



Edition 33
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The Scoop

The 28th Financial Stability Report by the Reserve Bank assesses the global and Indian economic landscapes. Despite global challenges such as slowing growth and geopolitical conflicts, the Indian economy and financial system demonstrate resilience. Scheduled commercial banks (SCBs) exhibit robust performance. The assessments cover various aspects, including capital adequacy, asset quality, and stress testing under different scenarios, providing a comprehensive overview of the financial stability in the country.



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INCOME TAX UPDATES



1. Promoting timely payments to Micro and Small Enterprises

A new clause (h) has been inserted in section 43B of the Act to provide that any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006 shall be allowed as deduction only on actual payment. However, it has also been provided that the proviso to section 43B of the Act shall not apply to such payments.

This amendment takes effect from 1st April, 2024 and will accordingly apply in relation to the assessment year 2024-25 and subsequent assessment years.

If payments to Micro & Small Enterprises are not made within the specified time frame, the amount becomes taxable income for the assessee in the previous year of non-payment. The assessee can claim a deduction in the previous year when the payment is made.

Read More: [circular-1-2024.pdf \(incometaxindia.gov.in\)](https://www.incometaxindia.gov.in/circular-1-2024.pdf)



INCOME TAX UPDATES

2. Increasing threshold limits for presumptive taxation schemes :

- ◆ Section 44ADA of the Act provides for a presumptive income scheme for small professionals. Prior to FA 2023, this scheme applied to certain resident assesseees (i.e., an individual, partnership firm other than LLP) who are engaged in any profession referred to in subsection (1) of section 44AA, and whose total gross receipts do not exceed fifty lakh rupees in a previous year. Under this scheme, a sum equal to 50% of the gross receipts is deemed to be the profits and gains from business. If assessee has claimed to have earned a sum higher than 50%, then that higher sum is taxable.
- ◆ Under section 44AB of the Act, every person carrying on business is required to get his accounts audited, if his total sales, turnover or gross receipts, in business exceeds one crore rupees in any previous year. The limit is raised to ten crore rupees where at least 95% of receipts/payments are in non-cash mode. In case of a person carrying on profession, he is required to get his accounts audited, if his gross receipts in profession exceeds, fifty lakh rupees in any previous year. Those opting for and fulfilling the conditions laid in the presumptive scheme are exempt from audit under this section.
- ◆ provision of section 44AB of the Act shall not apply to the person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD of the Act or sub-section (1) of section 44ADA of the Act, as the case may be.
- ◆ Applicability: These amendments take effect from 1st April, 2024 and accordingly apply in relation to the assessment year 2024-2025 and subsequent assessment years.

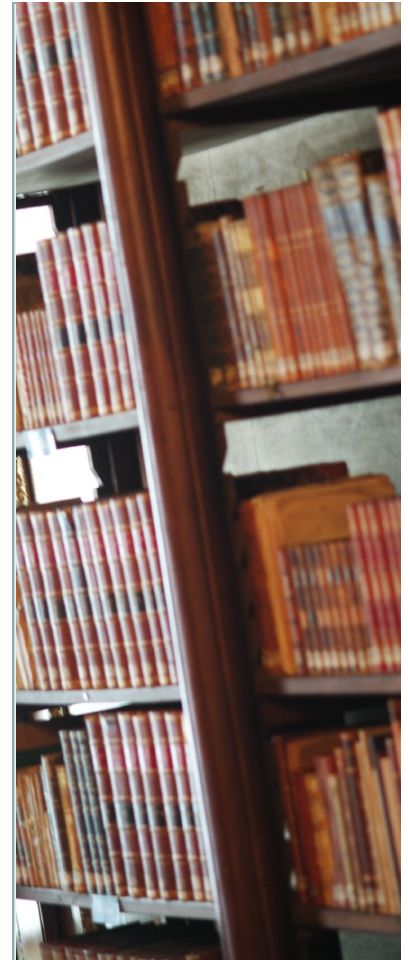
Read More: [circular-1-2024.pdf \(incometaxindia.gov.in\)](#)

