

J P Chawla & Co. LLP

2024



Fineprint

WHAT'S INSIDE _____

A Month That Was	-----	2
GST	-----	3
Direct Tax	-----	6
Regulatory	-----	8
Audit and Accounting	-----	9

A MONTH THAT WAS

Transforming India's Electronics Sector: A Strategic Imperative

A recent report by the Confederation of Indian Industry emphasizes the urgent need for India to shift its electronics sector from import-dependent assembly-led manufacturing to component-level value-added manufacturing. The report reveals that in 2023, India's demand for components and sub-assemblies was USD 45.5 billion, supporting USD 102 billion in electronics production. This demand is projected to soar to USD 240 billion by 2030, underpinning USD 500 billion in production.

Key components like PCBAs, expected to grow at a 30% CAGR, are poised to reach USD 139 billion by 2030. The report advocates for government actions including fiscal support schemes, rationalizing import tariffs, and signing FTAs with European and African nations. Prioritizing critical components such as lithium-ion batteries, camera modules, mechanicals, displays, and PCBs is essential, given their current import dependency.

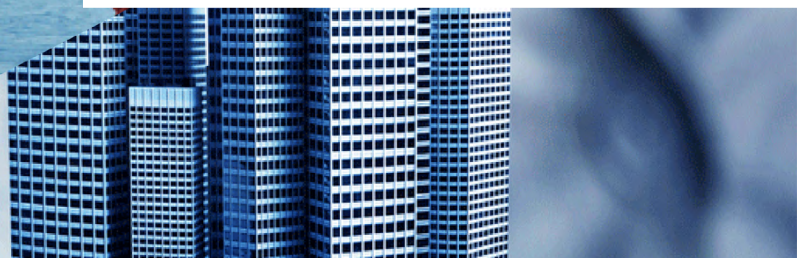
Addressing manufacturing cost disparities and bolstering domestic design and raw material ecosystems are crucial steps. These measures are anticipated to create 280,000 jobs by 2026, reduce import dependency, and significantly enhance India's GDP, solidifying its position as a global electronics manufacturing hub.

ONGC and IOC to Establish Small-Scale LNG Plant in Madhya Pradesh

State-owned Oil and Natural Gas Corporation (ONGC) and Indian Oil Corporation (IOC) have inked a memorandum of understanding (MoU) to set up a small-scale liquefied natural gas (LNG) plant near the Hatta gas field in Madhya Pradesh. The MoU, signed on June 17, marks a significant development for the region.

ONGC's gas discovery in the Vindhyan basin will be transformed into LNG for efficient transportation by trucks to consumers. This initiative will elevate the Vindhyan Basin's status from a Category II to a Category I Basin. ONGC has already submitted its field development plan to the Directorate General of Hydrocarbons to monetize the Hatta area assets.

This 'non-binding MoU' represents a crucial step towards energy self-sufficiency and sustainability, showcasing innovation and collaboration.





Circular No. 207/1/2024-GST

Reduction of Government Litigation – fixing monetary limits for filing appeals or applications by the Department before GSTAT, High Courts and Supreme Court.

The Board, on the recommendations of the GST Council, fixes the following monetary limits below which appeal or application or Special Leave Petition, as the case may be, shall not be filed by the Central Tax officers before Goods and Service Tax Appellate Tribunal (GSTAT), High Court and Supreme Court under the provisions of CGST Act, subject to the exclusions mentioned in para4 below:

Appellate Forum Monetary Limit (amount involved in INR)

GSTAT 20,00,000/-

High Court 1,00,00,000/-

Supreme Court 2,00,00,000/-

While determining whether a case falls within the above monetary limits or not, the following principles are to be considered:

