



The Scoop

Festivities: Boost Indian Economy

Following the interest rate hike, data on recent home sales indicate that the momentum will likely continue to be strong, driven by first-time buyers and consumers looking to upgrade to larger homes. This is one of the reasons why there is less concern about a recession in India than there is in Europe and America. The amount spent on household goods and the manner in which gold was purchased for Dhanteras and Diwali also hints that our nation's domestic purchasing power and its healthy saving rates relative to the rest of the world would be a major asset in the coming months.

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SPECIAL POINTS OF INTEREST

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INCOME TAX UPDATES



Recomputation of income under sub-section (18) of section 155.

1. CBDT vide Notification No. 111/2022 – Income Tax has inserted rule no. 132 in the Income Tax Rules, 1962 (hereinafter referred to as the principal rules), after rule no. 131, namely – “Application for recomputation of Income under sub-section 18 of section 155 of the Act.”
2. As per sub-section 18 of the section 155 of the Act inserted by the Finance Act, 2022, Assessing Officer (AO) is provided with the power to re-compute the total income of the assessee and amend the assessment order of prior previous years on account of retrospective amendment u/s 40(a)(ii) of the Act which disallows deduction of surcharge or cess

Read more:

<https://incometaxindia.gov.in/communications/notification/notification-111-2022.pdf>

Key take aways from the notification as published by the CBDT are listed here as under:

a. Rule no.132 shall come into force from the 1st day of October, 2022.

b. An application requesting for re-computation of total income of the previous year without allowing the claim for deduction of surcharge or cess, which was claimed and allowed as deduction u/s 40 of the Act in the said previous year as stood before such retrospective amendment, shall be made in Form No.69.

c. An application in Form No.69 shall be made on or before the 31st day of March, 2023.

Extension of due date for furnishing return of income for the Assessment Year 2022-23-reg.

Central Board of Direct Taxes (CBDT), in exercise of its powers under Section 119 of the Income-tax Act, 1961 (Act), extends the due date of furnishing of Return of Income under sub-section (1) of section 139 of the Act for the Assessment Year 2022-23, (which is 31st October 2022) in the case of assesses referred in clause (a) of Explanation to sub-section (1) of section 139 of the Act, to **07th November, 2022.**

INCOME TAX UPDATES

Rule 12AD. Return of income under section 170A from the 1st day of November, 2022

G.S.R 709(E).—In exercise of the powers conferred by section 170A read with section 295 of the Income Tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend Income-tax Rules, 1962, namely:—

Short title and commencement.—(1) These rules may be called the Income-tax (31st Amendment) Rules, 2022. (2) They shall come into force from the 1st day of November, 2022. 2. In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), after rule 12AC, the following rule shall be inserted, namely:— ‘12AD. Return of income under section 170A.

Read More :<chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://incometaxindia.gov.in/communications/notification/notification-no-110-2022.pdf>

Extension of time for filing of TDS Form 26Q for the second quarter

Central Board of Direct Taxes, in exercise of its powers under section 119 of the Income Tax Act, 1961, extends the due date of filing of Form 26Q for the second quarter of FY2022-23 from 31st of October, 2022 to **30th of November, 2022**

Read More:

<https://incometaxindia.gov.in/communications/circular/circular-21-2022.pdf>



GST UPDATES

Advisory on Filing TRAN-1/2 Forms to claim Transitional Credit

The Hon'ble Supreme Court of India has provided a one-time opportunity to all the aggrieved taxpayers to file Form TRAN-1/TRAN-2 and claim their Transitional Input Tax Credit in GST system. In compliance of the Hon'ble court's directive, the facility for filing TRAN-1/ TRAN-2 or revising the earlier filed TRAN-1/TRAN-2 on the GST common portal by aggrieved taxpayers have been made available by GSTN from 01.10.2022, and as per the court's instruction shall be available to all aggrieved taxpayers till 30.11.2022.

All the aggrieved taxpayers who wish to file or revise TRAN-1/2 are hereby informed that the present process flow of TRAN filing is different from the filing process in the financial year 2017-18. As per the present flow the transitional credit availed by the taxpayer in TRAN-1/2 forms shall be verified by the jurisdictional tax officer before the credit entry is made in the respective ledgers.

Read More:

<https://www.gst.gov.in/newsandupdates/read/556>

- What is transitional input tax?

The transitional input tax is a tax assumed to have been paid, whether actually paid or not. The Tax Code always requires substantiation for any refund or credit of a tax, that is, the taxpayer must prove that he actually paid the tax.

