

J P Chawla & Co. LLP

2024



Fineprint

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A MONTH THAT WAS

Toyota Kirloskar Acquires 827 Acres in Maharashtra for Electric Vehicle Plant

Toyota Kirloskar Motor (TKM) has secured 827 acres in Chhatrapati Sambhajnagar, Maharashtra, to build a new manufacturing facility for electric and hybrid vehicles. The project, part of the Maharashtra Industrial Township Limited (MITL) under the Delhi-Mumbai Industrial Corridor (DMIC), involves a Rs 21,000 crore investment. Production is set to begin in January 2026, with the plant expected to produce 4 lakh vehicles annually and create 8,000 direct and 18,000 indirect jobs. The initiative aims to boost India's electric vehicle industry and support sustainable manufacturing.



India's 12 Smart Cities to Develop into Dedicated Industrial Hubs

India's 12 upcoming smart cities, spread across 10 states like Andhra Pradesh, Bihar, Kerala, and Telangana, are set to become major industrial hubs. These cities are part of six key industrial corridors and will feature integrated residential, commercial, and industrial setups with plug-and-play infrastructure, reliable utilities, and a 'walk-to-work' concept. Construction is expected to complete in around three years, with contractors finalised by March.

Maharashtra's Bidkin will be an automotive hub, while Dighi and Krishnapatnam will focus on port-led industrialisation. These projects, aligned with PM Gati Shakti, have an investment potential of ₹1.5 lakh crore, creating 1 million direct jobs and up to 3 million indirect jobs. Global investors, including those from Japan, Singapore, Switzerland, and Taiwan, are keen on developing these cities, especially with the support of the India-European Free Trade Association (EFTA).

Each city will target specific industries: Agra will focus on electric vehicles and electronics, Palakkad on pharmaceuticals, and Gaya on food processing, light engineering, and metal industries.

Nashik Secures ₹3,000 Crore Investment from Defence and Automotive Sectors

Nashik is set to receive over ₹3,000 crore in investments from the defence and automobile manufacturing sectors. Two major companies are in advanced talks with the Maharashtra government to establish units in the district, with the defence unit expected to begin operations by December 2024. The state is also negotiating with a leading automobile firm. To support this growth, new power substations will be set up across MIDC areas. These investments will boost Nashik's industrial growth and create new job opportunities.



GST & SERVICES TAX

Notify the amendment proposed in Finance Act 2024

Notification No. 17/2024-Central Tax

As we are aware that the amendments relating to the Goods and Service Tax Act in the Finance Act 2024 are proposal only, until the same are notified by the Government of India and effective from the date of notification. This notification is issued to provide the effective date of applicability of various amendments proposed in the Finance Act 2024. Below is the summarized table.

Provision of Finance Act 2024	Provision of CGST Act 2017	Amendment	Effective Date
114	Section 9	Amends the levy of CGST, including changes to the taxation of certain goods and services.	1st November 2024
115	Section 10	Revises the composition scheme under CGST to expand its scope and eligibility criteria.	1st November 2024
116	Section 11A	Introduces Section 11A to provide relief for non-recovery of tax based on general practice.	1st November 2024
117	Section 13	Adjust the provisions for determining the time of supply for services under GST.	1st November 2024
118	Section 16	Modifies the eligibility conditions for Input Tax Credit (ITC) to streamline compliance.	27th September 2024

119	Section 17	Restricts ITC availability further, aligning with government objectives to curb misuse.	1st November 2024
120	Section 21	Revises conditions for cancellation of GST registration, providing additional safeguards.	1st November 2024
121	Section 30	Facilitates easier revocation of registration cancellation, supporting business continuity.	1st November 2024
122	Section 31	Amends provisions for issuance of invoices to reduce compliance burden.	1st November 2024
123	Section 35	Revises the requirements for maintenance of records and accounts.	1st November 2024
124	Section 39	Updates the process for furnishing returns to improve timely filing and accuracy.	1st November 2024
125	Section 49	Introducing changes in the utilization of ITC, simplifying credit management.	1st November 2024
126	Section 50	Clarifies the conditions for interest on delayed payments of tax, ensuring fairness.	1st November 2024
127	Section 51	Adjust provisions for Tax Deduction at Source (TDS), aligning with updated tax policies.	1st November 2024
128	Section 54	Updates the refund process, particularly for export-oriented and zero-rated supplies.	1st November 2024
129	Section 61	Strengthening the framework for scrutiny of returns filed under CGST.	1st November 2024
130	Section 62	Provides clarity on the assessment of non-filers of returns, enhancing tax administration.	1st November 2024
131	Section 63	Revise the rules for the assessment of unregistered persons.	1st November 2024

