

BASCO BULLETIN...



We are glad to present our 17th Edition Newsletter "BASCO Bulletin".

I would also like to extend my thanks to my peers, friends and to the team of BASCO for having contributed to this edition.

We have been in continuous endeavor to match evolving informative needs of our clients and peers and to be a part of the Global Village of our fraternity.

Taxation on Virtual Digital Asset

Government in the Union Budget 2022-23 introduced the provisions of taxation and tacking dealing in Virtual Digital Assets. These provisions are applicable from the assessment year 2023-24. Thus, any transfer of a virtual digital assets on or after 01-04-2022 shall be taxable as per new provisions proposed by the Finance Bill, 2022.

The Finance Bill has defined virtual digital assets in the newly-inserted **clause (47A) under Section 2** of the Income Tax Act, 1961.

"Virtual digital asset" means –

- (a) *any information or code or number or token (not being Indian currency or foreign currency), generated through cryptographic means or otherwise, by whatever name called, providing a digital representation of value exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account including its use in any financial transaction or investment, but not limited to investment scheme; and can be transferred, stored or traded electronically;*
- (b) *A non-fungible token or any other token of similar nature, by whatever name called;*
- (c) *Any other digital asset, as the Central Government may, by notification in the Official Gazette specify;*

Provided that the Central Government may, by notification in the Official Gazette, exclude any digital asset from the definition of virtual digital asset subject to such conditions as may be specified therein.

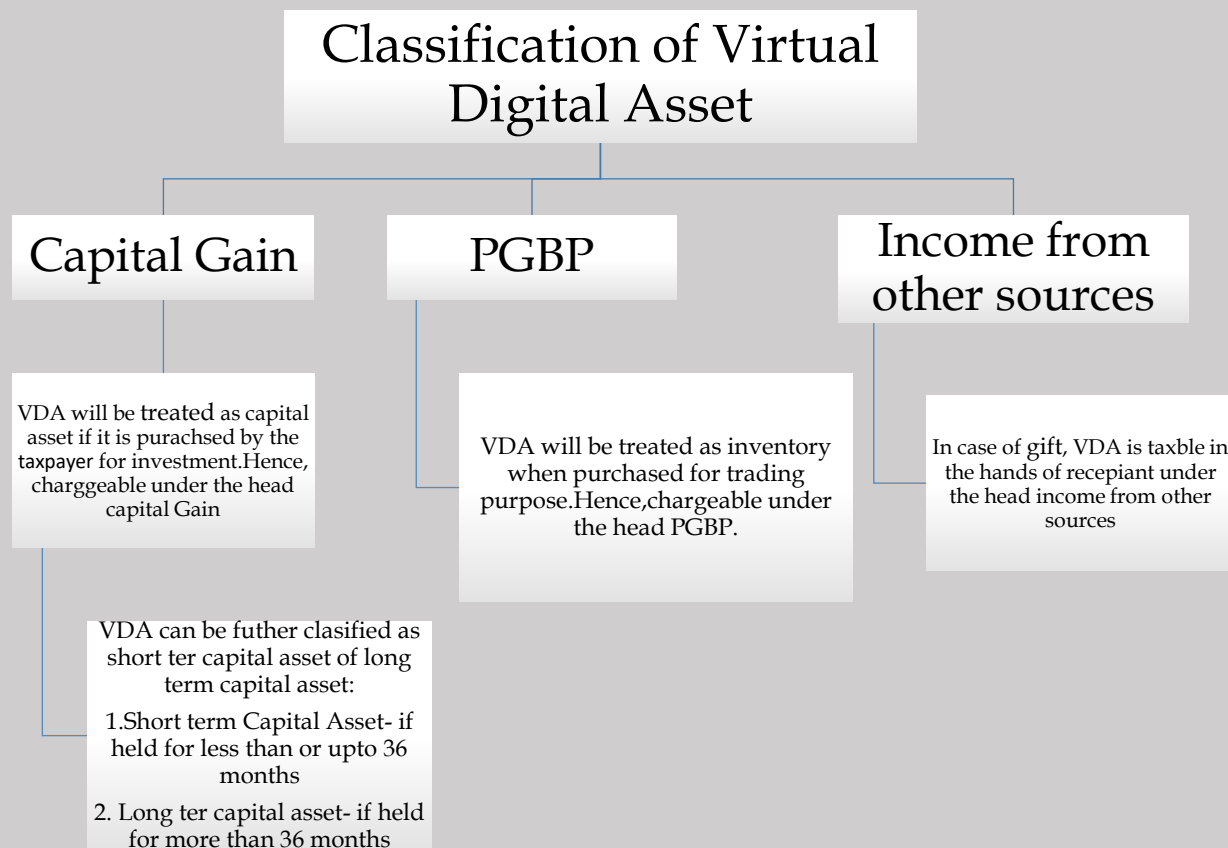
Explanation. – for the purposes of this clause, –

- (a) "Non-fungible token" means such digital asset as the Central Government may, by notification in the Official Gazette, specify;
- (b) the expressions "currency", "foreign currency" and "Indian currency" shall have the same meanings as respectively assigned to them in clauses (h), (m) and (q) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);]

In simple words, the virtual digital asset shall mean a cryptocurrency, NFT or another virtual digital asset as notified by the Central Govt.