HSN code stands for “Harmonized System of Nomenclature”. This system has been introduced for the systematic classification of goods all over the world. HSN code is a 6-digit uniform code that classifies 5000+ products and is accepted worldwide. It was developed by the World Customs Organization (WCO) and it came into effect from 1988.

Understanding HSN

The HSN structure contains 21 sections, with 99 Chapters, about 1,244 headings, and 5,224 subheadings. Each Section is divided into Chapters. Each Chapter is divided into Headings. Each Heading is divided into Sub Headings. Section and Chapter titles describe broad categories of goods, while headings and subheadings describe products in detail.

GST UPDATES

Implementation of mandatory mentioning of HSN codes in GSTR-1

As per Notification No. 78/2020 – Central Tax dated 15th October, 2020, it is mandatory for the taxpayers to report minimum 4 digit or 6 digit of HSN Code in table-12 of GSTR-I on the basis of their Aggregate Annual Turnover (AATO) in the preceding Financial Year. To facilitate the taxpayers, these changes are being implemented in a phase-wise manner on GST Portal.

Part I & Part II of Phase 1 has already been implemented from 01st April 2022 & 01st August 2022 respectively and is currently live on GST Portal. **From 01st November, 2022, Phase-2 would be implemented on GST Portal and the taxpayers with up to Rs 5 crore turnover would be required to report 4-digit HSN codes in their GSTR-1.**

Read More:

<https://www.cbic.gov.in/resources/htdocs-cbec/gst/notfctn-78-central-tax-english-2020.pdf>

HSN in India

India is a member of World Customs Organization(WCO) since 1971. It was originally using 6-digit HSN codes to classify commodities for Customs and Central Excise. Later Customs and Central Excise added two more digits to make the codes more precise, resulting in an 8 digit classification.

Note: as per the notification, Annual aggregate turnover for the previous financial year, i.e., for reporting invoice in FY 2021-22, turnover to be referred must be of FY 2020-21.

- ◆ These HSN codes must be declared in every tax invoice issued by the taxpayer under GST.
- ◆ All 8 digits of HSN code is mandatory in case of export and imports under the GST.



GST UPDATES

Sequential filing of GSTR-1 & filing of GSTR-1 before GSTR-3B on GST Portal

- ◆ The Central Government has amended Section 37 & Section 39 of Central Goods & Service Tax Act (CGST), 2017 vide Notification No. 18/2022–Central Tax dated 28th September, 2022 with effect from 01 October, 2022. According to section 37(4) of CGST, Act, a taxpayers shall not be allowed to file GSTR-1 if previous GSTR-1 is not filed and as per sec 39(10) a taxpayer shall not be allowed to file GSTR-3B if GSTR-1 for the same tax period is not filed.
- ◆ Section 37(4) & 39(10) of Central Goods & Service Tax Act, 2017 are reproduced below:
- ◆ Section 37(4) : A registered person shall not be allowed to furnish the details of outward supplies under sub-section (1) for a tax period, if the details of outward supplies for any of the previous tax periods has not been furnished by him:
- ◆ Section 39(10) : A registered person shall not be allowed to furnish a return for a tax period if the return for any of the previous tax periods or the details of outward supplies under sub-section (1) of section 37 for the said tax period has not been furnished by him:
- ◆ These changes are being implemented prospectively and will be operational on GST Portal from 01st November, 2022. Accordingly, from October-2022 tax period onwards, the filing of previous period GSTR-1 will be mandatory before filing current period GSTR-1.
- ◆ Illustration: Filing of October, 2022 period GSTR-1 will be mandatory before filing GSTR-1 of November, 2022 period.
- ◆ Further, from October, 2022 tax period onwards, filing of GSTR-1 will also be mandatory before filing GSTR-3B.
- ◆ Illustration: Taxpayer will not be allowed to file GSTR-3B for October, 2022 period if GSTR-1 of October, 2022 period is not filed.

Read more:

<https://www.gst.gov.in/newsandupdates/read/559>

CORPORATE AFFAIRS UPDATES



**LATEST
COMPANY LAW
UPDATES
BY THE MCA**



1.Stakeholders, to avoid last minute rush on the MCA21 portal on account of Financial Statement/Statement of Account and Solvency and Annual Return filings for the Financial year 2021-22, Companies/LLPs are requested to complete their filings well before their due date without postponing it to the last days

2.Stakeholders are informed to complete their annual form filing AOC-4/AOC-4 XBRL/AOC-4 NBFC FOR FY 2021-22 well before the due date

Read More :

<https://www.mca.gov.in/content/mca/global/en/home.html>

CLARIFICATION: Amendment to Schedule III to the Companies Act, 2013 vide MCA Notification GSR. 207 (E) dated 24th March 2021 mandates companies to round off the figures appearing in the Financial Statements depending upon their total income. However, if the companies provide absolute figures in e-forms ie. AOC-4, the same shall not be treated as incorrect certification by the Professionals.