- i. Where the dispute pertains to demand of tax (with or without penalty and/or interest), the aggregate of the amount of tax in dispute (including CGST, SGST/UTGST, IGST and Compensation Cess) only shall be considered while applying the monetary limit for filing an appeal.
- ii. Where the dispute pertains to demand of interest only, the amount of interest shall be considered for applying the monetary limit for filing an appeal.
- iii. Where the dispute pertains to imposition of penalty only, the amount of penalty shall be considered for applying the monetary limit for filing appeal.
- iv. Where the dispute pertains to imposition of late fee only, the amount of late fee shall be considered for applying the monetary limit for filing appeal.
- v. Where the dispute pertains to demand of interest, penalty and/or late fee (without involving any disputed tax amount), the aggregate amount of interest, penalty and late fee shall be considered for applying the monetary limit for filing appeal.
- vi. Where the dispute pertains to an erroneous refund, the amount of refund in dispute (including CGST, SGST/UTGST, IGST and Compensation Cess) shall be considered for deciding whether appeal needs to be filed or not.
- vii. Monetary limits shall be applied on the disputed amount of tax/interest/penalty/late fee, as the case may be, in respect of which appeal or application is considered to be filed in a case.
- viii. In a composite order which disposes more than one appeal/demand notice, the monetary limits shall be applicable on the total amount of tax/interest/penalty/late fee, as the case may be, and not on the amount involved in individual appeal or demand notice.

There are some exclusions in the applicability of the above limits:

- i. Where any provision of the CGST Act or SGST/UTGST Act or IGST Act or GST (Compensation to States) Act has been held to be ultra vires to the Constitution of India; or
- ii. Where any Rules or regulations made under CGST Act or SGST/UTGST Act or IGST Act or GST (Compensation to States) Act have been held to be ultra vires the parent Act; or
- iii. Where any order, notification, instruction, or circular issued by the Government, or the Board has been held to be ultra vires of the CGST Act or SGST/UTGST Act or IGST Act or GST (Compensation to States) Act or the Rules made there under; or
- iv. Where the matter is related to -
 - a. Valuation of goods or services; or
 - b. Classification of goods or services; or
 - c. Refunds; or
 - d. Place of Supply; or
 - e. Any other issue,

Which is recurring in nature and/or involves interpretation of the provisions of the Act /the Rules/notification/circular/order/instruction etc.; or

- v. Where strictures/adverse comments have been passed and/or cost has been imposed against the Government/ Department or their officers; or
- vi. Any other case or class of cases, where in the opinion of the Board, it is necessary to contest in the interest of justice or revenue.

It is pertinent to mention that an appeal should not be filed merely because the disputed tax amount involved in a case exceeds the monetary limits fixed above. Filing of appeal in such cases is to be decided on merits of the case. The officers concerned shall keep in mind the overall objective of reducing unnecessary litigation and providing certainty to taxpayers on their tax assessment while taking a decision regarding filing an appeal.

Circular No. 209/3/2024-GST

Clarification on the provisions of clause (ca) of Section 10(1) of the Integrated Goods and Service Tax Act, 2017 relating to place of supply.

Earlier government had inserted a provision under section 10(1) of IGST Act which state as follows:

“(ca) where the supply of goods is made to a person other than a registered person, the place of supply shall, notwithstanding anything contrary contained in clause (a) or clause (c), be the location as per the address of the said person recorded in the invoice issued in respect of the said supply and the location of the supplier where the address of the said person is not recorded in the invoice.

Explanation. — For the purposes of this clause, recording of the name of the State of the said person in the invoice shall be deemed to be the recording of the address of the said person;”

There is lots of confusion among the industry and therefore to ensure uniformity in the implementation of the provisions of law across the field formations, the Board, in exercise of its powers conferred by section 168 (1) of the Central Goods and Services Tax Act, 2017 hereby clarifies the issues vide following illustration:

Issue: Mr. A (unregistered person) located in X State, places an order on an e-commerce platform for supply of a mobile phone, which is to be delivered to an address located in Y State. Mr. A, while placing the order on the e-commerce platform, provides the billing address located in X state. In such a scenario, what would be the place of supply of the said supply of mobile phone, whether the State pertaining to the billing address i.e., State X or the State pertaining to the delivery address i.e., State Y?



