

NEWSLETTER

Volume IX – 2022-23

J P Chawla & Co. LLP

Chartered Accountants

Taxation | Audit | Outsourcing | Regulatory | Transaction Advisory | Business Intelligence



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With the goal of removing duties on 85% of Australian goods shipped to India, a free trade agreement between Australia and India has taken effect. The products include essential minerals, Australian lamb, wool, cotton, and oats, as well as cosmetics.

Further, despite inflation and several macroeconomic shocks, India remains "an oasis in this era of uncertainty," according to a report. The survey compared the cost of living in India to the United States, the United Kingdom, and Germany; in terms of food prices, India outperformed the other countries.

In Indirect Taxes, GST authorities have rolled out notifications and circulars.

In Direct Taxes, the CBDT has provided relaxation of electronic submission of form 10F to the non-residents.

In regulations, the ministry of corporate affairs is launching Second set of Company Forms covering 56 forms in two different batches on the MCA21 V3 portal.

Further, SEBI vide its general circular dated 9th December 2022, brings a framework for foreign investment in Alternative Investment Funds. SEBI came out with a framework for alternative investment funds (AIFs) raising capital from foreign investors.

We sincerely hope this volume of newsletter will update you regarding new developments in Business, Tax, Assurance & Accounting, and regulations.

Happy Reading!!

Sincerely Yours,

Rajat Chawla
Director & CEO
New Delhi

The India-Australia free trade deal will enter into force on December 29

In April, the two countries signed an interim free trade pact known as the Economic Cooperation and Trade Agreement (ECTA). Australia pledged to lower customs taxes on 98.3% of traded commodities and 100% of tariff lines during a five-year period as part of the agreement. India will remove tariffs on 40% of products immediately and on 70% of tariff lines over the next ten years. Textiles and textiles, agricultural products, leather, furniture, jewellery, and pharmaceuticals are just a few of the labour-intensive industries in India that will benefit from the repeal of the 5% customs duty. India had a trade deficit with Australia of US\$ 8.5 billion in FY22, with US\$ 8.3 billion in exports and US\$ 16.8 billion in imports. Bilateral commerce is expected to expand from \$25 billion to \$45-50 billion in five years once the trade agreement goes into effect.

Small and medium-sized firms are the main job creators in India, with a 60% growth rate

The emerging small enterprises are from tier 1 and 2 cities, which will create more than 2.1 million jobs by 2022. Tier 1 cities include Mumbai, Bengaluru, Delhi-NCR, Pune, Ahmedabad, and Jaipur, among others, and Tier 2 cities include Bhopal, Indore, Bhubaneswar, Ranchi, and Kanpur, among others, accounting for 40% of all positions posted by SMEs during the year.

Textile production-linked incentive plan receives US\$ 185 million (Rs 1,536 crores) investment

The PLI scheme for textiles was developed to encourage the manufacturing of man-made fibres (MMF) garments, MMF fabrics, and technological textile goods in the country and to enable India's textile sector to grow in size and scale.

The US\$ 1.2 billion (Rs. 10,684 crores) Production Linked Incentive (PLI) scheme for India's textiles sector has received US\$ 185 million in investments (Rs. 1,536 crores).

In the first half of FY22-23, the auto components industry grew by 34.8% to US\$ 32 billion (Rs. 2.65 trillion)

According to the Automotive Component Manufacturers Association, India's auto components business grew 34.8% to US\$ 32 billion (Rs. 2.65 trillion) in the first half (H1) of FY 2022-23. (ACMA). Domestic demand was driven mostly by the passenger vehicle category.

During this time period, car component exports climbed by 8.6% to US\$ 10.1 billion (Rs. 79.03 trillion), while imports increased by 17.2% to US\$ 10.1 billion (Rs. 79.8 trillion).

According to Mr. Sunjay Kapur, President of ACMA, the availability of semiconductors, high input raw-material costs, and the lack of container availability aided in driving the first half of FY22-23.

In 2023, the renewable energy sector is expected to grow, with investments totalling more than \$25 billion

With an oil price shock threatening to disrupt economies throughout the world, the attention has switched to renewable energy, with over US\$ 25 billion (Rs 2 lakh crores) planned investment in India for exploiting sunshine, water, and air to produce electricity. As a result, in 2022, the government pushed for the adoption of electric vehicles, the manufacture of green hydrogen, the manufacturing of solar equipment, and energy storage in order to meet the government's ambitious 500 GW renewable capacity target by 2030.

