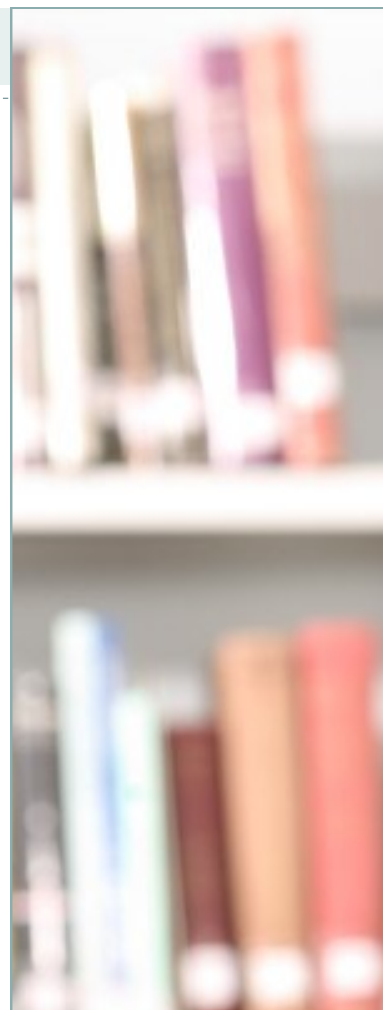




Edition 37
From May 1, 2024 to May



The Scoop

The Indian government has announced the Cost Inflation Index (CII) for the financial year 2024-25, setting it at 363. This adjustment is crucial in reflecting the true inflationary trends, ensuring that taxpayers are not burdened with inflated capital gains taxes. By aligning the index with current economic conditions, the government protects taxpayers from paying excessive taxes on nominal gains, thereby fostering a fairer tax environment. This move is expected to boost investor confidence and contribute to the overall economic health of the nation.

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INCOME TAX UPDATES



1. CBDT notifies Cost Inflation Index for Financial Year 2024-25

The notification specifies that for the financial year 2024-25, the Cost Inflation Index is set at 363. This figure is an increment from the previous years, reflecting the ongoing inflationary trends in the economy.

The notification will come into effect on April 1, 2025, and will apply to the assessment year 2025-26.

The adjustment of the Cost Inflation Index is an essential administrative function that directly affects the calculation of taxable income from capital gains. By updating the CII annually, the government ensures that the tax system remains fair and reflective of the actual economic conditions. Without such adjustments, taxpayers could face disproportionate tax liabilities on gains that are largely attributable to inflation rather than real economic growth.

Read More: <https://incometaxindia.gov.in/communications/notification/notification-44-2024.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

2. CBDT exempt RBI from Higher TDS deduction under Section 206AB

Exemptions under Section 206AB(3) Sub-section (3) of Section 206AB lists certain entities exempted from this higher TDS rate. These exemptions include:

- ◆ Non-residents without a permanent establishment in India.
- ◆ Persons notified by the Central Government in the Official Gazette, who are not required to furnish an income tax return for the relevant assessment year.

Notification Details : In accordance with clause (ii) of sub-section (3) of Section 206AB, the CBDT has officially notified that the RBI is exempt from the higher TDS rate despite the non-filing of an income tax return.

Read More: <https://incometaxindia.gov.in/communications/notification/notification-45-2024.pdf>

3. CBDT exempts RBI from Section 206CCA provisions (TCS Collection at higher rate)

Higher Rate of Tax Collection: The tax is to be collected at either twice the rate specified in the relevant provision of the Act or at the rate of 5%, whichever is higher. However, the rate of tax collection should not exceed 20%.

Concurrent Applicability: If Section 206CC (which deals with higher TCS rates for non-provision of PAN) is also applicable, the tax will be collected at the higher of the rates provided in Section 206CCA and Section 206CC.

Definition of Specified Person: A specified person under this section is someone who has not filed their income tax return for the previous year and for whom the aggregate of tax deducted and collected at source exceeds ₹50,000.

Exclusions: The section excludes non-residents without a permanent establishment in India and individuals not required to file income tax returns for the relevant assessment year, as notified by the Central Government.

Read More: <https://incometaxindia.gov.in/communications/notification/notification-46-2024.pdf>



GST UPDATES



1. Advisory on Reset and Re-filing of GSTR-3B of some taxpayers

- ◆ Due to discrepancies in the returns of some taxpayers during the filing process between the saved data in the GST system and actually filed data in the fields of ITC availment and payment of tax liabilities, GST Council decided that these returns shall be reset, in order to give opportunity to such taxpayers to correct the discrepancy.
- ◆ One can reach out to your jurisdictional tax officer or may raise ticket of GST grievance redressal portal, in case you face any difficulty in re-filing of such GSTR-3B.

