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BASCO BULLETIN

FINANCE

CONTENTS:

- Direct Taxation
- Indirect Taxation
- ITR Filing A.Y 2024-25
- FEMA
- International Taxation
- Compliance Calendar
- About us

Helping with Compliance, with Securing Advice



BAS & Co LLP

Kolkata- Ahmedabad-Delhi

1. DIRECT TAX

CIRCULARS/NOTIFICATIONS

CBDT notifies Amendment to Income Tax Form 27Q

The amendment focuses on Form No. 27Q, used for furnishing information regarding TDS for payments made to non-residents. The alteration involves the addition of a new note 7A after note 7, under the "Verification" section of the Annexure. Tax deductors are instructed to indicate "P" if lower deduction or no deduction is applicable due to a notification issued under sub-section (1F) of section 197A of the Income-tax Act, 1961.

Notification No. 48/2024-Income Tax | Dated : 31st May, 2024

Central Govt Approves Amul R&D Association for Tax Benefits

The Central Government hereby approves 'Amul Research and Development Association, Anand, Gujarat (PAN: AAATA2673H)' under the category of 'Research Association' for research in 'Scientific Research' for the purposes of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with Rules 5C and 5D of the Income-tax Rules, 1962.

Notification No. 38/2024-Income Tax, Dated : 9th April, 2024

Guidelines for Compulsory Income Tax Scrutiny for FY 2024-25

The parameters and procedures for mandatory selection of certain cases for comprehensive scrutiny during the fiscal year 2024-25 have been announced. These include cases related to search, seizure, and survey; cases where no return is filed in response to a notice or where a re-assessment notice is issued; cases involving additions in previous years or recurring legal or factual issues; and cases involving specific information about tax evasion, among others.

Notification No. 225 of 2024 dated May 3, 2024

Cost Inflation Index for FY 2023-24 notified

The Cost Inflation Index for FY 2024-25 has been notified as 363 for indexation purposes while computing capital gains.

Notification No. 44 of 2024 dated May 24, 2024

CBDT Amendment to Income Tax Form 27Q

Tax benefits to Amul R&D Association

Guidelines for Compulsory Income Tax Scrutiny

Cost Inflation Index for FY 2023-24

ITR verification timeline revised

TDS in case of non operative PAN

ITR verification timeline revised

The time limit of 30 days from the date of filing to verify ITR by the taxpayer has now been revised. Now, ITR must be verified within 30 days of uploading the ITR or by the due date for furnishing the same as per the Act, whichever is later. Failure to e-verify the ITR within the above timeframe shall render the ITR invalid.

Corrigendum to Notification no. 02 of 2024 dated April 04, 2024

Higher TDS not to be deducted if PAN becomes operative by May 2024

It was earlier notified that upon failure to link Aadhaar with PAN, the PAN shall become inoperative, and the consequences of inoperative PAN would follow, including non-receipt of refund and deduction/collection of tax at a higher rate, among others. Based on the grievances received from taxpayers, CBDT has exempted deductors/collectors from such liabilities and consequences for transactions executed until March 31, 2024, whereby the PAN becomes operative by linking with Aadhaar before May 31, 2024.

Circular No.6/2024 dated April 23, 2024

1.1 DIRECT TAX

RECENT CASE LAWS:

Expenditure on obsolete advertising software allowed as revenue expenditure

Adadyn Technologies (P.) Ltd. was engaged in providing customized internet advertising services and incurred significant expenditure on developing a software application for these services. Due to rapid technological changes, the software application developed by the company became obsolete, leading the company to abandon further development. The HC ruled that the expenditure incurred by Adadyn Technologies should be treated as revenue expenditure, given the obsolescence and abandonment of the software development. The SC dismissed the SLP filed by the revenue against the HC's decision, thereby upholding the HC's ruling.

Principal Commissioner of Income-tax v. Adadyn Technologies (P.) Ltd.

No Disallowance for Not Depositing TCS on Sale of Scrap

Auditors noted that TCS collected by Aay Kay Manufacturing Co. was not deposited, and no TCS return was filed by the Tax Audit Report date. *9.91 crores in sales were declared, excluding TCS, which was not debited in the profit and loss account. ITAT held that TCS is buyers' income tax, collected and held by the assessee as a government custodian, reflected as a liability in the balance sheet. TCS, not being debited or claimed as a deduction, is not subject to Section 43B disallowance.