Reserve Ratios

CRR: 4.50%

SLR: 18.00%

Exchange Rate (As on October 30, 2022)

INR / 1 USD : 82.4092

INR / 1 GBP : 95.1129

INR / 1 EUR : 82.1405

INR / 100 JPY : 56.2500



RBI UPDATES



Multiple NBFCs in a Group: Classification in Middle Layer

RBI vide notification dated October 11, 2022, has clarified that the assets of NBFCs forming part of a group will be aggregated for determination of the “middle layer” status of NBFCs. This clarification dates back to the 1st of October and therefore, as on the effective date of the SBR framework, NBFCs which, on a consolidated basis, have assets of Rs 1000 crores or above, will have to start adhering to the SBR framework as applicable to NBFC-ML.

Existing provision : As per the existing NBFC-NDSI Directions (para 16), NBFCs that are part of a common ‘Group’ or are floated by a common set of promoters are not viewed on a standalone basis. – The total assets of the NBFCs in a group including deposit taking NBFCs, if any, shall be aggregated to determine if such consolidation falls within the asset sizes of the two categories i.e., those with asset size of below ₹500 crore and those with asset size of ₹500 crore and above. Regulations as applicable to the two categories shall be applicable to each of the non-deposit taking NBFC within the group. Accordingly, if the total combined assets of all NBFCs in a Group crossed Rs. 500 crores, regulations as applicable to an NBFC-NDSI would become applicable for each NBFC, irrespective of the asset size of the individual NBFC being below Rs. 500 crores.

RBI Governor Asks Ombudsman To Address Customer-Centric Issues, Expedite Resolution Of Complaints

Keeping in mind the convenience of bank customers, Reserve Bank of India (RBI) Governor Shaktikanta Das on Friday asked the Ombudsman to expedite the resolution of complaints. He said that the Ombudsman and regulation entities should take early measures to identify and rectify the root causes of customer complaints. Shaktikanta Das called for a serious review of the working of the grievance redressal mechanism in banks because of persisting customer complaints

RBI UPDATES

Exim Bank's Short-Term Line of Credit (STLoC) of EUR 100 million to the Banco Exterior de Cuba for purchase of rice from India

Export-Import Bank of India (Exim Bank) has entered into an agreement dated June 23, 2022 with the Banco Exterior de Cuba- an agency nominated by the Government of Republic of Cuba for making available to the latter, Short Term Line of Credit (STLoC) of EUR 100 million (Euro One Hundred Million Only) for the purpose of financing procurement of rice from India to the Republic of Cuba. The export of eligible goods including plant, machinery and equipment, and services including consultancy services for the purpose of procurement of rice to be exported from India, as defined under the agreement, would be allowed subject to their eligibility under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement. Out of the total credit by Exim Bank under the agreement, goods and services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India, and the remaining 25 per cent of goods and services may be procured by the seller for the purpose of the eligible contract from outside India.

2. The Credit Agreement under the STLoC has become operational from September 09, 2022. Under the STLoC, the terminal utilization period is 8 months from the date of contract inclusion under the STLoC.

3. Shipments under the STLoC shall be declared in Export Declaration Form/Shipping Bill as per instructions issued by the Reserve Bank from time to time.

4. No agency commission is payable for export under the above STLoC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer (AD) Category- I banks may allow such remittance after realization of full eligible value of export subject to compliance with the extant instructions for payment of agency commission.