Income arising from the transfer of VDA can be classified in 3 heads:

1. Profit of gains from Business or Profession
2. Capital Gain
3. Income from other sources.



Taxability on Transfer of Virtual Digital Asset under Section under section 115BBH:

Profit or gain arising from transfer of VDA whether held as capital asset or inventory will be taxable under section 115BBH. The term transfer is defined under section 2(47) of Income Tax Act, 1961.

Following are not regarded as transfer in case of Virtual Digital Asset Therefore, any profit or gain arising from these transactions is not chargeable to tax under Section 115BBH:

1. Lending of virtual digital assets;
2. Any distribution of assets in kind by a company to its shareholders at the time of liquidation is not treated as a transfer of an asset by the company. However, in this case, the shareholders are liable to pay tax if any capital gain arises therefrom
3. Transfers in a mode listed in Section 47;
4. Mining of VDA;
5. Transfer of VDA without consideration;
6. VDAs lost or stolen.

Computation of income form VDA:

Particulars	Amount (Rs.)
Sale Consideration	XXXX
Less: Cost of acquisition	XXXX
Capital Gain	XXXX

Points to be considered:

1. Indexation Benefit is not available in case of Virtual Digital Asset;
2. No deduction will be allowed pertaining to cost of improvement, expenditure on transfer, mining infrastructure cost, etc.
3. No deduction will be allowed for expenditure incurred in connection with the transfer of a virtual digital asset;
4. Set off benefit is not available for loss arising on transfer of virtual digital asset, even loss arising from transfer of VDA cannot be set off be with gain arising from transfer another VDA
5. Benefit of carry forward is not available in case of virtual digital asset;
6. Benefit of basic exemption limit is not available;
7. Rebate u/s 87A is available.

Rate of tax: gain arising from transfer of VDA whether held as inventory or short-term and long-term capital asset shall be taxed at a flat rate of 30% plus surcharge and cess.

Taxability on gift of Virtual Digital Asset:

In case of gift of Virtual digital asset is, the benefit arising from VDA is taxable under the head other sources under section 56(2)(X)

Section 56(2)(x) applies when any person receives any benefit whose value exceeds Rs. 50,000. This provision is applicable notwithstanding the residential status or class of assessee. The donor or donee can be an individual, partnership firm, LLP, company, AOP, BOI, co-operative society or artificial juridical person, whether resident or non-resident.

Taxability in case of movable property:

The deemed income under this provision can arise from the following transactions:

1. Where any property/VDA is received without consideration and the aggregate fair market value of which exceeds Rs. 50,000, the whole of the aggregate fair market value of such property will be chargeable to tax.
2. Where any property is received for a consideration that is less than the aggregate fair market value of the property by an amount exceeding Rs. 50,000, the difference between fair market value and consideration is chargeable to tax.

The Finance Bill, 2022 proposes to include virtual digital assets within the scope of movable assets. Thus, after the amendment, Section 56(2)(x) shall apply to the following properties:

- a. Shares and securities;
- b. Jewelry;
- c. Archaeological collections;
- d. Drawings;
- e. Paintings;
- f. Sculptures;
- g. Any work of art;
- h. Bullion; and
- i. Virtual Digital Assets.

Thus, if a person receives a virtual digital asset without consideration (gift) or for inadequate consideration and the value of such benefit exceeds Rs. 50,000, it shall be taxable in the hands of the **recipient** under Section 56(2)(x) as income from other sources.

Rate of tax: The benefit arising from such gifted is taxed as per the normal slab rate applicable on the assessee and not @ 30% u/s 115BBH as the same is not transfer of VDS. However, when the recipient further transfers such assets, the resultant gains shall be taxable under Section 115BBH.