Read More: <https://www.gst.gov.in/newsandupdates/read/629>

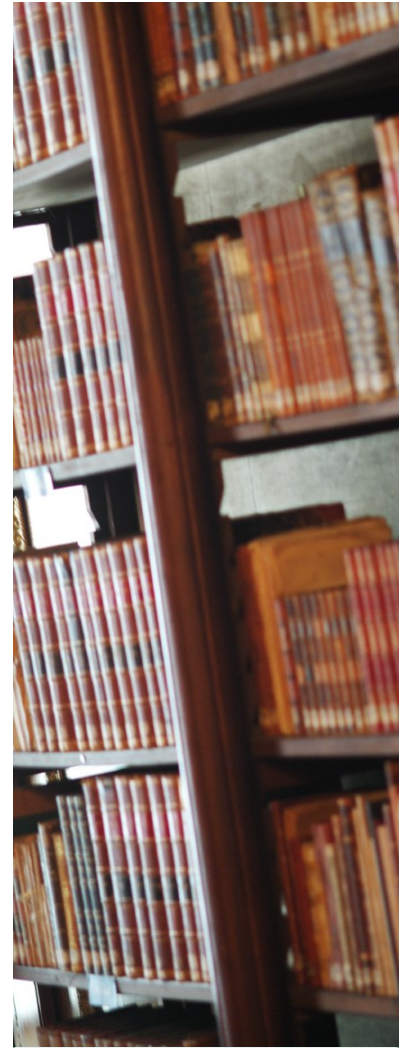
GST UPDATES

2.Enhancement in the GST Portal

Key Enhancements Include (PDF with screenshots attached):

- i. News and Updates Section: GST introduced a dedicated tab for all news and updates. This section now includes a beta search functionality, module wise drop downs and access to archived advisories dating back to 2017.
- ii. User Interface Improvements: Minor tweaks have been made to the homepage to enhance usability and aesthetics especially to make it convenient to use.
- iii. Updated Website Policy: GST updated the website policy, including the data archival policy. Details regarding web managers have also been included.

Read more: <https://www.gst.gov.in/newsandupdates/read/633>



Reserve Ratios

CRR: 4.50%

SLR: 18.00%

Exchange Rate (As on May31, 2024)

INR / 1 USD : 83.2988

INR / 1 GBP : 105.9283

INR / 1 EUR : 90.1201

INR / 100 JPY : 53.0800

RBI UPDATES



RBI Revises Guidelines for Banks' Capital Market Exposure in T+1 Settlement

In response to the introduction of the T+1 settlement regime for stocks, the Reserve Bank of India (RBI) has updated the guidelines for custodian banks regarding the issuance of Irrevocable Payment Commitments (IPCs). Under these revised guidelines, custodian banks issuing IPCs will be subject to a maximum intraday risk, considered as capital market exposure (CME), capped at 30 percent of the settlement amount.

Eligibility and Conditions for IPC Issuance

Only custodian banks with agreements granting them an inalienable right over securities for settlement payouts are permitted to issue IPCs, unless transactions are pre-funded. Rupee funds must be available in the customer's account, or in the case of foreign exchange deals, the bank's nostro account must be credited before IPC issuance.

Large Exposure Framework Compliance

Banks' underlying exposures to counterparties stemming from intraday capital market exposure will be subject to limits outlined in the Large Exposure Framework.



RBI UPDATES

2. RBI Imposes Penalties on Cooperative Banks

The Reserve Bank of India (RBI) has recently imposed monetary penalties on several co-operative banks for various regulatory violations. These penalties are based on deficiencies in regulatory compliance and are not intended to validate or invalidate any specific transactions or agreements entered into by the banks with their customers.

