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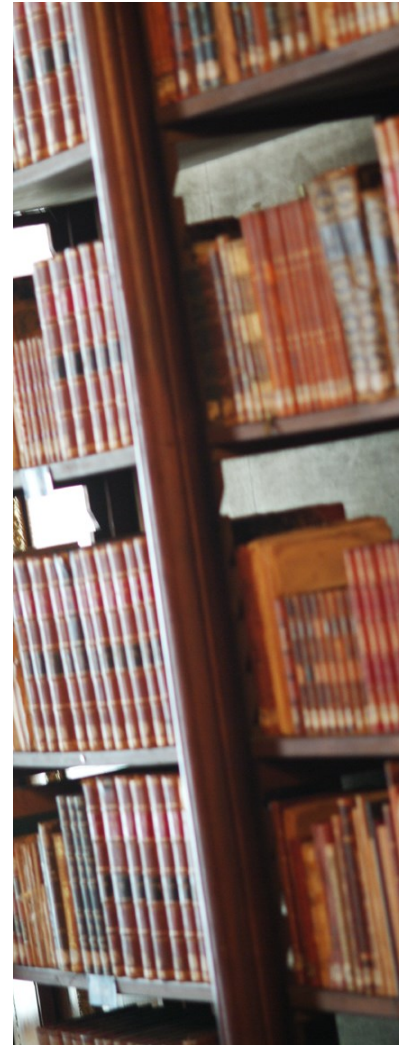
The Scoop

India's growth trajectory over the next five years will heavily depend on the govt's ability to forge alliances and address issues like inflation, unemployment, and socio-economic disparities. It noted that coalition partners might influence policy decisions, potentially slowing decision-making and diluting key policy initiatives . However, growth is expected to moderate to 6.8% in FY25 due to high interest rates and a diminished fiscal boost.

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INCOME TAX UPDATES



1.CBDT notifies 6 forms to be submitted electronically wef 27th June 2024

Central Board of Direct Taxes (CBDT) has issued Notification No. 01/024-25-Income Tax dated 24th June 2024, specifying certain forms under the Income Tax Rules 1962 that must be submitted electronically. This directive, under sub-rules (1) and (2) of Rule 131 of the Income-tax Rules, applies to the following forms:

Form 3CN: Application for notification of affordable housing project as specified business under section 35AD of the Income-tax Act

Form 3CS: Application for notification of a semiconductor wafer fabrication manufacturing unit as specified business under section 35AD of the Income-tax Act.

Form 3CEC: Application for a Pre-filing meeting.

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

Sl. no	Form	Description
1	3CN	Application for notification of affordable housing project as specified business under section 35AD of the Income-tax Act
2	3CS	Application for notification of a semiconductor wafer fabrication manufacturing unit as specified business under section 35AD of the Income tax-Act
3	3CEC	Application for a Pre-filing meeting
4	3CEFB	Application for Opting for Safe Harbour in respect of Specified Domestic Transactions
5	59	Application for approval of issue of public companies under section 80C(2)(xix) of the Income-tax Act
6	59A	Application for approval of Mutual funds investing in the eligible issue of public companies under section 80C(2)(xx) of the Income-tax Act



GST UPDATES



1. Clarification on taxability of salvage/ wreck value earmarked in the claim assessment of the damage caused to the motor vehicle

According to the circular, insurance companies are entitled to ITC for repair services received in reimbursement mode, as the insurance company is considered the recipient of the repair service under Section 2(93) of the CGST Act. The insurance companies are liable to pay the approved claim cost, making them eligible for ITC on the invoices issued in their name. However, ITC is only available to the extent of the approved claim cost reimbursed to the insured.

If a garage issues separate invoices for the approved claim cost and additional charges borne by the insured, ITC is available to the insurance company only on the approved claim cost.

If the invoice is not issued in the name of the insurance company, ITC is not available.

Read more at: <https://taxinformation.cbic.gov.in/view-pdf/1003206/ENG/Circulars>

GST UPDATES

2. Clarification on the requirement of reversal of input tax credit in respect of the portion of the premium for life insurance policies which is not included in taxable value

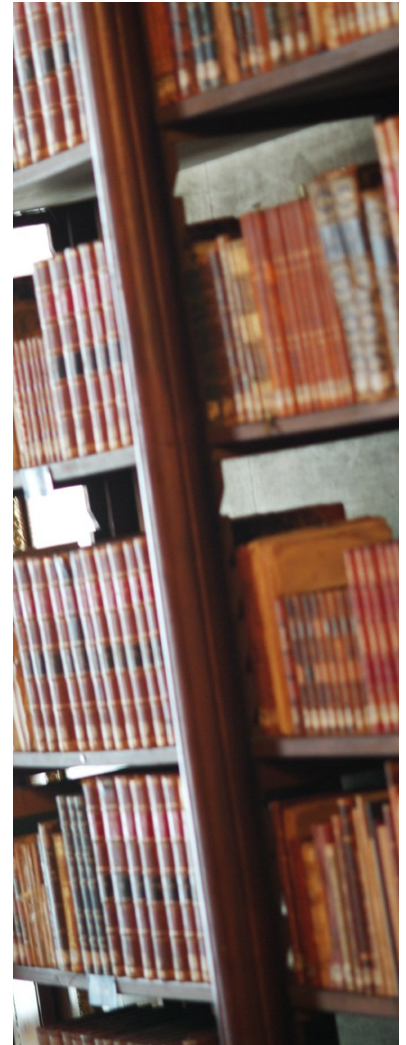
Circular No. 214/8/2024-GST issued by the GST Policy Wing clarifies the treatment of input tax credit (ITC) concerning life insurance premiums not included in the taxable value under Rule 32(4) of the CGST Rules. The circular responds to queries regarding whether such premiums should be categorized as exempt or non-taxable supplies, necessitating the reversal of ITC. It defines 'life insurance business' under the Insurance Act, 1938, emphasizing policies that combine risk cover with investment components. The value of such services is determined by deducting the investment portion from the gross premium, ensuring clarity on taxable versus non-taxable supplies. Importantly, the circular concludes that premiums not included in taxable value do not qualify as exempt supplies under GST law, thus ITC reversal is not required.