TDS Provisions on Transfer of Virtual Digital Asset under section 194S

Deductor: Any Person

Deductee: Resident Person

Rate of TDS: 1% of the Consideration

Limits: No TDS is required to be deducted if:

- a. The financial year in which such virtual digital asset is transferred. Consideration is below Rs. 50,000/- in case of an individual or a HUF, whose total sales, gross receipts or turnover does not exceed Rs. 1 crore in case of business or Rs. 50 lakhs in case of a profession, during the financial year immediately preceding
- b. Consideration is below Rs. 10,000/- in any other case.

Time of deduction: The tax shall be deducted at the time of

- a. payment by any mode or
- b. At the time of credit of such sum to the account of the resident, **whichever is earlier.**

Other points to be considered:

- a. In the following cases, before releasing the consideration, the person responsible shall ensure that tax has been paid in respect of such consideration for the transfer of virtual digital asset:
 - i. Where consideration is wholly in kind;
 - ii. Where a transaction is in exchange for another virtual digital asset, and there is no part in cash; or
 - iii. Where consideration is partly in cash and partly in kind, but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such transfer.
- b. Where a transaction is subject to TDS under section 194-O and section 194S, tax shall be deducted under section 194S.
- c. If the deductee does not furnish his PAN to the deductor, the tax shall be deducted at the rate of 20% as prescribed under Section 206AA.

Example - 1

Mr. X is having

- a. income from saving bank interest of Rs. 4,100
- b. Salary of Rs. 1,50,000 p.a
- c. Sold a VDA held as capital asset at Rs. 1,80,000 having cost of Acquisition of Rs. 1,00,000. Brokerage charges of Rs. 5,600

Calculate taxable income and income tax liability of Mr. X

Solution:

Particulars	Amount (Rs.)	Amount (Rs.)
Income from Salary		
Salary	150,000.00	
Less: Standard Deduction	50,000.00	100,000.00
Income from Capital Gain		
Sale Consideration	180,000.00	
Less: Cost of acquisition	100,000.00	80,000.00
Income from other sources		
Saving bank Interest		4,100.00
Gross Total Income		184,100.00
Less: deduction u/s 80TTA		4,100.00
Total Taxable Income		180,000.00
Tax Liability (Rs.80, 000*30%)		24,000.00
Add: Cess		960.00
Total Tax Liability		24,960.00
Less: Rebate U/s 87A		12,500.00
Gross Tax Liability		12,460.00
Less: TDS		1,800.00
Net Tax Liability		10,660.00

Notes:

- a. Deduction of brokerage charges is not available as deduction other than cost of acquisition is not allowed in case of Virtual Digital Asset.
- b. Benefit of basic exemption limit is not available in case of profit/gain from Virtual Digital Asset
- c. It is assumed that TDS must have been deducted on sale of Virtual digital Asset as that sale consideration exceed the limit for deduction of TDS.

Example - 2

Mr. A purchased a NFT on 03/05/2022 for Rs. 5,00,000 and sold it on 31/12/2022 for Rs. 7,50,000. Mr. A is also having business loss of Rs. 6,00,000 and capital loss on sale of Bitcoin of Rs. 1,00,000 on sale of 2000 bitcoins at Rs.300 the cost of acquisition of which is Rs. 200 each. Calculate Tax liability of Mr. A.

Solution:

Particulars	Amount (Rs.)	Amount (Rs.)
Income from PGBP		
Business Loss		-6,00,000
Income from Capital Gain		
1. Sale of NFT		
Sale Consideration	7,50,000	
Less: Cost of Acquisition	5,00,000	2,50,000
2. Loss on Sale of Bitcoins		
Sale Consideration (Rs. 300* 2000)	6,00,000	
Less: Cost of Acquisition (Rs.200*2000)	4,00,000	-2,00,000
Total Income		2,50,000
Tax liability		75,000
Add: Cess @4%		3,000
Gross Tax Liability		78,000
Less: TDS		13,500
Net Tax Liability		64,500

Notes:

- Loss from bitcoins cannot be set off with gain from NFT as loss from one VDA is not allowed to be set off with gain from another VDA
- Loss from Business cannot be set off with gain from NFT as set off benefit is not available in case of VDAs. Business loss can be carried forward.
- It is assumed that TDS must have been deducted on sale of NFT and Bitcoins as the sale consideration exceeds limit for deduction of TDS.
- Loss from sale of bitcoins cannot be carried forward in next year as benefit carry forward of loss is not allowed in case of VDAs.

Contributed by
CA Ayush Goel.

