



A Monthly E-Newsletter

Vol 03 Issue 08

August 2022

# The Bottom Line

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## KEY METRICS

### Indices

BSE SENSEX	57,570	8.58%	▲
NSE NIFTY50	17,158	8.73%	▲
NASDAQ Composite	12,391	12.35%	▲
NIKKEI 225	27,802	5.34%	▲

### Currency

USD/INR	79.34	-0.49%	▼
EURO/INR	81.07	2.04%	▲
GBP/INR	96.52	-0.41%	▼
JPY/INR	0.60	-2.36%	▼

Note: The month-on-month movement as on July 29, 2022 is represented in percentages  
Source: Yahoo Finance, Investing.com



# DIRECT TAX

## Notifications/Circulars

### Time limit for e-verification of ITR reduced to 30 days

CBDT reduces time limit for e-verification of ITR from 120 to 30 days from the date of filing of ITR electronically. This will apply for ITRs filed on or after August 01, 2022.

*Notification No. 5/2022 dated July 29, 2022*

### Various forms/returns notified for mandatory electronic filing

CBDT has notified a list of twelve forms/ reports/ statements required to be furnished electronically. These include:

- Form 3CEF - Annual compliance report on advance pricing agreement
- Form 10F - Certificate for claiming relief under tax treaties
- Form 68 - Application to grant immunity from imposition of penalty
- Form 28A - Intimation to AO regarding the notice of demand for payment of advance tax

*Notification No. 3/2022 dated July 16, 2022*

### FAQs on AIS released

CBDT released FAQs on AIS explaining its meaning, functionality and its differences with Form 26AS. It covers the procedure to access AIS through the Income Tax portal and clarifies on its various components viz. General Information, TDS/ TCS information, SFT Transactions, Payment of Taxes, Demand and Refund and Other information. Further, a video tutorial in this regard has also been released on YouTube.

*FAQs on AIS (Annual Information Statement) | Income Tax Department*

## Judicial Rulings

### Section 14A amendment not retrospective

The amendment to Section 14A of the Income Tax Act made for removal of doubts cannot be presumed to be retrospective, even where such language is used, if it alters or changes the law as it earlier stood. Reliance was placed on the Memorandum to the Finance Bill, 2022 which clearly provides that the amendment made to Section 14A will take effect from April 1, 2022 and will apply in relation to the AY 2022-23 onwards.

*ERA Infrastructure (India) Ltd (Delhi High Court)*

### Revised return not a substitute of original return

Supreme Court held that a revised return cannot be filed to withdraw the claim for deduction and subsequently claim the carried forward or set-off of any loss. Revised return under section 139(5) can only be filed to correct an omission or wrong statement in the original return filed under section 139(1) and cannot substitute the original return.

*Wipro Ltd. (Supreme Court)*

### Revisionary order invalid in the absence of DIN

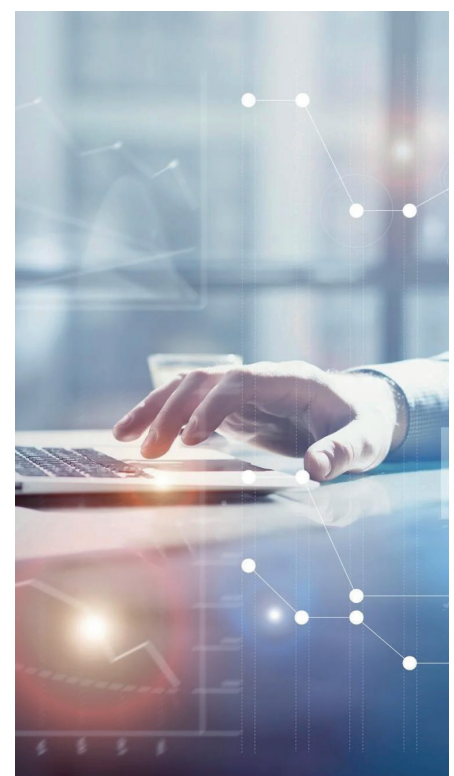
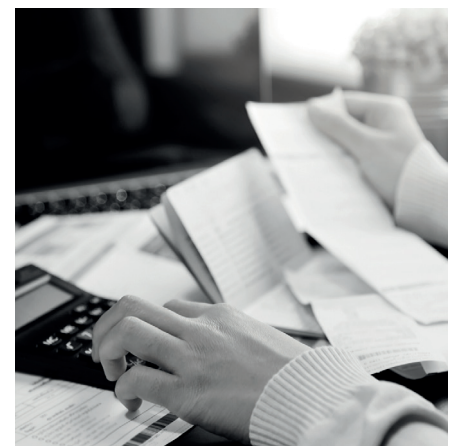
Kolkata Tribunal held that a lapse in following the guidelines laid down under the CBDT's Circular No.19/2019, on mandatory requirement of DIN in correspondences of the tax department, will render the revisionary order under section 263 as invalid and deemed to have never been issued.