5. AD Category – I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain complete details of the STLoC from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or from their website www.eximbankindia.in

6. The directions contained in this circular have been issued under sec-

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RBI UPDATES

- ◆ **Bajaj Finance hikes FD rate** Bajaj Finance has hiked the interest rate on fixed deposits (FDs) by up to 30 basis points for tenures of between 24 and 30 months. Bajaj Finance FDs will bear special interest rates of 7.5% for all customers. For a tenure of 44 months, customers below 60 years will get a special rate of 7.50% while senior citizens would earn up to 7.75% per annum.
- ◆ **Bandhan Bank posts net profit of Rs 209cr in Q2 FY23:** The Kolkata-headquartered Private sector lender Bandhan Bank reported a net profit of Rs 209.30 crore in the quarter ended in September 2022 on the back of a fall in bad loans.
- ◆ **RBI to commence pilot launch of Digital Rupee for specific use on 1st November:** The Reserve Bank of India (RBI) announced that it will commence pilot launches of the Digital Rupee (eâ,¹) for specific use cases on November 1, 2022 (Tuesday). As per the notification, the first pilot in Digital Rupee will be in the Wholesale segment (eâ,¹-W) and will commence on Tuesday. The Central Bank also said that nine banks will participate in the pilot, including State Bank of India, Bank of Baroda, Union Bank of India, HDFC Bank, ICICI Bank, Kotak Mahindra Bank, Yes Bank, IDFC First Bank and HSBC.

PF/ESI UPDATES



Like Public Provident Fund, cap on total subscription amount introduced for GPF

According to an Office Memorandum (OM) No. 3/6/2021-P&PW(F) dated 11/10/2022 by the Department of Pension & Pensioners' Welfare (DOPPW), the sum of monthly GPF subscriptions for FY 2022-23 cannot exceed Rs 5 lakh. So, if the total subscription of a government employee has exceeded Rs 5 lakh till October 2022, deductions of GPF subscriptions from the salary will be stopped.

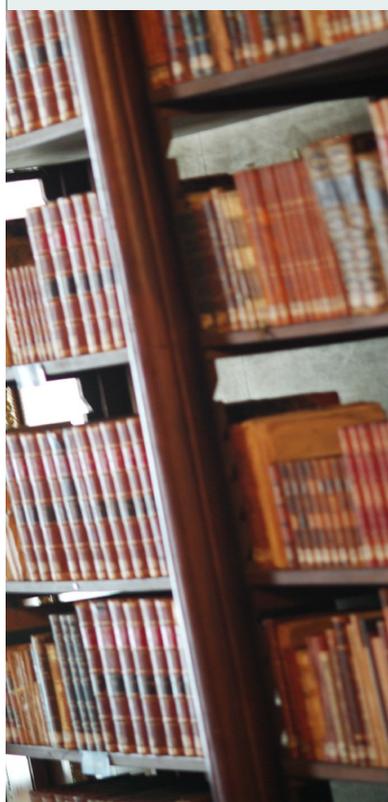
As per the OM, the monthly subscriptions for the next financial year (FY 2023-24) should be regulated as per Rule 8(i) sub-clause (b) in such a manner that the sum of the subscription shouldn't exceed the limit of Rs 5 lakh.

Read More:

<https://www.financialexpress.com/money/like-public-provident-fund-cap-on-total-subscription-amount-introduced-for-gpf/2758842/>

Nine of top-10 firms add Rs 90,319 cr in market valuation; RIL leads pack

Nine of the 10 most valued domestic firms together added Rs 90,318.74 crore in market valuation last week amid a positive trend in equities, with Reliance Industries emerging as the biggest winner. Last week, the 30-share BSE benchmark Sensex climbed 652.7 points or 1.10 per cent.



OTHER NEWS UPDATES

- ◆ **FMCG major Nestle Q3 net profit up 8.25 pc:** Nestle India's net sales rose 18.24 per cent to Rs 4,591 crore during the period under review against Rs 3,882.57 crore in the corresponding period of the last fiscal. Nestle India Ltd reported an 8.25 per cent rise in its net profit to Rs 668.34 crore for the third quarter ended September
- ◆ **Dabur acquires 51% stake in Badshah Masala for Rs 587.52 crore:** Dabur announced its entry into the Rs 25,000 crore spices and seasoning category by acquiring a majority stake in Badshah Masala Private Limited.
- ◆ **Matter announces its new design centre in Pune: E-motorcycle launch next month:** Ahmedabad-based tech start-up Matter has announced its new design and software centre in Pune, Maharashtra. The company will also launch its first-ever electric motorcycle in India next month.
- ◆ **Four companies set to go public next week; seeks to raise over Rs 4,500 crore via IPO:** The primary market is heading for a busy time, with four firms, including Global Health Ltd, which operates hospitals under the Medanta brand, and micro finance lender Fusion Micro Finance Ltd, lining up their IPOs next week. The other two companies whose IPOs are ready to open are DCX Systems, a manufacturer of cables and wire harness assemblies, and Bikaji Foods International. Together, these four companies are expected to fetch over Rs 4,500 crore through the IPOs, according to merchant banking sources
- ◆ **IDBI Bank sale: Last date for submission of queries extended by 13 days:** Given extended holidays after Diwali, the department of investment and public asset management (DIPAM) has given 13 more days till November 10 to interested parties to submit their written queries concerning the proposed disinvestment of the majority stake and transfer of management control in IDBI Bank. On October 7, the Centre invited expressions of interest (EoIs) for IDBI Bank and offered to sell a total of 60.72% stake in the bank, including 30.48% held by the government and 30.24% by LIC. Currently, LIC (49.24%) and the government (45.48%) together hold a 94.72% stake in the lender.