The important clarifications issued by the Government on GST in June/ July 2022:

Compliance timelines:

Form No.	Description	To whom applicable	Period	Due date
GSTR-7	Details of Tax deducted at source (TDS) under GST	Tax deducted at source (TDS) deductors	June 2022	10 th July 2022
GSTR-8	Details of Tax collected at source (TCS) under GST	Tax collected at source (TCS) deductors	June 2022	10 th July 2022
GSTR-1	The return of outward supplies	Tax payers (Monthly Filers)	June 2022	11 th July 2022
GSTR-1	The return of outward supplies	Tax payers (Quarterly Filers under QRMP)	Apr - Jun 2022	13 th July 2022
GSTR-6	Details of inputs to be distributed	Input Service Distributor	June 2022	13 th July 2022
GSTR-5	Summary of outward and inward supplies	Non-resident foreign taxpayer	June 2022	20 th July 2022
GSTR-5A	Summary of outward supplies	Online Information and Database Access or Retrieval (OIDAR) service providers	June 2022	20 th July 2022
GSTR-3B	Summary of outward and inward supplies and payment of tax liability	Tax payers (Monthly Filers)	June 2022	20 th July 2022
GSTR-3B	Summary of outward and inward supplies and payment of tax liability	Tax payers (Quarterly Filers under QRMP)	Apr - Jun 2022	22 nd July 2022 (List 1 States)/ 24 th July 2022 (List 2 States)
CMP 08	Summary of outward and inward supplies and payment of GST	Composition Dealers	Apr - Jun 2022	31 st July 2022

List 1 States - Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep

List 2 States - Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi.

Updates in the month of June/ July 2022

1. CBIC issues procedure relating to sanction, post audit and review of refund claims

It has been observed by the CBIC that in several case, speaking orders are not issued where refund is sanctioned in full. For ensuring uniformity in procedure and enabling effective monitoring of refund, CBIC has issued detailed procedures for sanction, post audit and review of refund claims under GST. Further, the post audit shall be conducted only for refund claims amounting to Rs. 1 lakh or more and it would be concluded within 3 months from the date of issue of FORM GST RFD-06 order.

(Instruction No. 03/2022-GST dated June 14th, 2022)

2. Operational Creditors must furnish copies of GSTR-1, GSTR-3B, and e-way bill along with CIRP plea u/s 9 of IBC Act, 2016

IBBI has notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2022. The new regulation 2B has been inserted requiring the operational creditor to furnish copies of Form GSTR-1 & Form GSTR-3B and a copy of the e-way bill along with their petition u/s 9 of the IBC, 2016. These provisions shall however not apply to those operational creditors who do not require registration and to those goods and services which are not covered under any law relating to GST.

(Notification No. IBBI/2022-23/GN/REG084, Dated: 14.06.2022)

3. CBIC notifies exchange rates effective from June 17th, 2022

The Central Board of Indirect Taxes and Customs has notified the rate of exchange of conversion of the foreign currencies into Indian currency or vice versa, with effect from 17th June 2022, for import and export of goods. In this regard, notification has been issued in supersession of Notification No.49/2022-Customs (N.T.), dated June 2nd, 2022.

(Notification No.51 /2022 -Customs (N.T.) dated June 16th, 2022)

4. GSTN Advisory on resolution of problem of duplicate invoices appearing in GSTR 2B of April and May 2022 and generation of correct GSTR 2B

GSTN had issued an advisory which was appearing as a rolling ticker on its website. As per the advisory, it said that "Few taxpayers (recipients of supply) have reported that they have observed same invoice twice in GSTR 2B i.e. April and May, 2022. Taxpayers are advised not to avail ITC on same invoice twice. A solution to the issue would be implemented shortly."

GSTN has now rectified the problem and issued the following advice, appearing as a rolling ticker on its website, "**A few taxpayers (recipients of supply) had reported that they have observed same invoice twice in GSTR2B i.e. April and May, 2022. The error has been rectified and correct GSTR 2B generated.**"

Taxpayers are requested to take note of the same and avail ITC on the now rectified GSTR 2B. Kindly avoid availing ITC on any duplicate invoice appearing in both April and May 2022.

5. Levy of Compensation Cess extended up to 31st March, 2026

Compensation Cess which was initially imposed for five years i.e. up to June 2022 on specified goods, has been further extended up to March 31, 2026. Compensation Cess is levied for compensating the states for losses arising from GST implementation. In this regard, notification has been issued and Goods and Services Tax (Period of Levy and Collection of Cess) Rules, 2022 are notified which shall be effective from July 1st, 2022.