Aay Kay Manufacturing Co. v. Income-tax Officer

High Court Condones Delay in filing Income Tax Return Due to Accountant's Illness

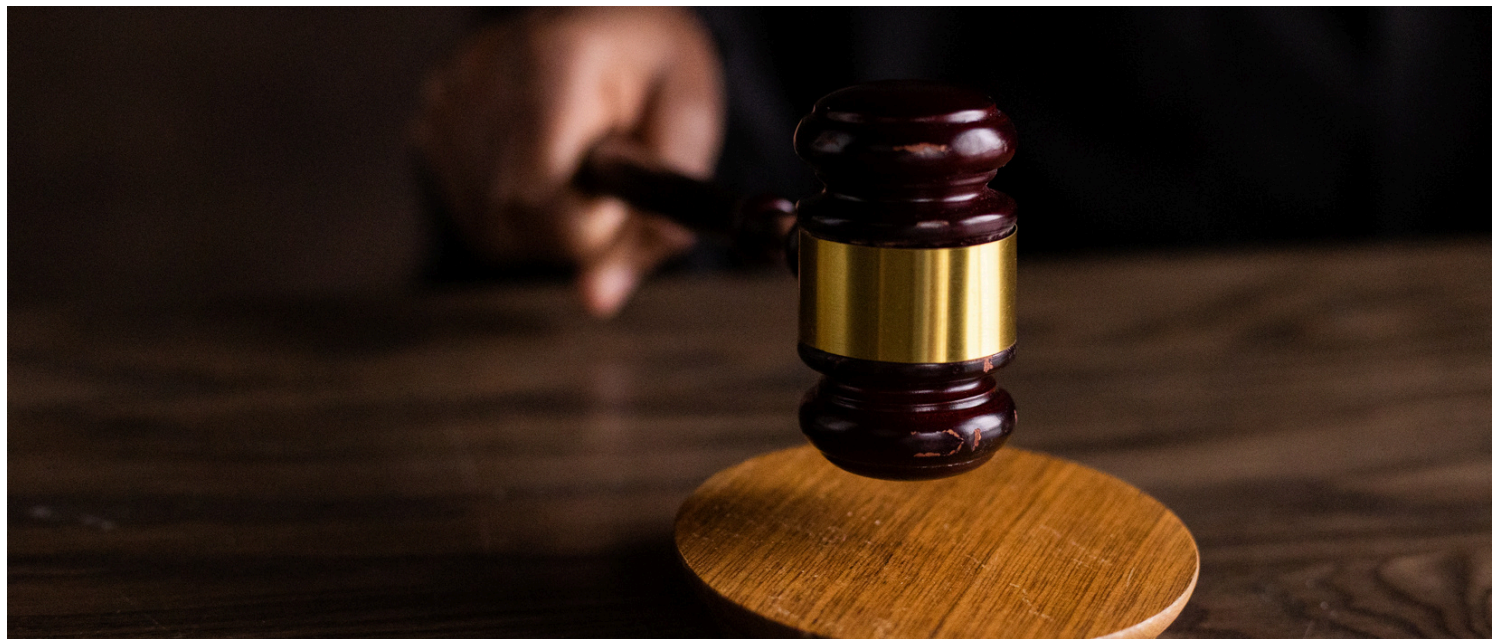
The court examined whether the delay in filing the return constituted genuine hardship under Section 119(2)(b) of the IT Act, 1961. The court found that the delay was caused by unforeseen events (illness and resignation of the accountant) and not due to negligence or malafide intent on the part of the assessee. The court set aside the CBDT's decision and granted condonation of the delay, allowing the assessee to file its return within 15 days. It emphasized the importance of a justice-oriented approach in such cases, focusing on substantive justice over technicalities.

Anmol Feeds (P.) Ltd. Versus Union of India , 10 june

Revenue's SLP dismissed over delayed filing and lack of evidence.

During the year, the Assessee claimed business loss from share trading which was initially disallowed as bogus by the Assessing Officer. The Tribunal overturned this disallowance, noting that transactions were conducted through authorized brokers on the Stock Exchange and payments were properly documented in bank accounts. Furthermore, there was no evidence of the scrips being blacklisted or sham. The High Court supported the Tribunal's decision, stating the issue was a factual matter with no substantial question of law, leading to the dismissal of the SLP in favour of the Assessee. Further, the Apex Court also dismissed the Revenue's SLP considering the delay in its filing and insufficient reasons for condonation.

Genuine Finance Pvt Ltd (Supreme Court)



2. INDIRECT TAX

CIRCULAR/NOTIFICATIONS

Initiating recovery proceedings

Recovery proceedings before 3 months from the date of service of the demand order can only be initiated in exceptional cases. This requires obtaining permission from the jurisdictional Principal Commissioner or Commissioner of Central Tax, and documenting the reasons in writing.

Instruction No. 01/2024-GST dated May 30, 2024

Auto-population of HSN summary

A new feature has been introduced on the GST portal that automatically populates the HSN summary from e-invoices into Table 12 of GSTR-1.