By 2026, India's public cloud service market is expected to be valued at US\$ 13 billion

According to International Data Corporation (IDC), India's public cloud service industry is predicted to be worth US\$ 13 billion by 2026, with a compound annual growth rate (CAGR) of 23.1% from 2021 to 2026.

Through Public Cloud Service, computing and storage applications are made available to organisations and individuals on demand via the public internet (PCS). A private cloud model's resources are solely available to a single organisation.

According to a report, the Indian telecom market will increase by US\$ 12.5 billion every three years

Every three years, the Indian telecom industry is predicted to grow by US\$ 12.5 billion. Aside from that, the market for Augmented Reality (AR) and Virtual Reality (VR) is estimated to reach US\$ 1.6 billion by 2025. With the advent of 5G, approximately 90% of consumers will prioritise the digitally improved purchasing experience.

India outperforms the United States, the United Kingdom, and Germany in controlling the cost of living amid an economic slowdown: Report

Despite inflation and a number of macroeconomic shocks, India remains "an oasis in this era of uncertainty," according to a report. The survey compared the cost of living in India to the United States, the United Kingdom, and Germany; in terms of food prices, India outperformed the other countries.



Indirect Tax

Notification No. 25/2022 Central Tax -13th December 2022

Extension of due date for filing GSTR-1 of November 2022

Due date for filing GSTR-1 has been extended from 11th to 13th December 2022 for all registered person whose principal place of business is in the districts of Chennai, Tiruvallur, Chengalpattu, Kancheepuram, Tiruvannamalai, Ranipet, Vellore, Villupuram, Cuddalore, Thiruvallur, Nagapattinam, Mayiladuthurai and Thanjavur in the state of Tamil Nadu.

Notification No. 26/2022 Central Tax -13th December 2022

Amendment in CGST Rules 2017 (fifth amendment)

The gist of amended rules are as follows:

- For GST registration purposes, one time password (OTP) shall be sent to the registered mobile number and e-mail linked with Permanent Account Number (PAN).
- Sub-Rule 4A of Rule 8 of CGST Rules 2017 state that registration application process shall be deemed to be completed only after completion of Aadhaar authentication.
- **Form REG-02** (acknowledgement of application) shall be issued to the applicant on received of application under sub-rule 4A.
- In Rule 9 physical verification of place of business shall be done even the application has verified the Aadhaar authentication based on data analysis and risk parameters.
- Taxpayers who are no longer liable to deduct tax at source and collect tax at source may file an application on common portal for cancellation of such registration. [sub-rule 3 rule 12]
- Registered person who has availed the input of any invoice which has been furnished by the supplier in Form GSTR-1 return of respective month however the same has not been paid by supplier in Form GSTR-3B till the month of 30th September of following the end of financial year. Such amount required to be reversed by registered person in Form GSTR-3B return on or before 30th November of following the end of financial year. However, where the registered person does not reverse the amount, such amount is liable to be paid along with interest thereon. [Rule 37A]
- Provided further that the registered person can re-avail the input against the invoice in Form GSTR-3B if the supplier has furnished the Form GSTR-3B of the respective period return subsequently.
- Any taxable service is provided by or through an e-commerce operator or by a supplier of OIDAR services to an un-registered person, a tax invoice issued by the supplier irrespective of value of supply shall contain the following details, namely [clause f of Rule 46]
 - a. Name and address of recipient.
 - b. Name of state and Pin Code.The address mentioned on the invoice shall be deemed to be the address on record of the recipient.

- Registered person to whom an intimation has been issued for differences in filed GSTR-1 and GSTR-3B return, the said person shall not be allowed to furnish details of outward supplies in Form GSTR-1 of subsequent period unless he has paid the amount or furnished a reply for reason of such differences. [Clause d of sub-rule 6 of Rule 59]
- Where the bank fails to update the details of challan identification number on common portal, the Electronic Cash ledger may be updated on the basis of e-scroll of Reserve Bank of India. [sub-rule 8 of Rule 87]
- Where the differences are found in filed Form GSTR-1 and Form GSTR-3B of respective period, the registered person shall be intimated of such differences through Form DRC-01B on common portal and a copy of such intimation shall also be sent of his registered e-mail id. The intimation contains the details of differences and directing the taxpayers to either pay the differential amount along with interest or explain reason of such differences on common portal within seven days.
- **The registered person shall be required to take following actions in this regard-**
 - a. Pay the differential amount along with interest thereon and submit the details of such payment in Part-B of Form DRC-1B on common portal and
 - b. Furnish a reply on the common portal stating the reason of such differences and Part-B of Form DRC-1B shall remain un-paid.