(Notification No. 1/2022-Compensation Cess dated June 24th, 2022)

6. Recommendations of 47th GST Council Meeting

The 47th GST Council met under the Chairmanship of Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in Chandigarh on 28th and 29th July, 2022. The GST Council has made several recommendations relating to changes in GST rates on supply of goods and services and changes related to GST law and procedure. *The rate changes recommended by the 47th GST Council will be made effective from 18th July,2022.* these relate to:

- Rate Rationalization to remove inverted duty structure
- Other GST rate changes as recommended by the Council
- Withdrawal/ rationalisation of exemptions on goods and services
- Clarification on GST rate on goods and services
- Measures for Trade facilitation and streamlining compliances relating to GST law and procedure
- The Council has also decided to constitute a Group of Ministers to address various concerns raised by the States in relation to constitution of GST Appellate Tribunal and make recommendations for appropriate amendments in CGST Act.

Please click on the link below to access the complete Press Release. Kindly note that the recommendations of the GST Council have been presented in this Press release containing major item of decisions in simple language for information of all stakeholders. The same would be given effect through relevant Circulars/ Notifications/ Law amendments which alone shall have the force of law.

<https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=1838020>

(Press Release date. June 29, 2022)

7. Notifications notifying recommendations of 47th GST Council Meeting w.r.t. procedures

The Government has notified the recommendations of the 47th GST Council w.r.t. procedures. Some of the important ones are as follows:

- Exemption from filing Annual Return to registered persons whose aggregate turnover in the financial year 2021-22 is up to Rs. 2 crore
- The due date for filing of FORM GST CMP-08 by Composition Dealers for the quarter ending 30th June, 2022 is extended till 31st July, 2022
- The late fees for filing GSTR-4 for FY 2021-22 has been waived till 28th July, 2022
- Time period for issue of Order u/s 73(9) for the FY 2017-18 extended up to the 30th day of September, 2023
- Time period from 1st March, 2020 to 28th February 2022 u/s 54 or 55 to be excluded from calculation of the limitation period for filing refund claim and similarly for recovery of erroneous refund u/s 73(10)
- Automatic revocation of suspension of registration on filing of all pending returns
- No requirement of reversal of input tax credit for exempted supply of Duty Credit Scrips by the exporters
- Transfer of balance available in Electronic Cash Ledger to another distinct person of the same PAN in FORM GST PMT 09.
- Certain changes in GST Invoicing w.e.f. 5th July 2022
- Ineligibility of ITC in case supplier does not issue E-Invoice when it is required to do so
- Changes for exporters under GST e.g. calculation of refund as per FOB value, refund to risky exporters, etc. and no refunds in-case of mismatch between Shipping Bill and GSTR 1.

(Notification No. 10/2022 – Central Tax to Notification No. 14/2022 – Central Tax dated July 5th, 2022).

8. CBIC notifies retrospective amendment to Section 50(3)

The Government has notified retrospective amendment to Section 50(3) which provides that interest is payable on the wrongly availed ITC when the same is utilized. This retrospective amendment was introduced in the Finance Act, 2022 but it was provided that it would come with effect from the date to be notified by the Government.

(Notification No. 9/2022 – Central Tax dated July 5th, 2022)

9. Circulars issued by the Department w.r.t. procedures based on decisions taken in the last GST Council meeting

The GST Council in its 47th meeting has recommended the Government to issue various clarifications. In this regard, the CBIC has issued several circulars to clarify various issues pertaining to GST. The Circulars are as follows:

- Mandatory furnishing of correct and proper information of inter-State supplies and amount of ineligible/blocked Input Tax Credit and reversal thereof in return in FORM GSTR-3B and statement in FORM GSTR-1 - Circular No.170/02/2022-GST dated July 6th, 2022
- Clarification on various issues relating to applicability of demand and penalty provisions under the Central Goods and Services Tax Act, 2017 in respect of transactions involving fake invoices - Circular No.171/03/2022-GST dated July 6th, 2022
- Clarification on various issue pertaining to GST i.e. refund claimed by the recipients of supplies regarded as deemed export; interpretation of section 17(5) of the CGST Act; prerequisites provided by employer to the employees as per contractual agreement; and utilisation of the amounts available in the electronic credit ledger and the electronic cash ledger for payment of tax and other liabilities invoices - Circular No.172/04/2022-GST dated July 6th, 2022.
- Clarification on issue of claiming refund under inverted duty structure where the supplier is supplying goods under some concessional notification - Circular No.173/05/2022-GST dated July 6th, 2022.
- Prescribing manner of re-credit in electronic credit ledger using FORM GST PMT-03A - Circular No.174/06/2022-GST dated July 6th, 2022.
- Manner of filing refund of unutilized ITC on account of export of electricity - Circular No.175/07/2022-GST dated July 6th, 2022.