Clarification: As per the provisions of clause (ca) of sub-section (1) of section 10 of IGST Act, where the supply of goods is made to an unregistered person, the place of supply would be the location as per the address of the said person recorded in the invoice and the location of the supplier where the address of the said person is not recorded in the invoice. Further, as per Explanation to the said clause, recording the name of the State of the said unregistered person on the invoice shall be deemed to be the recording of the address of the said person. Accordingly, it is clarified that in such cases involving supply of goods to an unregistered person, where the address of delivery of goods recorded on the invoice is different from the billing address of the said unregistered person on the invoice, the place of supply of goods in accordance with the provisions of clause (ca) of sub-section (1) of section 10 of IGST Act, shall be the address of delivery of goods recorded on the invoice i.e. State Y in the present case where the delivery address is located. Also, in such cases involving supply of goods to an unregistered person, where the billing address and delivery address are different, the supplier may record the delivery address as the address of the recipient on the invoice for the purpose of determination of place of supply of the said supply of goods.

[Circular No. 210/4/2024-GST](#)

[Clarification on valuation of supply of import of services by a related person where recipient is eligible to full input tax credit.](#)

In case of import of services by a registered person in India from a related person located outside India, the tax is required to be paid by the registered person in India under reverse charge mechanism. In such cases, the registered person in India is required to issue self-invoice under Section 31(3)(f) of CGST Act and pay tax on reverse charge basis.

It has been clarified that in cases where the foreign affiliate is providing certain services to the related domestic entity, and where full input tax credit is available to the said related domestic entity, the value of such supply of services declared in the invoice by the said related domestic entity may be deemed as open market value in terms of second proviso to rule 28(1) of CGST Rules. Further, in cases where full input tax credit is available to the recipient, if the invoice is not issued by the related domestic entity with respect to any service provided by the foreign affiliate to it, the value of such services may be deemed to be declared as Nil and may be deemed as open market value in terms of second proviso to rule 28(1) of CGST Rules.

[Circular No. 211/5/2024-GST](#)

[Clarification on time limit under Section 16\(4\) of CGST Act, 2017 in respect of RCM supplies received from unregistered persons.](#)

It is clarified that in cases of supplies received from unregistered suppliers, where tax has to be paid by the recipient under reverse charge mechanism (RCM) and where invoice is to be issued by the recipient of the supplies in accordance with section 31(3)(f) of CGST Act, the relevant financial year for calculation of time limit for availment of input tax credit under the provisions of section 16(4) of CGST Act will be the financial year in which the invoice has been issued by the recipient under section 31(3)(f) of CGST Act, subject to payment of tax on the said supply by the recipient and fulfilment of other conditions and restrictions of section 16 and 17 of CGST Act. In case, the recipient issues the invoice after the time of supply of the said supply and pays tax accordingly, he will be required to pay interest on such delayed payment of tax. Further, in cases of such delayed issuance of invoice by the recipient, he may also be liable to penal action under the provisions of Section 122 of CGST Act.

[Circular No. 213/7/2024-GST](#)

[Clarification on time limit under Section 16\(4\) of CGST Act, 2017 in respect of RCM supplies received from unregistered persons.](#)

It is clarified that no supply of service appears to be taking place between the foreign holding company and the domestic subsidiary company where the foreign holding company issues ESOP/ESPP/RSU to the employees of domestic subsidiary company, and the domestic subsidiary company reimburses the cost of such securities/shares to the foreign holding company on cost-to-cost basis. However, in cases where an additional amount over and above the cost of securities/shares is charged by the foreign holding company from the domestic subsidiary company, by whatever name called, GST would be leviable on such additional amount charged as consideration for the supply of services of facilitating/arranging the transaction in securities/ shares by the foreign holding company to the domestic subsidiary company. The GST shall be payable by the domestic subsidiary company on reverse charge basis in such a case on the said import of services.





Notification of Electronic Filing of Income Tax Forms

The Director of General of Income Tax (Systems) with the approval of Central Board of Direct Taxes notifies the following Income Tax Forms which shall be furnished electronically and verified in the manner as prescribed under Income Tax Rules.

S. No.	Income Tax 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 <i>Income Tax Act, 1961</i> .
3	3CEC	Application for a Pre-filing meeting.
4	3CEFB	Application for Opting for Safe Harbour in respect of Specified Transactions
5	59	Application for approval of issue of Public Companies under Section 80C(2)(xix) the <i>Income Tax Act, 1961</i> .
6	59A	Application for approval of Mutual funds investing in the eligible issue of Public Companies under Section 80C(2)(xx) of <i>Income Tax Act, 1961</i> .