Penalties Imposed

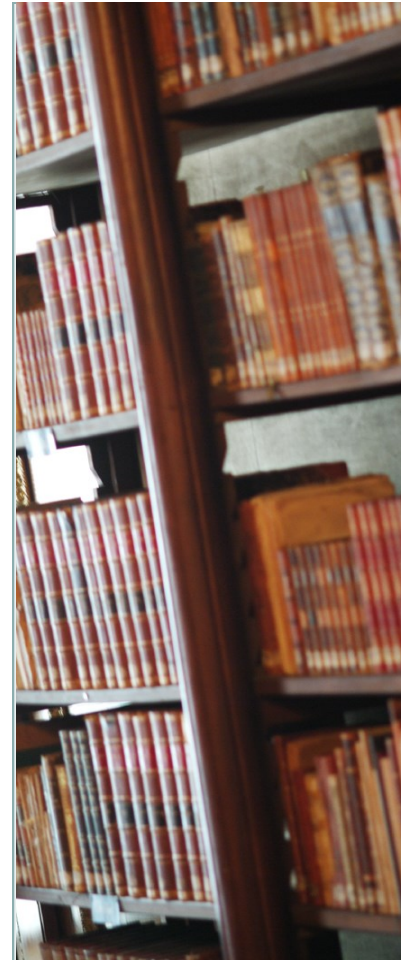
- ◆ **Rajkot Nagarik Sahakari Bank:** A penalty of Rs 43.30 lakh has been imposed on this bank for non-compliance with RBI directions regarding loans and advances to directors and their relatives, prohibition on opening certain types of savings bank accounts, and maintenance of deposit accounts.
- ◆ **The Kangra Co-operative Bank (New Delhi):** A monetary penalty of Rs 5 lakh has been imposed on this bank by the RBI.
- ◆ **Rajdhani Nagar Sahkari Bank (Lucknow):** Similar to the previous bank, a penalty of Rs 5 lakh has been imposed on this institution.
- ◆ **Zila Sahakari Bank, Garhwal (Kotdwar, Uttarakhand):** This bank has also been penalized with a Rs 5 lakh fine.
- ◆ **District Co-operative Bank (Dehradun):** A penalty of Rs 2 lakh has been imposed on this bank by the RBI.

3. RBI Approves Quant MF to Raise Stake in RBL Bank

The Reserve Bank of India (RBI) has granted approval to Quant Mutual Fund (MF) to increase its stake in RBL Bank to 9.98% by May 12, 2025. This approval, subject to conditions and provisions under the Banking Regulation Act, 1949, was disclosed in a regulatory filing.

Approval Details

Quant MF, through its various schemes, currently holds 4.68% equity share capital in RBL Bank. The RBI's approval allows Quant Money Managers Ltd to acquire an "aggregate holding" of up to 9.98% of the paid-up share capital or voting rights in RBL Bank.





OTHER NEWS UPDATES

- ◆ **Swiggy gets shareholder nod for \$1.2 billion-IPO:** Food-tech unicorn Swiggy said on Thursday it has received approval from its shareholders at an extraordinary general meeting (EGM) held on Tuesday for an initial public offering of \$1.2 billion (Rs 10,414 crore), consisting of Rs 3,750 crore (\$450 million) of fresh issue and up to Rs 6,664 crore (\$800 million) as an offer-for-sale component, according to its RoC filings sourced through TheKredible.
- ◆ **Adani loses \$34bn in 3 days, now only 11th richest : 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.
- ◆ **Premier Energies files DRHP to raise Rs 1500 cr:** Premier Energies Limited, headquartered in Hyderabad, India, the country's second-largest integrated solar cell and solar module manufacturer, has submitted its draft red herring prospectus (DRHP) to the capital markets regulator, SEBI, aiming to raise over Rs 1,500 crore through an initial public offering (IPO).
- ◆ **AU Small Finance Bank merges with Fincare Small Finance Bank :** The merger, finalized on April 1, 2024, through an all-stock deal, strengthens AU SFB's presence in South India and enhances its customer base and distribution network. Fincare SFB shareholders received 579 equity shares in AU SFB for every 2,000 equity shares held.
- ◆ **Mudra Loans Surge Past ₹5 Lakh Crore Mark in FY24:** small business loans under the Pradhan Mantri Mudra Yojana (PMMY) witnessed a record surge, crossing the ₹5 lakh crore milestone, as per recent government data. Disbursements totaled ₹5.20 lakh crore, a significant increase from ₹4.40 lakh crore in the previous fiscal year. Notably, nearly 70% of the beneficiaries of these loans are women.