- Withdrawal of Circular No. 106/25/2019-GST dated 29.06.2019 w.r.t. refund of taxes paid on inward supply of indigenous goods by retail outlets established at departure area of the international airport beyond immigration counters when supplied to outgoing international tourist against foreign exchange - Circular No.176/08/2022-GST dated July 6th, 2022.

10. Removal of negative balance in cash ledgers of some composition taxpayers

GSTN has issued the following advisory for removal of negative balance in cash ledgers of some composition taxpayers. The same is as follows:

“Due to the reversal of amount in the cash ledger of some composition taxpayers, the balance in the cash ledgers had become negative. The government has now decided that the negative balance in the cash ledgers of such taxpayers should be nullified. Accordingly, the negative balance has been nullified. All such taxpayers have been informed through email also.” The advisory can also be accessed at:

<https://www.gst.gov.in/newsandupdates/read/546>

Contributed by

CA Sonam Agarwal.

Section 194D and Section 194DA under Income Tax Act

What is Section 194D and Section 194DA under Income Tax Act?

Similar to tax deductions done at various income sources such as salary, interest income, and house rent, tax deductions at source (TDS) are also required to be done on insurance commission and life insurance premium payments. Section 194D and Section 194DA under the Income Tax Act, 1961 are the provisions applicable respectively. Let us look into these provisions in detail:

What does Section 194D say?

Section 194D basically covers TDS on insurance commission.

Any payments made by way of:

- ❖ Any remuneration/reward in the form of commission or otherwise,
- ❖ For procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance).

The deduction must be made at the time of crediting the money to the payee's account or at the time of payment in the form of cash, cheque, draft, or any other mode. Tax is deductible only if the amount paid or payable or the aggregate of the amounts of such income paid or payable during the financial year exceeds Rs 15,000.

Who must deduct tax under Section 194D?

Any person who makes a payment to a resident Indian in the form of remuneration or reward as part of the insurance business should deduct tax. The provisions of TDS deduction under section 194D is applicable to resident individuals only, in case of non-residents section 195 will be applicable.

When and how much to deduct?

Tax is deducted at the earlier of the following cases:

- ❖ At the time of credit of commission in the payee's account.
- ❖ When the actual payment is made in cash, cheque, draft, or other modes.

According to Section 194D, the tax is deducted at different rates based on the type of payee:

- **Individuals: 5%**
- **Domestic companies: 10%**

If the payee has not quoted PAN, the tax will be deducted at the rate of 20%. You must also know that surcharge and SHEC will not be applicable to these rates.

Exceptions:-

Tax need not be deducted from the amount the payer credits to the payee's account in the following cases:

- The commission paid is within Rs 15,000.
- A self-declaration is available through Form 15G/15H.

What does Section 194DA say?

Any payment to be made to a resident Indian upon the maturity of a life insurance policy including the bonus, other than the amount included in the total income under clause (10D) of Section 10, will suffer a tax deduction at source.

What does Section 194DA say?

Any person who makes a payment to a resident Indian upon maturity of a life insurance policy will deduct the applicable taxes at source under Section 194DA.

When and how much to deduct?

The tax must be deducted at the rate of 5% on only the 'income part' of the payment. (3.75% from 14 May 2020 to 31 March 2021). Which means, TDS will be applicable only on the amount exceeding the total of the premiums paid by the insured. (The union budget 2019 has proposed to amend the TDS on insurance policy proceeds) TDS rate would increase to 20% in case the deductee fails to submit the PAN number.

However, there is no need to deduct taxes if the aggregate payable amount is within Rs1 lakh.

For example, consider Mr V received a maturity amount of Rs 8 lakh from his life insurance policy. Mr V has paid an amount of Rs 3 lakh as a premium for the policy over a period of 10 years.

In this case, the maturity amount is above Rs 1 lakh. Hence, the maturity proceeds will be paid after deducting 5% TDS. In this case, the TDS would be Rs 25,000 (5% on Rs. 5 lakh). After deduction, Mr V will receive Rs7,75,000.

No or lower tax deduction

If you are a commission earner from an insurance business, you can send Form 13 to the assessing officer requesting a certificate that authorises the payer to not deduct tax or deduct at a lower rate. This provision is available under Section 197.

However, Section 206AA (4) says that the non-deduction or lower deduction rate is not applicable unless the applicant has quoted PAN.

No or lower tax deduction:

The deductee/recipient will receive TDS certificates summarising the insurance commission payments and the TDS thereon.

