial delivery of an aircraft that democratized flying and serves US presidents.
- ◆ **Mark Zuckerberg Hints At More Facebook Layoffs :** Meta cut 13 per cent of its workforce in last year. Meta CEO Mark Zuckerberg hinted at the possibility of more layoffs .
- ◆ **China's economy saw an upsurge in January:** The official manufacturing purchasing managers' index (PMI) rose to 50.1 this month, from 47.0 in December, according to data from the National Bureau of Statistics (NBS). The PMI is a key gauge of factory output in the world's second-largest economy.
- ◆ **UK economy to fare worse than any other country in developed world in 2023 says IMF :** The International Monetary Fund (IMF) said that UK's economy would fare worse than any other country in the developed world - including Russia, in the latest update of its economic forecasts. UK's gross domestic product (GDP) is estimated to contract by 0.6% in 2023, IMF predicted while noting that the broader global economy was doing better than expected.



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



EXPERT SPEAK

Facility Of 'Initiating Drop Proceedings' Of Suspended GSTINs Due To Non-filing Of Returns

1. Announcement by Government

Automation of Drop Proceedings for taxpayers suspended upon issuance of SCN in Form GST REG17.

The Goods and Service Tax Network (GSTN) has issued an advisory on the facility of 'Initiating Drop Proceedings' of Suspended GSTINs due to Non-filing of returns

2. Background: A taxpayer is suspended on the portal if they do not file six or more consecutive monthly returns/quarterly returns for two tax periods in Form GSTR3B and are issued with a system generated notice for cancellation in form GSTREG-17.

If such suspended taxpayers file all their pending returns/statements, the cancellation proceedings get automatically dropped on the portal.

3. Concept: A new functionality has been deployed on the portal where the suspended taxpayers can themselves initiate the process of drop proceedings after having filed all pending returns/statements by clicking "Initiate Drop Proceeding" button

4. Impact: The taxpayers can themselves revoke the suspension if the status of the GSTIN does not automatically change to "ACTIVE" only when the required returns have been filed.

5. Applicability: This functionality is applicable to the taxpayers whose GSTINs have been suspended after 1st December, 2022.



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