132	Section 64	Revises provisions for summary assessments.	1st November 2024
133	Section 65	Enhances audit powers of tax authorities for audit of registered persons under CGST.	1st November 2024
134	Section 66	Revises provisions for special audits.	1st November 2024
135	Section 70	Expands powers related to summoning individuals for evidence during GST investigations.	1st November 2024
136	Section 73	Adjusts the provisions for determination of tax in non-fraud cases.	1st November 2024
137	Section 74	Updates rules for tax determination in cases of fraud or suppression of facts.	1st November 2024
138	Section 74A	Introduces Section 74A, enabling retrospective tax determination for specified periods.	1st November 2024
139	Section 75	Broadens general rules for tax determination, with a focus on transparency.	1st November 2024
140	Section 104	Revises the appeals process under CGST, emphasizing faster resolution.	1st November 2024
141	Section 107	Simplifies the appeals process to Appellate Authority.	1st November 2024
142	Section 109	Establishes jurisdiction for the Appellate Tribunal to handle appeals effectively.	27th September 2024
143	Section 112	Revises the appeal procedures to the Appellate Tribunal under CGST.	1st November 2024
144	Section 122	Updates penalty provisions under CGST to address new compliance challenges.	1st November 2024

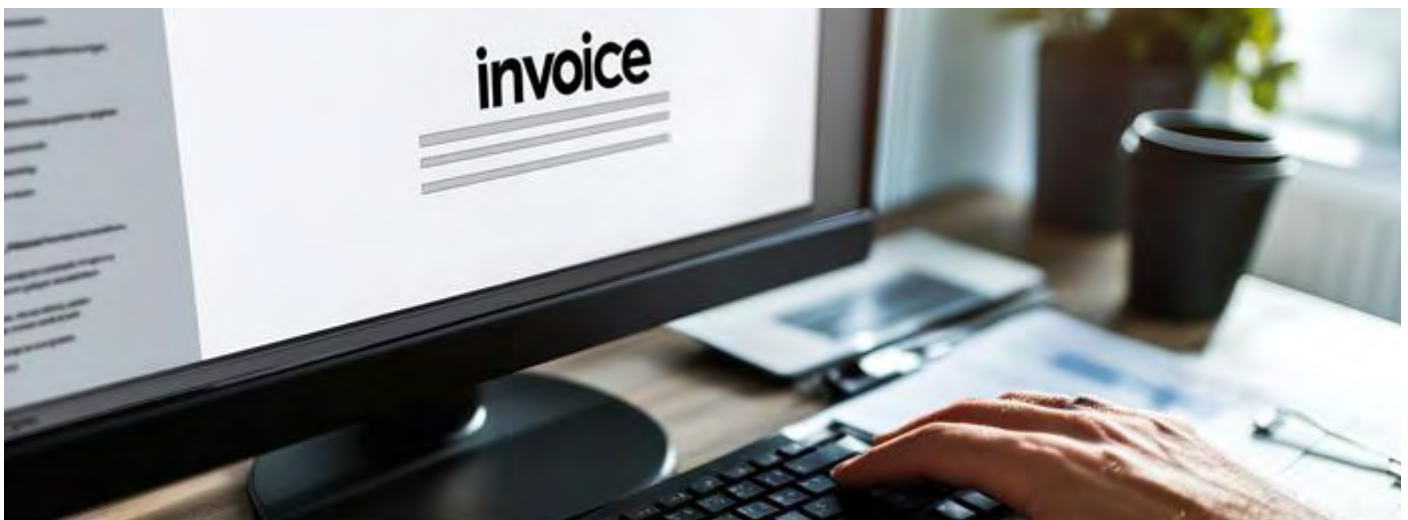
145	Section 127	Modified provisions related to penalties for specific offenses.	1st November 2024
146	Section 128A	Introduces waiver provisions for interest and penalties for certain disputes.	1st November 2024
147	Section 140	Addresses transitional provisions for unutilized ITC.	1st November 2024
148	Section 171	Amends anti-profiteering measures, emphasizing consumer protection.	27th September 2024
149	Schedule III	Adds provisions to clarify activities not considered supply of goods/services (e.g., financial services, insurance).	1st November 2024
150	Refund Limitations	Further restricts refunds of Input Tax Credit under old Section 16.	27th September 2024

Draft Manual on Invoice Management System

In a significant leap forward in the Goods and Services Tax (GST) ecosystem, the GST Common Portal has unveiled a ground-breaking new facility, the Invoice Management System (IMS), revolutionizing the way recipient taxpayers interact with invoices. This innovative feature empowers taxpayers to seamlessly accept, reject, or keep invoices pending in the system to avail later as and when required, streamlining the reconciliation process, and ensuring greater accuracy and efficiency in GST compliance.