Exemptions under section 10(10D)

According to section 10 (10D), any sum received under the LIC policy including the amount of bonus is exempted. This section has following exemptions to it:

- Any amount received under section 80DD (3) or 80DDA (3).
- Any amount received under keyman insurance policy
- LIC policy is bought after 1st April 2003 but before 31st March 2012 and premium is more than 20% of the sum assured.
- LIC policy is bought after 1st April 2012 and the premium paid is more than 10% of sum assured.
- LIC policies bought for persons with disability or severe disability according to section 80U, or for individuals suffering from ailments covered under section 80DDB after 1st April 2013, and the premiums are more than 15% of sum assured.

There is no ceiling limit for claiming exemption under section 10(10D) unless above mentioned conditions are satisfied.

Contributed by:

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&

Mr Akshar Choudhary

Cash Transaction - Limit & Penalty - Income Tax Act

1. Taking or Accepting Certain Loans, Deposits

As per Section 269SS, no person is permitted to accept Rs. 20,000 or more in cash:

- a) for any loan or deposit or
- b) Any amount in relation to transfer of any immovable property (even if transfer does not take place).

If any cash received from a person for any such purpose is still outstanding to be repaid, then the overall limit of Rs. 20,000/- will apply to the outstanding amount plus any subsequent receipt in cash.

The exceptions to this provision include the following:-

Sums of this nature accepted from

- a) Government;
- b) any banking company, post office savings bank or co-operative bank;
- c) any corporation established by a central, state or provincial Act;
- d) any Government company as defined in clause (45) of section 2 of the Companies Act, 2013;
- e) such other institution, association or body or class of institutions, associations or bodies which the Central Government may, by notification in the Official Gazette, specify.
- f) from a person having agriculture income, and the recipient is also having agriculture income and neither of them is chargeable to income tax.

Consequences of violation

Penalty of an amount equal to the amount taken in cash will be levied.

2. Repayment of certain Loans or Deposits

As per Section 269T, a banking company or a cooperative society, firm or other person is not allowed to repay any loan or deposit in cash if:

- a) The amount of the loan or deposit or specified advance* together with the interest, if any, is Rs.20,000/- or more, or

- b) The aggregate amount of loans or deposits or specified advance* held by such person, either in his ownname or jointly with other person on the date of such repayment together with the interest, if any, is Rs.20,000/- or more.
- c) w.e.f 2019-20 TDS @ 2% to be deducted on cash withdrawals of Rs. 1 Crore in a year from bank account for business purpose to any person who has made the loan or deposit or paid the specified advance.

This provision does not apply to-

Repayment of any loan or deposit or specified sum* taken or accepted from-

- a) Government;
- b) any banking company, post office savings bank or co-operative bank;
- c) any corporation established by a central, state or provincial Act;
- d) any Government company as defined in clause (45) of section 2 of the Companies Act, 2013;
- e) Such other institution, association or body or class of institutions, associations or bodies which the Central Government may, by notification in the Official Gazette, specify. (Refer Sec.269T)

*Specified advance means any sum of money in the nature of advance, by whatever name called in relation to transfer of an immovable property, whether or not transfer takes place.

3. Other Cash Transaction

As per Section 269ST, no person is allowed to receive in cash an amount of Rs. 2, 00,000 or more-

- in aggregate from a person in a day; or
- in respect of a single transaction; or
- in respect of transactions relating to one event or occasion from a person

This provision does not apply to-

- i. any receipt by-
 - a) Government;
 - b) any banking company, post office savings bank or co-operative bank;
- ii. transactions of the nature referred to in section 269SS;
- iii. such other persons or class of persons or receipts, which the Central Government may, by notification in the Official Gazette, specify. (Refer Section 269ST)
- iv. w.e.f 2019-20, Digital payments (Mode of electronic payments) is permissible in addition to account payee cheque, account payee bank draft or electronic clearing system through a bank account. Persons having business income and turnover/ receipt exceeding 50 crores in a financial year are mandatorily required to accept payment through prescribed electronic mode or other electronic mode only. In case of failure to do so, it would attract a penalty of Rs. 5000/- for every day during which such failure continue

Consequences of violation of this provision

Penalty u/s. 271DA is levied for a sum equal to the amount of such receipt.

4. Disallowances of expenses incurred in cash

As per Section 40A(3), in case a person incurs any expenditure for his business or profession, in respect of which payment or aggregate of payments made in cash in a day exceeds Rs. 10,000/- , 100% of such payment will be disallowed while computing his taxable income from business/ profession. However some exceptions are provided.

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7. Deemed Income of subsequent year in which payment is made

In case an allowance has been made in respect of any liability incurred by a person for any expenditure, and then during any subsequent year the person makes payment in respect thereof in cash, the payment is chargeable to income-tax as income of the subsequent year if the payment or aggregate of payments made to a person in a day exceeds Rs.10,000/-.