INCOME TAX UPDATES

3. Removal of exemption of news agency under clause (22B) of section 10 of the Act

- ◆ Prior to the amendments made vide FA 2023, Clause (22B) of section 10 of the Act, inter-alia, provided exemption to any income of a notified news agency which is set up in India solely for collection and distribution of news. This was subject to the condition that the news agency applies its income or accumulates it for application solely for collection and distribution of news and does not distribute its income in any manner to its members.
- ◆ In accordance with the stated policy of the Government of phasing out of exemptions and deductions under the Act, the exemption available to news agencies under clause (22B) of section 10 of the Act has been withdrawn from the assessment year 2024-25 vide FA 2023.
- ◆ In view of above, FA 2023 has inserted fourth proviso to clause (22B) of section 10 of the Act so as to provide that nothing contained in clause (22B) of section 10 of the Act shall apply to any income of the news agency, of the previous year relevant to the assessment year beginning on or after the 1st day of April, 2024.
- ◆ Applicability : This amendment is effective from 1st April, 2024 and accordingly applies to assessment year 2024-25 and subsequent assessment years

Read More: [circular-1-2024.pdf \(incometaxindia.gov.in\)](#)





GST UPDATES



1. Introduction of New 14 and 15 tables

Two new tables Table 14 and Table 15 were added in GSTR-1 to capture the details of the supplies made through e-commerce operators (ECO) on which e-commerce operators are liable to collect tax under section 52 of the Act or liable to pay tax u/s 9(5). These tables have now been made live on the GST common portal. These two new tables will be available in GSTR-1/IFF from January-2024 tax periods onwards.

14. (a) Details of the supplies made through e-commerce operators on which ecommerce operators are liable to collect tax under section 52 of the Act [Supplier to report]

Description:

- ◆ The ECO-GSTIN wise summary of the supplies made through ECO on which ECO is liable to collect tax at sources (TCS) and liability on which has already been reported in any table 4 to 10 of GSTR-1, shall be reported by the supplier in this section.
- ◆ • No taxable value or tax liabilities will be autopopulated from this table to GSTR-3B.
- ◆ • Amendments to be reported in 14A(a)

Read More: https://tutorial.gst.gov.in/downloads/news/updated_advisory_new_table1415_cr23892_sj_10.01.2024.pdf

GST UPDATES

2. Advisory on Payment through Credit Card (CC)/Debit Card (DC) and Unified Payments Interface (UPI)

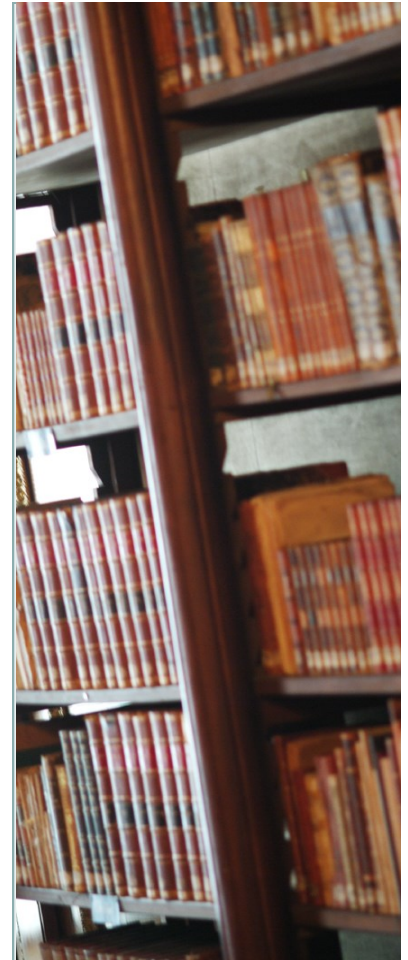
- To facilitate the taxpayer registered under GST with more methods of payment, two new facilities of payment have now been provided under e-payment in addition to net-banking.
- The two new methods are Cards and Unified Payments Interface (UPI). Cards facility includes Credit Card (CC) and Debit Card (DC) namely Mastercard, Visa, RuPay, Diners(CC only) issued by any Indian bank. Payment through CC/DC/UPI can be made through Kotak Mahindra Bank irrespective of CC/DC issued by any Indian bank.
- Other banks are in the process of integration. At present the facility is available in 10 states and remaining states are expected to join soon.