Advisory dated April 9, 2024

CBIC Fixed Monetary Limits for Filing Appeals

The CBIC, following GST Council recommendations, has set the following monetary limits for filing appeals:

- ₹20 lakh for the Goods and Service Tax Appellate Tribunal (GSTAT)
- ₹1 crore for High Courts
- ₹2 crore for the Supreme Court

Appeals should not be filed merely because these limits are exceeded; decisions should be based on merit to avoid unnecessary litigation. Exceptions apply to cases involving constitutional issues, significant legal principles, adverse decisions against the government, and recurring interpretations. Not filing an appeal under these limits does not indicate agreement with the disputed issues and does not prevent future appeals. This policy aims to optimize judicial resources and provide clarity to taxpayers regarding tax assessments.

Circular No. 207/01/2024 -GST, dated 26th June, 2024

RECENT CASE LAWS:

SC Notice on GST Levy for Transfer of Land Development Rights

The Supreme Court issued a notice in the Special Leave Petition (SLP) filed by Prahitha Constructions Pvt. Ltd., challenging the Telangana High Court's judgment dismissing a writ petition against GST levy on the transfer of Land Development Rights (TDR) under a Joint Development Agreement (JDA) for residential projects. The SC clarified that it had not stayed the operation of the impugned judgment/order, indicating that taxes would need to be paid. However, it assured that appropriate orders would be passed in accordance with the law if the petitioner remained aggrieved..

Prahitha Constructions Pvt. Ltd. Vs. UOI & Ors [S.L.A.N 11079/2024]

HC Stay Order on Taxability of Corporate Guarantee

The Punjab & Haryana High Court has stayed Circular no. 204/16/2023, which concerns the taxability of corporate guarantees between related persons. ACME Cleantech Solutions Pvt Ltd challenged the validity of Rule 28(2) of the CGST Rules, 2017, arguing it is arbitrary, discriminatory, and lacks a discerning principle. The court stayed the circular's effect, allowing the Appellate Authority to decide the case without being influenced by the clarification.

ACME Cleantech Solutions Pvt Ltd vs. union of India & Ors [CWP No. 10249/2024]

Exhibition held outside India is taxable under RCM

Where an assessee is registered under GST law in India and it participated in a jewellery exhibition outside India, tax under RCM needs to be discharged even when the services are received outside the taxable territory of India.

Savio Jewellery (Rajasthan High Court)

GST
GOODS AND SERVICE TAX



3. INCOME TAX FILLING A.Y 2024-25

HERE ARE THE REASONS WHY YOU SHOULD FILE YOUR ITR ON TIME:

- 1. Avoid Penalties and Interest Charges:** Filing on time helps you avoid fines and penalties under various sections of the Income Tax Act. Late filing can lead to penalties of up to Rs. 5000 for income above Rs. 5 lakh and Rs. 1,000 for income up to Rs. 1 lakh.
- 2. Accurate Tax Reporting:** Filing early gives you sufficient time to gather all necessary documents and information, ensuring your tax return is accurate and minimizing the risk of errors or omissions.
- 3. Claiming Refunds:** Filing on time is crucial for claiming refunds. If you have paid more tax than owed, filing early ensures you receive your refund promptly from the Income Tax Department.
- 4. Loss Adjustment:** Filing on time allows you to carry forward any losses incurred during the year. These losses can be offset against future profits, reducing your tax liability in the coming years.
- 5. Verification within 30 Days:** After filing, you must verify your ITR within 30 days as per tax laws. Filing early provides enough time to verify your return and correct any errors if necessary.
- 6. Maintaining a Good Credit Score:** Banks and financial institutions often require ITR as proof of financial stability when you apply for loans or credit cards. Timely filing demonstrates financial discipline, which can enhance your chances of securing credit on favorable terms.
- 7. Avoiding Last-Minute Rush:** Filing early helps you avoid the last-minute rush before the deadline, reducing stress and the risk of making hasty errors.
- 8. Effective Financial Planning:** Early filing enables you to plan your finances more effectively for the upcoming year based on your tax obligations and refunds.



Category	IT Returns Filing Last Date
ITR Filing for Individual/HUF/AOP/BOI	31st July 2024
Businesses (that require audit)	31st October 2024
Businesses (that require reporting transfer pricing reports)	30th November 2024
Revised Return	31 December 2024
Belated/Late Return	31 December 2024
Updated return	31 March 2027 (2 years from the end of the relevant Assessment Year)



4. FEMA

LOAN BY NRI TO LLP IN INDIA

Hello, Mr Fema Scientist, I have a LLP in India and we needed funds for working capital purpose in the company. I know some NRIs who are willing to invest in my LLP. Can I borrow funds from them?