*Tata Medical Centre Trust (Kolkata ITAT)*

Time limit for e-verification of ITR reduced to 30 days

FAQs on AIS released

Revised return is not a substitute of original return, rules SC



# INDIRECT TAX

## Circulars / Notifications

### Provisions of Finance Act, 2022 notified

Changes brought in vide Finance Act, 2022 have now been notified:

- Interest shall be payable on wrongly availed ITC only upon utilization, with retrospective effect from July 1, 2017
- Tax, interest, penalty, fee or any other amount as available in the electronic cash ledger can be transferred to a distinct person under the head integrated tax or central tax
- Balance available in electronic cash ledger under one tax head can be transferred to any other tax head.

*Notification No. 09/2022-Central Tax dated July 05, 2022*

### Revised threshold for filing Annual Return

Threshold for filing Annual Return in Form GSTR-9/9A for FY 2021-22 shall now be exceeding INR 20 million of aggregate turnover.

*Notification No. 10/2022-Central Tax dated July 05, 2022*

### Extension of time limit for various compliances

- Time period from March 01, 2020 to Feb 28, 2022 to be excluded from the calculation of limitation period for filing the refund claim by the applicant and also for issuance of demand/Order in respect of erroneous refunds
- Limitation under Section 73 of CGST Act, 2017 for the FY 2017-18 for issuance of Order in respect of demands linked with due date of annual return, extended till September 30, 2023.

*Notification No. 13/2022-Central Tax dated July 05, 2022*

### Amendments in the CGST Rules, 2017

Following key amendments have been made in the CGST Rules, 2017:

- No requirement to reverse ITC by the exporters for exempted supply of Duty Credit Scrips
- Where a registered person is not required to issue e-invoice, though the aggregate turnover exceeds the limit prescribed for applicability of e-invoice, the invoice should contain a declaration as specifically prescribed in this regard
- Payment of GST liability can now be made through Unified Payment Interface (UPI) and Immediate Payment Service (IMPS)
- Revision in the format of form GSTR-3B to include disclosure of supplies made through e-commerce operator
- Various revisions have been prescribed in Forms GSTR-9 and 9C and other payment and refund forms.

*Notification No. 14/2022-Central Tax dated July 05, 2022*

### Clarification on disputed issues

The key clarifications are:

- The ITC on food & beverages, travel benefit extended to employees and various other expenses as mentioned in clause (b) of Section 17(5) of the CGST Act shall be eligible provided it is obligatory for an employer to provide the same to its employees under any law for time being in force
- Perquisites provided by employer to the employee in terms of employment agreement entered into between the employer and the employee, will not be subject to GST

- Any payment towards output tax can be made by utilization of the amount available in the electronic credit ledger.

*Circular No. 172/04/2022-GST dated July 06, 2022*

## Judicial Rulings

### Export of services

The services being provided were international roaming services to FTOs located outside India. However, subscribers of FTOs were located in India and services were rendered accordingly. It was held that, place of supply provisions related to performance based services cannot be applicable because here the services have not been provided to an "individual" rather to FTOs. Thus, place of supply under the general rule shall be the place of recipient of services and the said services shall qualify for export of services.

*M/s Vodafone Idea Ltd (Bombay High Court)*

### GST TRAN-1/TRAN-2 filing

The Apex Court settles the long standing issues related to TRAN-1 and TRAN-2 filing and has disposed off batch of 400 appeals. They have now directed the GSTN portal to be kept open between September 1 and October 31, 2022 for uploading these transitional credit forms. Extending the benefit to all GST registered taxpayers, the Court stated that GSTN should make sure there are no technical glitches this time. The claims so filed now should be verified within 90 days and Orders should be passed on merit.