Provided that where the amount is unpaid, and no reply is furnished by the registered person and the proper officer found that the reply is not acceptable, the amount may be recovered through the provision of Section 79 of the Act.



Circular No. 183/15/2022 Central Tax -27th December 2022

Clarification to deal with difference in Input Tax Credit (ITC) availed in FORM GSTR-3B as compared to that detailed in FORM GSTR-2A for FY 2017-18 and 2018-19

Question	Clarification
<p>Where the supplier has failed to file FORM GSTR-1 for a tax period but has filed the return in FORM GSTR-3B for said tax period, due to which the supplies made in the said tax period do not get reflected in FORM GSTR-2A of the recipients.</p>	<p>Proper officer shall check the eligibility of ITC in terms of section 16 & 17 of CGST Act 2017.</p>
<p>Where the supplier has filed FORM GSTR-1 as well as return in FORM GSTR-3B for a tax period but has failed to report a particular supply in FORM GSTR-1, due to which the said supply does not get reflected in FORM GSTR-2A of the recipient.</p>	<p>The proper officer shall may ask such registered person to</p> <ul style="list-style-type: none">- produce a CA certificate stating that the supplies are actually made by the supplier and tax has been paid in respect of such supplies in its GSTR-3B if differential ITC exceeds INR 5 Lacs- produce certificate from respective suppliers stating that the supplies are actually made by him, and tax has been paid in respect of such supplies in its GSTR-3B if differential ITC does not exceed INR 5 Lacs
<p>Where supplies were made to a registered person and invoice is issued as per Rule 46 of CGST Rules containing GSTIN of the recipient, but supplier has wrongly reported the said supply as B2C supply, instead of B2B supply, in his FORM GSTR-1, due to which the said supply does not get reflected in FORM GSTR-2A of the said registered person.</p>	
<p>Where the supplier has filed FORM GSTR-1 as well as return in FORM GSTR-3B for a tax period, but he has declared the supply with wrong GSTIN of the recipient in FORM GSTR-1.</p>	<p>In addition to above measures the proper officer can intimate the concerned jurisdictional tax officer whose GSTN mentioned wrongly, that ITC on those transactions is required to be disallowed.</p>

Notification No. 25/2022 Central Tax -13th December 2022**Circular No. 184/16/2022 Central Tax -27th December**
Clarification on the entitlement of input tax credit where the place of supply is determined in terms of the proviso
to sub-section (8) of section 12 of the Integrated Goods and Services Tax Act, 2017

In order to clarify the place of supply in respect of transportation of goods by virtue of proviso of section 12(8) of IGST Act, the government vide this circular clarifies that in case of such services when supplied by the registered person to other registered person by transporting the goods outside India, then the place of supply shall be outside India and the supplies shall be considered as inter state supplies. The recipient of such services shall be eligible to take input tax credit subject to fulfilment of other conditions of section 16 and 17 of CGST Act 2017.

Circular No. 186/18/2022 Central Tax -27th December 2022

Clarification on various issue pertaining to GST

- It has been clarified that the no claim bonus given by the insurance company shall not be considered as taxable supplies as there is no contractual obligation on part of the customer/insured. However, the same can be considered as discount in terms of section 15(3)(a) of CGST Act 2017 subject to the same is provided in the invoice.
- In terms of Notification No. 13/2020-Central Tax dated 21st March, 2020, as amended, certain entities/sectors have been exempted from mandatory generation of e-invoices as per sub-rule (4) of rule 48 of Central Goods and Services Tax Rules, 2017. It is hereby clarified that the said exemption from generation of e-invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity



Direct Tax

Relaxation of electronic submission of Form 10F.

The CBDT has provided relaxation to the Non-Residents who are not having PAN and not required to have PAN as per Income Tax Act, 1961 are exempt from mandatory electronic filing Form 10F till March 31st, 2023 and for the sake of clarity, the taxpayer may make statutory compliance of filing Form 10F till March 31st, 2023.

- [F. No. DGIT(S)-ADG(S)-3/e-Filing Notification/Forms/2022/9227]

Master Circular for Income Tax deduction from Salaries

The CBDT has notified the master circular for Income Tax deduction from salaries under section 192 of Income Tax Act, 1961 for FY 2022-23.

- [Circular No. 24/2022]

Clarification for Section 269ST.

The CBDT has received query regarding applicability of Section 269ST for Milk Producers' Cooperative, whether the receipt of cash on a day of bank holiday or closure of bank day within the prescribed limit from a distributor against sale of milk when payment were made through bank on all days is to be treated as an single transaction or whether all such receipts in a cash in a previous year would be aggregated in respect of transactions with a distributor to treat it as one event or occasion.