- [Notification No. - 01/2024-25]

Income Tax Judgement: Fees for live transmission is not royalty and the sponsorship and advertisement with no exclusive rights is not considered as royalty.

Delhi ITAT held that the license fees received by the assessee for the live transmission of the cricket matches which were held in Australia and deletes the addition made by the Revenue. It was held that the amount received by the Assessee under the Broadcasting Agreement cannot be regarded as royalty under the India-Australia DTAA.

Further, in respect of amount received towards sponsorship and advertisement rights, ITAT holds that these receipts are not chargeable to tax as royalty and observed that the sponsor was not granted any exclusive rights in the use of logo or the cricket event which was organised by the Assessee and the rights were not in the nature of 'Copyright' but were simplistic right to represent in the advertising, communications, and sales and marketing campaign.

ITAT explains that for any payment falling within the scope of royalty, there must be some kind of transfer of rights and the 'right to use' the intellectual property should be independent of any act of the owner of the intellectual property, and it should not be restrictive in purpose or mode of use.

ITAT pointed out that the commercial partnership agreements nowhere indicates that the sponsor had any claim in the logo or other intellectual property of Assessee, beyond the event.

- [TS-470-ITAT-2024(DEL)]



REGULATORY

Reserve Bank of India (RBI)

RBI plans a new digital platform to check payment fraud risks.

The Reserve Bank of India vide circular dated June 08, 2024, has proposed to set up a Digital Payments Intelligence Platform which will harness advanced technologies to mitigate payment fraud risks. To take this initiative forward, the RBI has constituted a committee, under the Chairmanship of A.P. Hota, former MD & CEO, NPCI, to examine various aspects of setting up a digital public infrastructure for the platform. The committee is expected to give its recommendations within two months. Company Law.

Alternate Dispute Resolution Laws

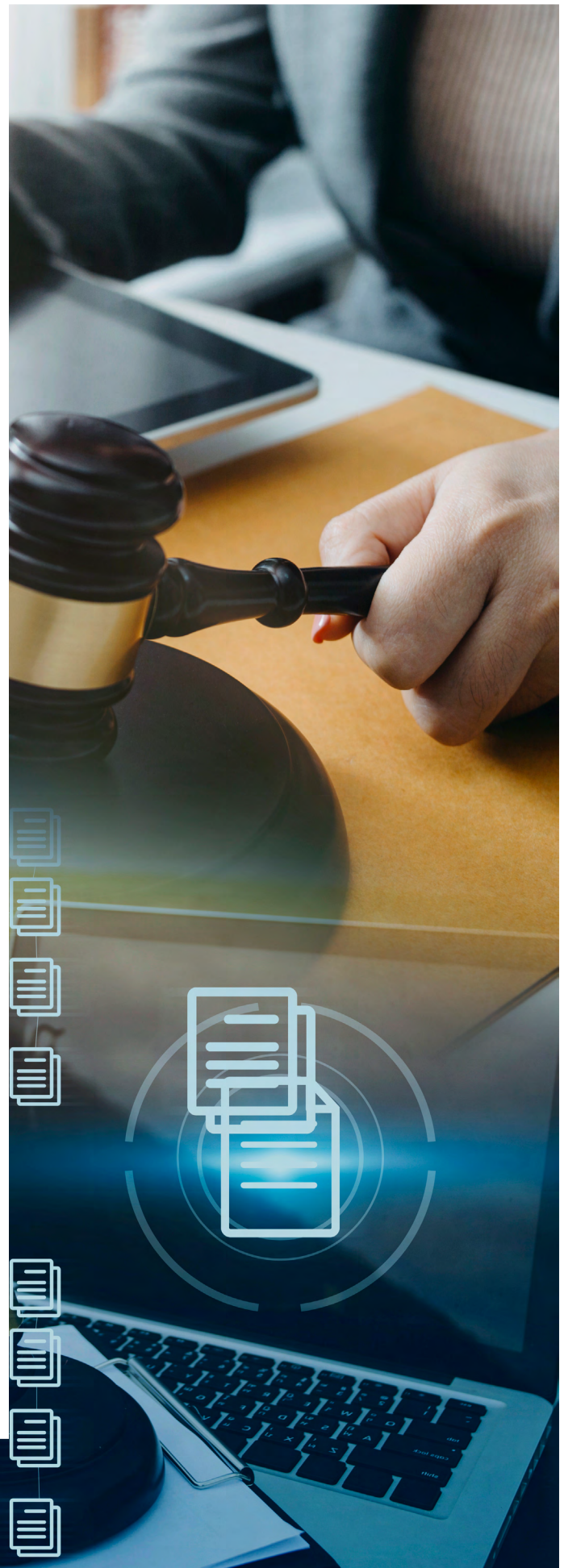
Notification of rules under Mediation Act, 2023