INTERNATIONAL NEWS UPDATES

- ◆ **Twitter is now owned by Elon Musk:** Musk took over Twitter after a protracted legal spat that would have culminated this week in a trial in Delaware's Court of Chancery. The Tesla CEO agreed in April to pay \$44 billion for Twitter, but then attempted to renege on the deal. He changed course and opted to proceed, walking into the company's San Francisco office on Wednesday with what appeared to be a porcelain bathroom sink in his hands.
- ◆ **Maserati collaborates with Barbie for limited edition Grecale SUV:** Italian luxury carmaker Maserati is collaborating with Barbie and Neiman Marcus to create an ultra-limited edition of Maserati Grecale Trofeo SUV in a Barbie pink hue colour scheme. Neiman Marcus partnered with the automaker to launch the car as part of its Fantasy Gift Launch and to promote the release of the new Barbie movie.
- ◆ **US GDP grows by 2.6%! :** After falling 1.6% in the first three months of the year, the US gross domestic product (GDP) fell 0.6% in the second quarter. Still, there is no official take on the recession in the US. Officially, it is still not a recession in the US until economists at the National Bureau of Economic Research deem it so. Now, in the third quarter of 2022, Real gross domestic product (GDP) increased at an annual rate of 2.6 percent, according to the "advance" estimate released by the Bureau of Economic Analysis.
- ◆ **Powerball jackpot climbs to US\$800 million:** After three months and 36 consecutive drawings without a winner, the Powerball jackpot has swelled to an estimated US\$800 million — the second-largest prize in Powerball's history.
- ◆ **World's Biggest Sovereign Wealth Fund Loses \$43 Billion In September Quarter :** Norway's sovereign wealth fund, the world's biggest, said Friday it had lost more than \$43 billion in the third quarter as stock markets plunged and interest rates rose. Weighed down by its shareholdings, the fund posted a negative return of 4.4 percent in the quarter -- a loss of 449 billion kroner (\$43.4 billion) -- said Norway's central bank, which manages the fund.
- ◆ **Apple stock rose 7.5% :** a day after it reported September quarter earnings that modestly beat expectations on revenue and profit and showed global demand for its premium hardware remains high. The company's Mac business grew 25% even as PC sales from other brands from around the world fell. And Apple signaled that demand for premium computers and phones remains strong.



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EXPERT SPEAK

GSTR-1 Sequential Filing

1. Announcement by Government

The Central Government has announced amendment in Section 37 & Section 39 of Central Goods & Service Tax Act (CGST), 2017 vide Notification No. 18/2022–Central Tax dated 28th September, 2022 with effect from 01 October, 2022.

According to section 37(4) of CGST, Act, a taxpayers shall not be allowed to file GSTR-1 if previous GSTR-1 is not filed.

As per sec 39(10) a taxpayer shall not be allowed to file GSTR-3B if GSTR-1 for the same tax period is not filed.

2. Concept

GSTR-1 to be filed monthly/quarterly by every taxpayer registered under GST Act for reporting sales figures and GSTR-3B to be filed after that for making the payment of Taxes under GST Act.

3. Background & Loophole

Taxpayers were filing the GSTR-1 where no payments of taxes require and escaping the filing of GSTR-3B return to evade the tax payments.

4. Purpose & Impact

- ◆ Sequential filing is to make GST Return/Payment process more strict
- ◆ Taxpayers won't be allowed to file GSTR-1 of next month if
 - ⇒ Any of prior GSTR-1 return not filed.
 - ⇒ Any of prior GSTR-3B return not filed along-with payment.
 - ⇒ Penalty & Fines will be levied on all skipped tax payments

5. Dates to Remember

- ⇒ These changes are being implemented prospectively and will be operational on GST Portal from 01st November, 2022.
- ⇒ Accordingly, from October-2022 tax period onwards, the filing of previous period GSTR-1 will be mandatory before filing current period GSTR-1.



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