The CBDT has clarified that a dealership/distributorship contract may not constitute an event or occasion for the purpose of Section 269ST (c) of Income Tax Act, 1961. Receipt related to such a dealership/distributorship contract by the Co-operative Society on any day in a previous year, which is within 'the prescribed limit' and complies with clause (a) as well as clause (b) of Section 269ST, may not be aggregated across multiple days for purposes of clause (c) of Section 269ST for that previous year.

- [Circular No. 23/2022]

Income Tax Judgement – Institutions charging market rate ineligible for income tax registration u/s 12AA, 80G.

Hyderabad ITAT uphold the CIT(E) order rejecting the application under Section 12AA, 10(23C), 80G by holding that the assessee is involved in the nature of trade and providing services at market rates. ITAT held that assessee is charging on the basis of commercial rates from the patients, either outdoor/indoor and the assessee has failed to demonstrate that the charges/fee charged by it were on a reasonable markup on the cost and ITAT relies on the recent SC ruling in Ahmedabad Urban Development Authority on the issue of generating profit, upholds CIT(E) order.

- [TS-950-ITAT-2022(HYD)]

Indian Accounting Standards/Accounting Standards

Exposure Drafts of Amendments to Ind AS 1 and Ind AS 116

Indian Accounting Standards (Ind AS) are based on the IFRS Standards issued by the International Accounting Standards Board (IASB). In this regard, it may be noted that IFRS Standards are being issued/revised by the IASB from time to time. As a part of convergence with IFRS Standards, the Ind AS may be issued/revised corresponding to the IFRS Standards. Accordingly, whenever any amendments are made or new IFRS Standard/IFRIC is issued by the IASB, the Accounting Standards Board (ASB) of the ICAI considers those amendments and other related aspects for amending the corresponding Ind AS.

In this regard, the Accounting Standards Board has issued the following Exposure Drafts:

Ind AS	Amendment related to	ink for document of exposure draft
Ind AS 1, Presentation of Financial Statements	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	https://resource.cdn.icai.org/72564asb58459-indas1.pdf
AS 116, Leases	Lease Liability in a Sale and Leaseback	https://resource.cdn.icai.org/72565asb58459-indas116.pdf

Above exposure draft is out for public comments and comments can be offers by 30th January 2023.

Audit and Assurance

Implementation Guide to SA 230, Audit Documentation

The Auditing and Assurance Standards Board (AASB) is a non-standing Committee of the Institute of Chartered Accountants of India (ICAI). The main objective of AASB is formulating Engagement and Quality Control Standards (standards on auditing, review, other assurance, quality control and related services). The Board also formulates Guidance Notes on generic as well as industry specific issues in auditing, Technical Guides, Implementation Guides and other publications for guidance of the members. The Board organizes regular awareness programmes on auditing standards, reporting requirements of Companies Act, 2013 and other auditing aspects to update knowledge of the members.

Implementation Guides to Standards on Auditing are an important resource for auditors in applying the principles of these Standards in real life audit scenarios. In 2013, AASB of ICAI had brought out the publication, "Implementation Guide to SA 230, Audit Documentation". The Implementation Guide was last revised in 2018. I am happy to note that AASB has brought out this thoroughly revised edition of the "Implementation Guide to SA 230, Audit Documentation". The revised edition of the Implementation Guide has been written in simple and easy to understand language in a "Question-Answer" format containing frequently asked questions (FAQs) on SA 230 and responses to those FAQs.

Document for this implementation guide is available on <https://resource.cdn.icai.org/72414aasb58321.pdf>

Regulations

THE MINISTRY OF CORPORATE AFFAIRS ('MCA'/MINISTRY)

MCA to release the 56 Company Forms on the MCA21 (Version 3) V3 portal in two batches.

The Ministry is launching Second set of Company Forms covering 56 forms in two different batches on the MCA21 V3 portal. The First batch includes 10 out of 56 forms which will be launched on 9th January 2023 and the remaining 46 forms will be launched on 23rd January 2023.

In light of the above, the following forms will be rolled-out on 09th January 2023: SPICe+ PART A, SPICe+ PART B, RUN, AGILE PRO-S, INC-33, INC34, INC-13, INC-31, INC-9 and URC-1

Clarification of holding of Annual General Meeting (AGM) through Video Conference (VC) or Other Audio-Visual Means

In continuation to the General Circular number 02/2022 dated 5th May 2022, the Ministry, vide General Circular Number 10/2022 dated 28th December 2022 has extended the time period till 30th September 2023 in order to allow the Companies, whose Annual General Meeting ('AGM') are due in the year 2023, to conduct their AGM on or before 30th September 2023 through Video Conference (VC) or Other Audio-Visual Means.