Hey!

Yes, you can borrow required funds from NRIs with certain conditions.

1. The time period for which such funds can be hold shall not exceed 3 years. Therefore, the loan so acquired by your LLP from NRIs should be repaid within 3 year.
2. As per FEMA provision , the rate of interest shall not exceed two percent more than the bank rate prevailing on the date of borrowings.

Okay! What will be the manner in which my LLP can receive such borrowed funds?



An LLP in India can borrow from NRIs either by inward remittance or by debit NRE/NRO/FCNR account of your Lender, maintained with an authorised dealer or an authorised bank in India.

Payment of interest and repayment of principal shall be made only in NRO Account of the holder.

Okay! Thank you so much.

BAS & Co can take care of all the required compliances regarding FEMA. Don't forget to reach out to them !!

5. INTERNATIONAL TAXATION

TRANSFER PRICING

Transfer pricing is a crucial aspect of international taxation, impacting multinational corporations (MNCs) and tax authorities worldwide. It refers to the rules and methods for pricing transactions between related entities within a multinational enterprise. These transactions can include the transfer of goods, services, intangibles, or financial arrangements. The primary objective of transfer pricing regulations is to ensure that these intra-group transactions are conducted at arm's length, meaning they should be priced as if the parties were unrelated, thus preventing tax evasion and profit shifting.

THE ARM'S LENGTH PRINCIPLE

The arm's length principle is the cornerstone of transfer pricing. It requires that the terms and conditions of transactions between related parties should be consistent with those that would have been agreed upon by independent entities under similar circumstances. To determine the arm's length price, various methods can be employed, such as the Comparable Uncontrolled Price (CUP) method, the Resale Price Method (RPM), the Cost Plus Method, the Transactional Net Margin Method (TNMM), and the Profit Split Method.

TRANSFER PRICING METHODS

1. **Comparable Uncontrolled Price (CUP) Method:** This method compares the price charged in a controlled transaction to the price charged in a comparable uncontrolled transaction. It is often considered the most direct and reliable method.
2. **Resale Price Method (RPM):** RPM starts with the price at which a product is resold to an independent party and subtracts an appropriate gross margin. This method is commonly used for distributors.
3. **Cost Plus Method:** This method adds an appropriate profit margin to the costs incurred by the supplier of goods or services in a controlled transaction. It is suitable for transactions involving the manufacturing or provision of services.
4. **Transactional Net Margin Method (TNMM):** TNMM examines the net profit margin relative to an appropriate base (e.g., sales, costs) that a taxpayer realizes from a controlled transaction compared to those realized in comparable uncontrolled transactions.
5. **Profit Split Method:** This method divides the combined profits from controlled transactions among the related entities based on their relative contributions to value creation. It is useful when transactions are highly integrated and cannot be evaluated separately.



6. COMPLIANCE CALENDAR

DUE DATES FOR INCOME TAX:

FILING TDS RETURN FOR THE F.Y. 2024-25:

Q1 (Apr'24-June'24)- 31st July 2024

Q2 (July'24- Sept'24)- 31st October 2024

FILING TCS RETURN FOR THE F.Y. 2024-25:

Q1 (Apr'24-June'24)- 15th July 2024

Q2 (July'24- Sept'24)- 15th October 2024

Deposit of Advance Tax:

Second Installment: 15th September 2024
(45% of tax liability)



DUE DATES FOR GST Returns

S. No	Form	The Object of e-form	For the month/year	Last Date	Remarks
1	GSTR-1	Monthly/ Quarterly Return	June, 2024	11th/13th June, 2024	Normal/ QRMP
2	GSTR-3B	Monthly Return	June, 2024	20th June, 2024	Not opted for QRMP
3	GSTR-6	Monthly Return	June, 2024	13th June, 2024	Filed by ISD
4	GSTR-7	Monthly Return	June, 2024	10th June, 2024	Deductor of TDS under GST
5	GSTR-8	Monthly Return	June, 2024	10th June, 2024	E-commerce operators required to collect TCS
6	GSTR-9	Annual Return	2023-24	31st December, 2024	Turnover>2 crore
7	GSTR-9C	Annual Return	2023-24	31st December, 2024	Turnover>5 crore

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ABOUT THE FIRM

With 27 years of experience in the industry, BAS & Co LLP continues to deliver high-quality performance to its clients. The growing team of young professionals with dynamic approaches will surely carve more paths for the firm in the coming future.

SERVICES

- Audit
- Direct Tax
- Indirect TAX
- Secretarial
- FEMA
- International tax

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