*M/s Filco Trade Centre Pvt Ltd (Supreme Court of India)*

# CORPORATE & ALLIED LAWS

## Circulars / Notifications

### Clarification on spending of CSR funds for “Har Ghar Tiranga” campaign

MCA has clarified that spending of funds towards the ‘Har Ghar Tiranga’ campaign would be considered an eligible CSR activity under the section 135 of the Companies Act, 2013. It has further clarified that spending of CSR funds for activities with respect to mass scale production and supply of the National Flag, outreach and amplification efforts, and other related activities, are eligible CSR activities.

*General Circular No. 08/2022 dated July 26, 2022*

### International Trade Settlement in INR

RBI has permitted trade settlements between India and other countries in Indian Rupees. The key aspects are:

- Additional arrangements for invoicing, payment, and settlements of exports/imports in Indian rupees

- Exchange rate between currencies of two trading partner countries may be market determined and the entire process will be carried out using a special Vostro account
- Rupee surplus balance accumulated in such account may be used for permissible capital and current account transactions in accordance with mutual agreement.
- The bank of a partner country (with which import/export has to be done) may approach the AD bank in India for opening of Special INR Vostro account
- The AD bank will seek approval from the RBI with details of the arrangement to go forward
- AD banks in India have been permitted to open Rupee Vostro Accounts
- Accordingly, for settlement of trade transactions with any country, AD bank in India may open Special Rupee Vostro Accounts of correspondent bank/s of the partner trading country
- Indian traders undertaking imports via this mechanism shall make payments in rupees which shall be credited into the Special Vostro account of the correspondent bank of the partner country
- Indian exporters shipping goods and services under this mechanism shall be paid export proceeds in rupees from the balances in the designated Special Vostro account of the correspondent bank of the partner country.

*RBI/2022-2023/90 A.P. (DIR Series) Circular No.10 dated July 11, 2022*

Clarification on spending of CSR funds for “Har Ghar Tiranga” campaign

RBI permits specified International Trade Settlement in INR



## CFO WATCH

Format for preparation of financial statements of LLPs prescribed by ASB of ICAI

Disclosure & presentation of CCDs to be made as per various Ind AS

Equity shares subject to contractual sale restriction not to be considered for calculation of fair value

### Technical guide on preparation of financial statements of LLPs

ASB of ICAI has prescribed the format for Balance Sheet, Cash Flow Statement and Profit and Loss Account applicable for LLPs in its technical guide on 'Financial Statements of Non-Corporate Entities'.

### Guidance Note on disclosures and presentation for CCDs

Expert Advisory Committee of ICAI in its guidance note on Disclosures and Presentation for CCDs that are classified in their entirety as a financial liability has stated that disclosures should be made as per the applicable requirements of Ind AS 32, Ind AS 107, Financial Instruments: Disclosures, Ind AS 113, Fair Value Measurement and Schedule III (Division II – applicable to entities preparing their accounts in accordance with Ind AS) to the Companies Act, 2013.

### Fair valuation measurement guidance for equity shares by FASB

FASB provides clarifications on the principles for measuring fair value of an equity security which is subject to a contractual sale restriction. In such a case, a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and is not considered in measuring fair value. Further, an entity cannot, as a separate unit of account, recognise and measure a contractual sale restriction. This is applicable for public business entities for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years, while for other entities, they would be effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Early adoption is also permitted.



## MERGERS & ACQUISITIONS

Proposed amendments in Competition Law to bring deals in digital business under review

Among many statutes that may impact a M&A transaction, one that ensures effective competition and a level playing field are the anti-trust laws in the form of Competition Act, 2002. The Indian regulator on the subject, the Competition Commission of India ('CCI') ensures that the markets are free of anti-competitive structures and practices having Appreciable Adverse Effect on Competition (AAEC). The government is reported to soon introduce a threshold based on transaction value for any acquisition involving substantial operations in India and worth INR 2,000 crores.