Read more at: <https://taxinformation.cbic.gov.in/view-pdf/1003207/ENG/Circulars>

3. Clarifications on various issues pertaining to special procedure for the manufacturers of the specified commodities

This circular addresses various issues raised by trade associations to ensure uniformity in implementation. Key clarifications include: the optional status of make and model numbers in Table 6 of FORM GST SRM-I, with alternatives provided if unavailable; the requirement for Chartered Engineer certification for unknown electricity consumption ratings; the procedure for reporting sale price in the absence of MRP; qualifications for Chartered Engineers issuing certificates; the non-applicability of the procedure to SEZ units and manual packing operations; and compliance responsibilities in job work or contract manufacturing scenarios.

Read more at: <https://taxinformation.cbic.gov.in/view-pdf/1003213/ENG/Circulars>



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

- ◆ **Canara Bank to Dilute 14.50% Stake in Canara HSBC Life Insurance via IPO:** Canara Bank has approved initiating the process of diluting a 14.50% stake in its subsidiary, Canara HSBC Life Insurance Company, through an initial public offering (IPO). This move is pending approval from the Reserve Bank of India (RBI) and the Department of Financial Services (DFS). Currently, Canara Bank holds a 51% majority stake in the life insurance company, while HSBC Insurance (Asia Pacific) owns 26%, and Punjab National Bank holds the remaining 23%.
- ◆ **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.
- ◆ **India's Wholesale Prices Accelerate to 15-Month High of 2.61%:** India's wholesale inflation, measured by the wholesale price index (WPI), surged to a 15-month high of 2.61% in May from 1.26% in April, driven by an adverse base effect and a sharp increase in food prices. The inflation rate for food items reached 9.82%, contrasting with -3.61% in May 2023.



INTERNATIONAL NEWS UPDATES

- **Fed's interest rate policy outlook:** Investors digested the latest Federal Reserve interest rate news after the central bank announced that it would hike rates by 25 basis points last week. That marked the ninth consecutive interest rate increase and was in line with expectations. Fed Chairman Jerome Powell indicated that the central bank's battle to bring inflation to 2%
- **Deutsche Bank shares slide 13% after sudden spike in the cost of insuring against its default:** Deutsche Bank shares fell by more than 13% following a spike in credit default swaps last week, as concerns about the stability of European banks persisted. The German lender's shares retreated for a third consecutive day and have now lost more than a fifth of their value so far this month. Credit default swaps — a form of insurance for a company's bondholders against its default — leapt to 173 basis points from 142 basis points
- **Bank of England hikes interest rates by 25 basis points after inflation surprises:** The Bank of England hiked interest rates by 25 basis point as it grapples with persistent high inflation against the backdrop of concerns over the banking system. The Monetary Policy Committee voted 7-2 in favor of raising the Bank rate to 4.25%, in a widely anticipated move after official data showed that U.K. inflation unexpectedly jumped to an annual 10.4%
- **Jack Dorsey Loses \$526 Million Net Worth Hours After Hindenburg Report :** Block Inc. co-founder Jack Dorsey's net worth was hammered after Hindenburg Research's latest report, claiming Block had inflated user metrics, and that the stock has downside of 65% to 75% "on a purely fundamental basis." The company denied the allegations and said it plans to explore legal action against the short-seller. His fortune plunged by \$526 million his worst single-day decline.
- **UBS Deals with Credit Suisse for acquisition at \$3.25 Billion:** The Union Bank of Switzerland buys the bankrupt Credit Suisse for \$3.25 Billion. This was decided to lessen the economic burdens rising across the globe. Credit Suisse has faced major scandals and financial losses in recent times. The chairperson of Switzerland's Financial Market Supervisory Authority claims this deal to be the best possible solution considering the present banking scenarios



Sanjay Singh



EXPERT SPEAK

Who is required to file ITR?

- ◆ You are required to file your ITR if the aggregate of all your income / salary before deduction exceeds the basic exemption limit.
- ◆ You must file ITR if you are a resident of India for income tax purposes and own any asset outside India in your name as a beneficial owner or have an interest in any asset outside India.
- ◆ You must also file your ITR even when you are an authorised signatory for any account maintained outside India, immovable or movable.
- ◆ You are required to file ITR, irrespective of your income level, if you have invested in shares, bonds, or [mutual fund](#) schemes of foreign companies or have Employee Stock Options (ESOPs).
- ◆ You have to file an ITR if you have paid electricity charges of more than rs 1 lakh during the last year, even if the electricity connection is not in your name.
- ◆ You must file your ITR if you have spent over ₹2 lakhs on foreign travel — yours or any other person, as long as you have paid for the trip.
- ◆ You are required to file ITR if [bank deposits](#) in your name exceed ₹50 lakh combined in one or more savings accounts, or exceeds rs 1 crore in one or more current accounts.
- ◆ You are required to file ITR, irrespective of your income level, if the value of all your sales from business exceeds ₹60 lakh rupees.

When Is The Last Day To File ITR?

The last date for filing income tax returns for FY23-24 (Assessment Year 2024-25) is July 31, 2024. That is the end of this month.

What If You Miss The Deadline?

Taxpayers who miss the July 31 deadline can still file a delayed return by December 31, 2024, for FY23-24 / AY24-25.



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GIVE YOUR VALUABLE FEEDBACK

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