The new system shall facilitate taxpayers in matching their records/invoices vis a vis issued by their suppliers for availing the correct Input Tax Credit (ITC). This facility is set to transform the way businesses manage their GST obligations, reducing errors, and saving time and resources.

Please Note – this is a draft manual, and the final version shall be published later.





DIRECT TAX

Notification of Entities for the purposes of Section 35(1)(iii) of the Income Tax Act.

The Central Government has approved "Auroville Foundation (PAN: AAATA0037B)" as 'Other Institution' for research in social science or statistical research for the purposes of clause (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961.

- [Notification No. - 102/2024]

Notification of Direct Tax Vivad se Vishwas Scheme, 2024.

a. The Central Government has appointed "October 1st, 2024", the day from which the Direct Tax Vivad se Vishwas Scheme 2024 shall come into effect.

- [Notification No. - 102/2024]

b. The Central Government has notified the Direct Tax Vivad se Vishwas Rules 2024 which specifies the definitions, procedures and Forms for the Direct Tax Vivad se Vishwas Scheme 2024.

- [Notification No. - 104/2024]

c. The Central Government has notified the procedure for making declaration and furnishing undertaking in Form - 1. Form - 1 is the declaration and undertaking submitted by the appellant to the designated order in respect of the tax arrear.

- [Notification No. - 4/2024]

Order authorizing Income-tax authorities to admit an application or claim for refund and carry forward of loss and set off thereof under section 119(2)(b) of the Income-tax Act, 1961

The present Circular is being issued to deal with the applications for condonation of delay in filing returns claiming refund and returns claiming carry forward of loss and set off thereof containing comprehensive guidelines on the conditions for condonation and the procedures to be followed for deciding such matters.

- a. The Principal Commissioners of Income-tax/Commissioners of Income-tax (Pr. CsIT/CsIT) shall be vested with the powers of acceptance/rejection of such applications/claims if the amount of such claims is not more than INR 1 crore for any one assessment year.
- b. The Chief Commissioners of Income-tax (CCsIT) shall be vested with the powers of acceptance/rejection of such applications/claims if the amount of such claims exceeds INR 1 crore but is not more than INR 3 crores for anyone assessment year.
- c. The Principal Chief Commissioners of Income-tax (Pr. CCsIT) shall be vested with the powers of acceptance/rejection of such applications/claims if the amount of such claims exceeds INR 3 crores for anyone assessment year.
- d. Further, it is also provided that the Commissioner of Income-tax, Central Processing Centre (CPC), Bengaluru shall be vested with the powers for acceptance/rejection of petitions under section 119(2)(b) of the Act seeking condonation of delay in verifying the return of income by sending the ITR-V to centralized processing Cell (CPC), Bengaluru within the prescribed time limit.
- e. No condonation application for claim of refund/loss shall be entertained beyond five years from the end of the assessment year for which such application/claim is made. The time limit for tiling of such application within five years from the end of assessment year will be applicable for applications filed on or after 01.10.2024. This limit of five years shall be applicable to all authorities having powers to condone the delay as per the above prescribed monetary limits. A condonation application

should be disposed of, as far as possible, within six months from the end of the month in which the application is received by the competent authority.

- f. In a case where refund claim has arisen consequent to a Court order, the period for which any such proceedings were pending before any Court of Law shall be ignored while calculating the said period of five years, provided such condonation application is filed within six months from the end of the month in which the Court order was issued or the end of financial year whichever is later.
- g. A belated application for supplementary claim of refund (claim of additional amount of refund after completion of assessment for the same year) can be admitted for condonation provided other conditions as referred above are fulfilled.

The powers of acceptance/rejection within the monetary limits delegated to the Pr.CCsIT/CCsIT/Pr.CsIT/CsIT in case of returns claiming refund and supplementary claim of refund would be subject to the following further conditions;

- The income of the assessee is not assessable in the hands of any other person under any of the provisions of the Act.
- No interest will be admissible on belated claim of refunds.
- The refund has arisen as a result of excess tax deducted/collected at source and/or excess advance tax payment and/or excess payment of self-assessment tax as per the provisions of the Act.