Currently, the law requires a company pursuing a transaction to seek CCI's approval based on asset size and turnover. Such approval is mandatory for transactions involving asset size over INR 2,000 crore/ turnover above INR 6,000 crore at an enterprise level and asset size above INR 8,000 crore/turnover above INR 24,000 crore at a group level. Additionally, CCI provides exemption to report if the target entity has assets less than INR 350 crore or turnover less than INR 1,000 crore in the financial year prior to transaction. Due to such thresholds, most of the transactions in the digital space escape scrutiny by CCI on account of low assets or low turnover while the transaction values were significant. Some of these deals include Facebook-Whatsapp, Microsoft-LinkedIn. While the new criterion will be applicable to all deals, it will be a significant change for transactions involving digital businesses which did not fall under the CCI purview yet.

The proposed amendment, when approved, shall be strong step towards tightening oversight and widening authority over M&A transactions.



# IN THE NEWS



## Seminars

### **Current Business Environment and Mitigation of Risks through Hedging** - July 06, 2022

*Speaker:* Ganesh Sankararaman, Vice President, Sify Technologies

ASA organized a Knowledge Session on 'Current Business Environment and mitigation of Risks through Hedging'. The session covered various key attributes of the current business environment viz. opportunities & challenges, digital transformation and future technologies, VUCA Environment, hedging tools and applications and how to hedge ourselves in VUCA Situation.

### **Financial Reporting & Control** - July 21, 2022

*Speaker:* Parveen Kumar, National Head, Assurance

Parveen was invited as a speaker by ASSOCHAM for their 2nd International Conference on

'Financial Reporting & Control'. The topics covered in the discussion were emerging developments, challenges and solutions around financial reporting and control.

### **Auditing Consideration in Schedule III** - July 22, 2022

*Speaker:* Nitin Gupta, Executive Partner, Assurance

Nitin was invited to speak at the Amritsar Branch of ICAI on the topic of 'Auditing Consideration in Schedule III' and had an interactive deliberation with the attendees.

### **Indian Accounting Firms Going Global** - July 23, 2022

*Interviewee:* Ajay Sethi, Managing Partner

Ajay gave an interview to The Finance Story where he spoke about his journey and how Indian Accounting Firms are going global in this decade. He also shared his

views on technology, diversity, and many other interesting topics.

### **Marketing Roadmap and the New Marketing Mandates by Business Leaders** - July 25, 2022

*Speakers:* Kim Collaco, Executive Director, International Affairs and others

Kim was invited by the Indo-French Chamber of Commerce & Industry for a panel discussion on the 'Marketing Roadmap and the New Marketing Mandates by Business Leaders'. The panel discussed how the profile of marketing function has evolved over time and new marketing mandates are set by business leaders.



# GLOSSARY



## AD

Authorized Dealer

## AIS

Annual Information Statement

## AO

Assessing Officer

## ASB

Accounting Standard Board

## CBDT

Central Board of Direct Taxes

## CCD

Compulsory Convertible Debenture

## CSR

Corporate Social Responsibility

## DIN

Director Identification Number Agreement

## FASB

Financial Accounting Standards Board

## FAQ

Frequently Asked Question

## FTO

Foreign Telecom Operator

## GST

Goods and Services Tax

## ICAI

Institute of Chartered Accountants of India

## Ind AS

Indian Accounting Standard

## INR

Indian Rupee

## ITAT

Income Tax Appellate Tribunal

## ITC

Input Tax Credit

## ITR

Income Tax Return

## LLP

Limited Liability Partnership

## M&A

Mergers & Acquisitions

## MCA

Ministry of Corporate Affairs

## RBI

Reserve Bank of India

## SFT

Statement of Financial Transaction

## TCS

Tax Collected at Source

## TDS

Tax Deducted at Source

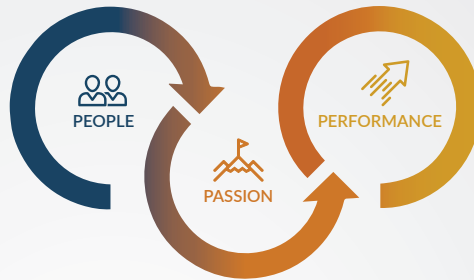
## VUCA

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