INTERNATIONAL NEWS UPDATES

- ◆ **MUFG to Acquire 20% Stake in HDB Financial Services, Valuing at \$9-10 Billion Pre-IPO :** Japan's MUFG is set to purchase a 20% stake in HDB Financial Services, a subsidiary of India's HDFC Bank. The deal is poised at a valuation of \$9-10 billion before the initial public offering (IPO), making it one of the largest transactions in India's shadow banking sector. HDB Financial, a non-deposit-taking lender, is expected to command a valuation ranging from \$9 billion to \$12 billion during its IPO, contingent on prevailing market conditions.
- ◆ **UK economy posts 0.1% growth:** The month-on-month figure was in line with a projection in a Reuters poll. On an annual basis, GDP was 0.2% lower. The economy contracted in the third and fourth quarters of 2023, putting the U.K. in a technical recession.
- ◆ **McDonald's earnings miss estimates as diners pull back:** store sales growth of 2.5%, missing expectations of 2.6%. The chain said that the average check grew thanks to higher menu prices. But by raising prices, McDonald's has also scared away some of its low-income customers.
- ◆ **Walmart launches new grocery brand:** Walmart is debuting a new grocery brand, as the discounter tries to retain the shoppers it has attracted during a period of high inflation. It will roll out a private label called **Bettergoods**, a line of more trend-and chef-driven foods. Most items will be priced at less than \$5.
- ◆ **COMCAST Peacock streaming subscription:** Subscription prices for Peacock, Comcast's answer to the streaming wars, will increase by \$2 this summer. The price adjustment is a way for Comcast's NBCUniversal to capitalize on the Summer Olympics in Paris, which will air on NBC's TV networks and streaming platform.
- **Cyberattack on UnitedHealth firm forces doctors to dig into personal savings to stay afloat :** Health providers have been struggling with fallout from the Change Healthcare cyberattack. Much of the company's technology helps facilitate billing, payments, benefits evaluations, and information exchanges behind the scenes. One doctor said she amassed a \$15 million claims backlog following the attack. Others are spending thousands of their personal savings to stay afloat.



NGO Activity Brief: Old Age Home, Sec-4 Gurgaon

On 11th May'24 our NGO Self Reliant Foundation visited the old age home in Gurgaon to spend a day filled with joy and compassion with the elderly residents. This visit was part of our ongoing commitment to support and uplift the senior members of our community.

Highlights of the Day:

Distribution of Fruits and Water Bottles: We started our visit by distributing fresh fruits and water bottles to all the residents. This gesture was not only aimed at providing nutritional support but also at showing our care and concern for their well-being.

Engaging Games: We organized various games that were both fun and engaging. The residents participated enthusiastically, and it was heart-warming to see their competitive spirit and smiles. The games included:

Board games

Card games

Simple physical activities suitable for their age

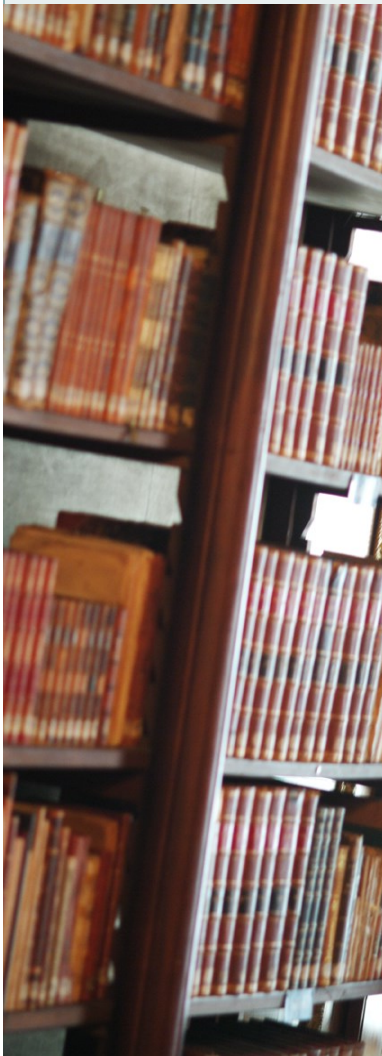
Dancing and Music: One of the most memorable parts of the day was the dancing session. With music from their era playing in the background, the residents enjoyed dancing and reminiscing about their younger days. Our volunteers joined in, creating a lively and joyful atmosphere.

Quality Time: Beyond the organized activities, our volunteers spent quality time chatting with the residents, listening to their stories, and providing companionship. This personal interaction was deeply appreciated by the elderly, many of whom crave such connections.





Sanjay Singh



EXPERT SPEAK

Section 80C, including Sections 80CCC & 80CCD, prescribes a combination of activities. If you want to utilise your income in some of these activities during the Previous Year (PY) you can claim the amount as a deduction from your total taxable income for the PY.

How much can be claimed under Section 80C?

The total amount that can be claimed under Sections 80C, 80CCC and 80CCD(1) combined is ₹150,000/-.

Section 80C Deductions List

There are limits to the amounts that can be claimed for different activities and the total that can be claimed under these activities.

80CCC - Encouraging Retirement Planning

Section 80CCC provides a deduction of up to ₹1.5 lakh per annum for the contribution made by an individual towards specified pension funds.

There is an option to increase the total deduction by an additional ₹50,000/- under Section 80CCD. Here's how it works:

*80 CCD(1) and 80 CCD(2) applies for contributions by employee and employer respectively.

*80CCD (1) & 80CCD(1B)

Deductible in the year contribution is made, up to 10% of the salary

Additional Deduction of ₹50,000/- over and above 80C limit



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