Read More: https://tutorial.gst.gov.in/downloads/news/advisory_ccdcupi_19012024.pdf

3. Advisory for furnishing bank account details by registered taxpayers under Rule 10A of the Central Goods and Services Tax Rules, 2017.

- Mandatory Bank Account Details Submission as per law: All Registered Taxpayers are required under the provisions of CGST Act, 2017 and the corresponding Rules framed thereunder to furnish details of their bank account/s within 30 days of the grant of registration or before the due date of filing GSTR-1/IFF, whichever is earlier.
- Taxpayers are therefore advised to promptly furnish their bank account details, who have not provided it so far if 30 Days period is shortly going to expire to avoid disruption in business activities and the subsequent suspension of GSTIN.
- A new functionality is being developed with the following features and will be deployed in near future:-
- Failure to furnish the bank account in the stipulated time: It would result into following:
 - a) Taxpayer Registration would get suspended after 30 days and intimation in FORM REG-31 will be issued to the Taxpayer.
 - b) Get the Taxpayer debarred from filing any further GSTR-1/IFF.

Read More: <https://www.gst.gov.in/newsandupdates/read/623>



Reserve Ratios

CRR: 4.50%

SLR: 18.00%

Exchange Rate (As on Jan'31, 2024)

INR / 1 USD : 83.08

INR / 1 GBP : 105.30

INR / 1 EUR : 89.88

INR / 100 JPY : 56.20

RBI UPDATES



1. RBI Significantly Raises Bulk Deposit Limit for Large UCBs to ₹1 Crore and above:

The Reserve Bank of India (RBI) has decided to substantially increase the bulk deposit limit for large urban co-operative banks (UCBs). The new limit now stands at ₹1 crore and above, a notable surge from the previous threshold of ₹15 lakh and above.

Applicability to Tier 3 and Tier 4 UCBs

The enhanced bulk deposit limit is specifically applicable to UCBs falling within the Tier 3 category, characterized by deposits ranging from ₹1,000 crore to ₹10,000 crore, and Tier 4 category, encompassing UCBs with deposits exceeding ₹10,000 crore.



RBI UPDATES

2.RBI Penalizes Three Banks for Violations: Dhanlaxmi, Punjab and Sind, ESAF

- ◆ Dhanlaxmi Bank (Penalty: Rs 1.20 Crore)

Sanctioned loans against gold ornaments exceeding 75% of their value for non-agricultural purposes.

Applied normal term deposit interest rates to senior citizen term deposits, in violation of prescribed norms.

Failed to obtain PAN or Form 60 for specific term deposit accounts.

Allocated multiple Customer Identification Codes instead of a Unique Customer Identification Code.

- ◆ Punjab and Sind Bank (Penalty: Rs 1 Crore)

Sanctioned a term loan to a Corporation without due diligence on project viability and revenue streams.

Utilized budgetary resources for projects without ensuring sufficient revenue for debt servicing.

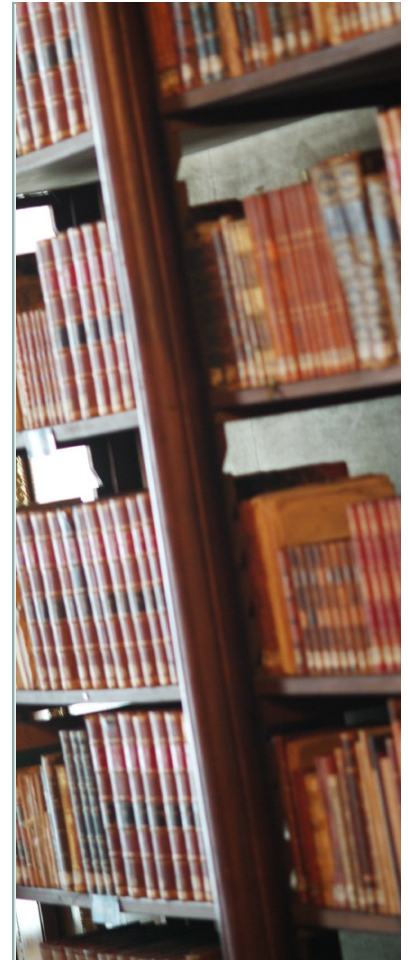
- ◆ ESAF Small Finance Bank (Penalty: Rs 29.55 Lakh)

Allowed Basic Savings Bank Deposit account holders to open additional savings accounts.