Department of Legal Affairs, Ministry of Law and Justice vide notification dated June 13, 2024, has made the following rules under the Mediation Act, 2023. 1) The Mediation Council of India (Salary, Allowances and other Terms and Conditions of Service of Chairperson and Members) Rules, 2024. 2) The Mediation Council of India (Travelling and other Allowances for Part-time Chairperson and Part-time Members) Rules, 2024. 3) The Mediation Council of India (Forms and Manner of Annual Statement of Accounts) Rules, 2024.

These rules have come into force from June 13, 2024.

Employees' Provident Funds (Amendment) Scheme, 2024

In exercise of the powers conferred by section 5 read with subsection (1) of section 7 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Central Government vide notification dated June 15, 2024, amended the Employees' Provident Funds Scheme, 1952. The amended scheme provides that where an employer makes default in the payment of any contribution to the fund, or in the transfer of accumulations required to be transferred by him under sub-section (2) of section 15 or sub-section (5) of section 17 of the Act or in the payment of any charges payable under any other provisions of the Act or Scheme or under any of the conditions specified under section 17 of the Act, the Central Provident Fund Commissioner or such officer as may be authorized by the Central Government by notification in the Official Gazette in this behalf, may recover damages from the employer at the rate of one per cent of the arrear of contribution per month or part thereof.





AUDIT AND ACCOUNTING

Audit and Assurance

Exposure Draft on Proposed Revisions to 'International Education Standards (IES) 2, 3, and 4 – Sustainability

The International Federation of Accountants (IFAC) is the global organization for the accountancy profession. It serves the public interest by working with its member organizations to help ensure a skilled, knowledgeable, and ethical workforce of professional accountants around the world; by contributing to the development of sustainable private and public sector organizations; and by supporting strong international financial markets and economies. The Institute of Chartered Accountants of India (ICAI) being a member of the IFAC represents in the International Panel of Accountancy Education (IPAE). IPAE acts as a strategic advisor for IFAC's accountancy education work plan and advocates for high-quality accountancy education globally. It recommends International Education Standards (IESs) and their revisions to IFAC. As an IFAC Member Body, ICAI considers these IESs for developing its entry level requirements, Chartered Accountancy Course Curriculum including practical training requirements and its assessment.

Recently, IPAE has released 'Exposure Drafts on Proposed Revisions to:

- IES 2, Initial Professional Development – Technical Competence,
- IES 3, Initial Professional Development – Professional Skills and
- IES 4, Initial Professional Development – Professional Values, Ethics, and Attitudes

The document for exposure draft for proposed revisions in IES is placed on <https://resource.cdn.icai.org/80828bos65033.pdf>





We are a team of distinguished Business Advisors, Chartered Accountants, Tax Consultants, Company Secretaries, Management Accountants, Corporate Financial Advisors, Management consultants, Technology consultants and Forensic experts. We provide services in area of Business Intelligence Services, Taxation Services, Audit, Risk and Assurance Services, Outsourcing Services, Regulatory Services, Transaction Advisory Services, Doing Business in India and Start Up Services.

For further insights and updates, we invite you to explore our website at www.jpc.co.in
If you have any inquiries or require assistance, please don't hesitate to reach out to us
contact@jpc.co.in

Delhi Office

43, 1st Floor, Daryaganj, New Delhi,
110002, India

Tel: +91-11-23261010

Noida Office

B-151, 3rd & 4th Floor, Sector-6,
Noida, 201301

Tel: +91 120 4573207