It is further clarified that this circular shall not be construed as conferring any extension of time for holding AGMs by the Companies under the Companies Act, 2013.

Securities and Exchange Board of India ('SEBI')

RBI issues consolidated guidelines on unhedged foreign currency exposure

SEBI vide its general circular dated 9th December 2022, brings a framework for foreign investment in Alternative Investment Funds. SEBI came out with a framework for alternative investment funds (AIFs) raising capital from foreign investors. At the time of onboarding investors, the manager of an AIF would have to ensure that the foreign investor is a resident of a country whose securities market regulator is a signatory to the International Organization of Securities Commission's (IOSCO) Multilateral Memorandum of Understanding or a signatory to a bilateral Memorandum of Understanding with SEBI.

Further, the investor contributing 25 per cent or more in the corpus should not be a person mentioned in the Sanctions List notified by the United Nations Security Council and should not be a resident in a country identified in the public statement of the Financial Action Task Force (FATF)

TAX CALENDAR																																		
January-2023																																		
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue																		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
Date	Regulation	Obligation																														Form/Challan No.		
7	FEMA	- Last date of reporting of actual transactions of External Commercial Borrowings (ECB) through AD Bank under FEMA																														ECB-2		
7	Income Tax	- Last date of online payment of Tax deducted at source/Tax collected at source for the month of December-2022																														Challan 281		
10	GST	- Last date of filing Form GSTR 7 for the month of December-2022 (to be filed by the e-commerce operators required to deduct TDS under GST)																														GSTR-7		
10	GST	- Last date of filing Form GSTR 8 for the month of December-2022 (to be filed by the person required to deduct TDS under GST)																															GSTR-8	
11	GST	- Last date of filing Form GSTR 1 for the month of December-2022 for the taxpayer for taxpayer not in QRMP scheme																															GSTR-1	
13	GST	- Last date of filing Form GSTR 1 for the quarter ended December-2022 for the taxpayer who has chosen quarterly filing																															GSTR-1	
13	GST	- Last date of filing Form GSTR 6 for the month of December-2022 (to be filed by input service distributor)																															GSTR-6	
13	GST	- Last date of filing Form GSTR 5 and payment of GST for the month of December-2022 (to be filed by non-resident person)																															GSTR-5	
14	Income Tax	- Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, and 194-IM in the month of November-2022																															Form 16B & 16C	
15	Income Tax	- Due Date for furnishing quarterly statement of TCS for the quarter ending December-2022																															Form No. 26EQ	
15	Income Tax	- Due Dates for furnishing of Form 15G/15H declarations received during the quarter ending December-2022																															Form No. 15G/15H	
15	Provident Fund	- Last date of online payment of provident fund for the month of December-2022																															PF Challan	
15	ESI	- Last date of online payment of ESI fund for the month of December-2022																															ESI Challan	
20	GST	- Last date of payment of GST and filing of GSTR 3B for the month of December-2022 for taxpayer not in QRMP scheme																															Form GSTR-3B and Form GST PMT -06, in case of payment of GST	
20	GST	- Last date of filing Form GSTR 5A and payment of GST for the month of December-2022 (to be filed by non-resident person)																															GSTR-5A	
22	GST	- Last date of payment of GST for the month of December-2022 for taxpayer in QRMP scheme <i>(GST Registration No. starting from 22 to 37)</i>																															Form GSTR-3B and Form GST PMT -06, in case of payment of GST	
24	GST	- Last date of payment of GST for the month of December-2022 for taxpayer in QRMP scheme <i>(GST Registration No. starting from 01 to 21 and 38)</i>																															Form GSTR-3B and Form GST PMT -06, in case of payment of GST	
25	Provident Fund	- Provident Fund return filing for December-2022 (including pension and insurance scheme form)																																
30	Income Tax	- Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IA, 194-IB, and 194M in the month of December-2022																																Form 26QB & 26QC
30	Income Tax	- Due date for issuing Quarterly TCS certificate in respect of quarter ending December-2022																															Form 27D	
31	Income Tax	- Due Dates for E-Filing of Quarterly TDS Return for the quarter ended December-2022																															Forms 24Q, 26Q, 27Q	
31	Income Tax	- Due Dates for intimation under section 286(1) in Form No. 3CEAC, by a resident constituent entity of an international group whose parent is non-resident																															Form No. 3CEAC	

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