Failed to close certain savings accounts within the stipulated 30 days from opening BSBD accounts.

3.RBI Announces Revised Eligibility Norms for Urban Co-operative Banks (UCBs)

The objective is to bring these banks under an updated regulatory framework. The revised categorization norms for UCBs, the criteria for classifying a UCB as Financially Sound and Well Managed (FSWM) is notified .





RBI UPDATES

3.HDFC Bank Surpasses 20 Million Credit Card Milestone, Leading Indian Market

HDFC Bank's cards in circulation totalled approximately 19.51 million, indicating a steady ascent from the 19.18 million. India's largest private sector bank, has emerged as the nation's first lender to reach 20 million active credit cards.

4.ICICI Bank Canada Launches 'Money2India (Canada)' Mobile Banking App: ICICI Bank Canada, a wholly-owned subsidiary of ICICI Bank Limited, has introduced its latest mobile banking app, 'Money2India (Canada),' providing Canadian customers with a seamless platform for 24/7 fund transfers to any Indian bank without the necessity of opening an account with ICICI Bank Canada.

5.RBI Imposes Major Restrictions on Paytm Payments Bank: Operations Limited Post-February 29:

- ◆ Prohibitions on Banking Operations: The RBI directive prohibits Paytm Payments Bank from accepting fresh deposits, credit transactions, or top-ups in customer accounts, including prepaid instruments such as wallets and FASTags, after February 29.
- ◆ Continued App Operation, Limited Paytm Bank Services: While the Paytm app is expected to continue normal operations, services linked to the Paytm Bank will only be available until February 29 or until the exhaustion of the available balance.
- ◆ Termination of Nodal Accounts: The nodal accounts of Paytm's parent company, One97 Communications Ltd., and Paytm Payments Bank Ltd., have been terminated by the central bank as part of the regulatory measures.

6.RBI releases Financial Stability Report : The Financial Stability Report highlights, the health of the Indian financial system is steadily improving on the back of multiyear high earnings, low level of stressed assets, and strong capital and liquidity buffers with financial institutions.

Read More: https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57005



OTHER NEWS UPDATES

- ◆ **Direct Tax-to-GDP Ratio Hits 23-Year High in FY23:** Direct tax collections witnessed a robust year-on-year growth of 17.8%, totaling Rs 16.6 trillion in FY23. Notably, corporate tax collections reached Rs 8.26 trillion, marking a 16% increase, while income tax collections stood at Rs 8.33 trillion, reflecting a significant 19.6% YoY growth.
- ◆ **Wholesale Price Index (WPI) Inflation Hits Nine-Month High at 0.73% :** Wholesale Price Index (WPI)-based inflation surged to a nine-month high of 0.73%, marking a significant rebound from the negative zone observed from April to December.
- ◆ **India's Forex Reserves Surge to \$623.2 Billion, Registering a \$2.75 Billion Increase:** India's foreign exchange reserves witnessed a substantial uptick, surging by \$2.759 billion, reaching a total of \$623.2 billion. Gold reserves witnessed a notable increase of \$853 million.
- ◆ **MobiKwik refiles IPO DRHP:** Fintech major MobiKwik has filed the Draft Red Herring Prospectus (DRHP) with Securities and Exchange Board of India (Sebi) to raise Rs 700 crore through an initial public offering (IPO).
- ◆ **Blenders files Rs 1,500-crore IPO papers with Sebi:** Allied Blenders and Distillers Ltd, the maker of Officer's Choice Whisky, has refiled preliminary papers with the capital markets regulator Sebi to raise Rs 1,500 crore through an Initial Public Offering (IPO).
- ◆ **Shriram General Insurance net profit jumps to Rs 117 crore:** The company said its premium income grew 41 per cent during the quarter, led by motor business that rose 42 per cent, personal accident segment that clipped past 57 per cent, and fire insurance grew 14 per cent, taking the gross written premium during the period to Rs 850 crore.
- ◆ **Adani-owned Ambuja Cements Profit jumps 89.5% :** Ambuja Cements reported its third quarter profit for the financial year 2023-24 at Rs 823.05 crore, up 89.5 per cent in comparison to Rs 823.05 crore during the corresponding quarter of previous year, beating estimates. It posted revenue from operations at Rs 8128.80 crore, up 2.8 per cent as against Rs 7906.74 crore during the third quarter of FY23.