- [Circular No. - 11/2024]



REGULATORY

MINISTRY OF CORPORATE AFFAIRS" (MCA")

The Companies (Accounts) Amendment Rules, 2024

The Central Government has amended the Companies (Accounts) Rules, 2014 by inserting a proviso to Rule 12(1B).

As per the amendment, for the FY 2023-2024, Form CSR-2 shall be filed separately on or before December 31, 2024, after filing of e-Form AOC-4/AOC-4 XBRL/AOC-4 NBFC, as the case may be.

Clarification on holding Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") through Video Conference ("VC") or Other Audio Visual Means ("OAVM")

Ministry of Corporate Affairs ("MCA") has decided to allow companies, whose AGMs and EGMs are due in the year 2024 or 2025, to conduct their AGMs or EGMs through VC or OAVM on or before September 30, 2025.

The Companies (Compromise, Arrangements and Amalgamations) Amendment Rules, 2024

The Central government has amended Rule 25(A) by inserting a new sub-rule (5).

As per the amendment, where the transferor foreign company incorporated outside India being a holding company and the transferee Indian company being a wholly owned subsidiary company incorporated in India, enter into merger or amalgamation, -

- I. both the companies shall obtain the prior approval of the Reserve Bank of India;
- II. the transferee Indian company shall comply with the provisions of section 233;
- III. the application shall be made by the transferee Indian company to the Central Government under section 233 of the Act and provisions of rule 25 shall apply to such application; and
- IV. the declaration referred to in sub-rule (4) shall be made at the stage of making application under section 233 of the Act.

This amendment ensures compliance with regulatory authorities and the Companies Act, 2013 by providing clarification and procedural requirements for cross-border mergers involving foreign holding Companies and their Indian subsidiaries.

Companies (Prospectus and Allotment of Securities) Rules, 2014

Central government through recent amendment has brought Producer Companies under the provisions of Rule 9B of Companies (Prospectus and Allotment of Securities) Rules, 2014. Pursuant to this amendment a producer company covered under rule 9B (2) shall issue the securities only in dematerialised form and facilitate dematerialisation of all its securities, in accordance with provisions of the Depositories Act, 1996 and regulations made thereunder and shall comply with the provision within a period of five years of closure of such financial year.

FEMA

Department of Economic Affairs notifies Foreign Exchange (Compounding Proceedings) Rules, 2024

These Rules supersede the Foreign Exchange (Compounding Proceedings) Rules, 2000. New rules will simplify the process of compounding.





AUDIT & RISK

Audit & Assurance

Issuance of SQM 1, SQM 2

The Institute of Chartered Accountants of India (ICAI) has issued Standards on Quality Management (SQMs). These SQMs will replace the existing Standards on Quality Control (SQC).

ICAI has issued 2 SQMs:

Sr. No.	SQM	Details	Link for document
1	SQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements	<p>This SQM deals with</p> <ul style="list-style-type: none"> a firm's responsibilities to design, implement and operate a system of quality management for audits or reviews of financial statements, or other assurance or related services engagements. the firm's responsibility to establish policies or procedures addressing engagements that are required to be subject to engagement quality reviews. the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review. <p>This SQM applies to all firms performing audits or reviews of financial statements, or other assurance or related services engagements (i.e., if the firm performs any of these engagements, this SQM applies and the system of quality management that is established in accordance with the requirements of this SQM enables the consistent performance by the firm of all such engagements).</p>	https://resource.cdn.icaai.org/82480aasb66570-sqm1.pdf

2	SQM 2, Engagement Quality Reviews	<p>This SQM deals with:</p> <ol style="list-style-type: none"> a. The appointment and eligibility of the engagement quality reviewer; and b. The engagement quality reviewer's responsibilities relating to the performance and documentation of an engagement quality review. <p>This SQM applies to all engagements for which an engagement quality review is required to be performed in accordance with SQM 11 . This SQM is premised on the basis that the firm is subject to SQM 1. This SQM is to be read in conjunction with relevant ethical requirements.</p>	<p>https://resource.cdn.icaig.org/82481aasb66570-sqm2.pdf</p>
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The extant corresponding standard i.e. SQC 1 will continue to be applicable till these standards become applicable.





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
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