INTERNATIONAL NEWS UPDATES

- ◆ **PhonePe, Paytm, SBI and others go live on India-Singapore cross-border UPI-based payments:** The cross-border linkage between India's unified payments interface and Singapore's PayNow is live. The feature will help the Indian diaspora in Singapore to send funds into Indian bank accounts directly through UPI (unified payments interface). Axis Bank, DBS Bank India, ICICI Bank, Indian Bank, Indian Overseas Bank and State Bank of India are offering this service through their respective banking applications.
- ◆ **Maersk Reveals World's Largest Ship Fueled by Methanol:** The Ane Maersk represents a bold leap into a greener future, boasting the title of the world's largest container vessel fueled by green methanol, a derivative of green hydrogen.
- ◆ **Switzerland to Host Ukraine Peace Summit:** Ukrainian President Volodymyr Zelenskiy has secured Switzerland's agreement to host a global peace summit aimed at resolving the conflict sparked by Russia's incursion into Ukraine on Feb. 24, 2022.
- ◆ **Saudi Arabia's economy contracts again, dragged by oil cuts:** Saudi Arabia's economy shrank 0.9%, according to government data. The drop was attributed to a 16.4% decline in oil activities, while non-oil activities and government activities expanded by 4.3% and 3.1%.
- ◆ **Turkey hikes interest rate again to 45%:** Inflation in Turkey increased to 64.8% year-on-year in December, Turkey's central bank hiked its key interest rate by another 250 basis points to 45%.
- ◆ **IMF warns British government against more tax cuts:** The IMF has recommended the U.K. strengthens taxes on carbon emissions and property, eliminates loopholes in wealth and income taxation, and reforms rules which set pension levels.
- ◆ **Freight rates soar on Red Sea troubles:** Vessels transiting the Red Sea have faced attacks over the past several weeks from Yemen-based Houthis, prompting shipping companies to change routes, leading to a spike in freight rates. Longer detours around the Cape of Good Hope in South Africa have pushed ocean freight rates up to \$10,000 per 40-foot container.



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EXPERT SPEAK

Promoting timely payments to Micro and Small Enterprises

1. Announcement by Government: In order to promote timely payments to micro and small enterprises, payments made to such enterprises have been included within the ambit of section 43B of the Act vide FA 2023. A new clause (h) has been inserted in section 43B of the Act to provide that any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006 shall be allowed as deduction only on actual payment. However, it has also been provided that the proviso to section 43B of the Act shall not apply to such payments.

2. Background :

Section 43B of the Act provides for certain deductions to be allowed only on actual payment. Further, the proviso of this section allows deduction on accrual basis, if the amount is paid by due date of furnishing of the return of income.

Section 15 of the MSME Act mandates payments to micro and small enterprises within the time as per the written agreement, which cannot be more than 45 days. If there is no such written agreement, the section mandates that the payment shall be made within 15 days.

3. Effective Date of New Clause (h) U/S 43B: From 1st April 2024, the applicability of clause (h) of Section 43B will be the effective date.

4. Impact: If payments to Micro & Small Enterprises are not made within the specified time frame, the amount becomes taxable income for the assessee in the previous year of non-payment. The assessee can claim a deduction in the previous year when the payment is made.



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