In case payment is being made for plying, hiring or leasing goods carriages, then limit is Rs.35000/-, instead of Rs.10000/-

8. Disallowances in respect of Fixed Assets i.e. Capital Expenditure

As per Section 43, in case a person incurs any expenditure for acquisition of any asset in respect which a payment or aggregate of payments made to a person in cash in a day exceeds Rs.10,000/-, such expenditure is not included for the purposes of determination of actual cost of such asset. This means that no depreciation benefit will be available on such capital expenditure incurred in cash.

9. Cash Donations

Donation made in cash to a registered trust or political party, if exceeds Rs. 2000, are not allowable as deduction u/s 80G.

10. Premium on Health Insurance

Any payment made in cash on account of premium on health insurance facilities is not allowable as deduction u/s 80D of IT Act.

Contributed by

Miss Karishma Kayal

RULES

When last date to give article came very near, I was finding it very difficult to select a suitable article and then one line which is used very often nowadays is 'Rule of Law" gave interesting imbibes in me and I decided to write on Rule.

Rules is very commonly used word but very misunderstood word and most of the people fail to implement the rule in true spirit.

Rules can be made for individual himself, for families, offices, society, country and for planet.

First January is the date when rules for year is made. And the full year goes hay ware and again the first January comes and the process continues throughout our life. The list of rule for individual is unlimited like-I will quit smoking/any addiction, reduction of weight, early sleep and early rise, proper use of mobile phones, time management and so on. If individual starts following his own rules, life will be much easier, prosper and with full of happiness.

In earlier years, decision of elders were final. No question, if dadaji has said something. His words were command. Only compliance and no reaction was the rule. Life was meaningful. Now, in the name of freedom and in the era of nuclear family, that respect is gone. Parent become helpless in the fights of family members. That era of families were very beautiful.

Offices make certain rules for work and for tea members. This is for the betterment of each and every one in the company as if rules are properly followed this is good for company and vice versa. The rules are very simple like Punctuality, proper dressing, good behaviours, proper communication channel, and timely response. The beauty is in the entire rule competency is not coming in any rule.

Society is nothing but total of all individuals, families and offices. Income should be more and expense should be less. This is very simple rule. In the name of showbiz and luxury, the rule is not followed and ultimately society becomes a poor place to live in.

Combination of above is country. A country can never run without any rule of law. Rules are made make country a better place to live in. When rules are broken or misused, legal cases comes and if legal system collapses then it becomes very pathetic to live in the country.

If we do not follow rules for planet like proper use of water, save the soil rule, forest conservation etc. then nature will give us plenty of things otherwise, Tsunami is bound to come in so many faces.

If anybody thinks that he is above rule, then from above we find that he is creating trouble for himself. For some time, he may feel happy that I have very intelligently flouted the rule and nobody could notice it but to whom he is befooling. Ultimately, he is creating trouble for himself only. If I use mobile phone extra, it is me who will be bringing misfortunes in the form of new diseases. If I fail to take advices of my elders in the family, one day no one will take my advice. If I meaningfully confuses my office, I will lose respect in my own eyes and then in the eyes of my juniors as well. And the same goes with country and with nature. Mark my words; fluting of rules will definitely put me in trouble and will restrict my growth, respect and prosperity.

One should commit and say that I am my own hero and I play well within the boundary of rules.

Contributed by

CA Arun Patodia

Role of Administration in an organization

Administrators support the smooth running of office. As an administrator, you will be responsible for helping the smooth running of the office by ensuring filing and documentation is kept up to date. You could also be required to be customer-facing - via email, phone, or greeting visitors.

The job role of an administrator involves the following duties:

- Preparing, organising and storing information in paper and digital form
- Dealing with queries on the phone and by email
- Managing diaries, scheduling meetings
- Arranging post and deliveries
- Taking minutes at meetings
- Maintaining office systems
- Maintaining discipline in office
- The workplace should be a happy place
- Come up with a set of guidelines
- Make sure your employee know what is expected from them and understand their obligation to play by the rules. If it is not clear to them what the rules are, you cannot expect them to obey them. You need to come with the most important rules you want to be obeyed in your workplace. Make it limited to a few clear-cut rules instead of a hundred that no one will even bother to read. The list of rules should literally just fit into a wall poster you could hang in the lunch area.
- Regularly communicate with your staff
- You won't be able to establish discipline in your office with closed doors. Employees should feel comfortable sharing their grievances with you whenever they arise.
- Communication is the soul of any organization. It is basically the most important aspect of any business. Priorities communication above anything else. Make sure everyone know that you are more than willing to listen to anything he or she has to say. The communication is a Two-Way Street, your employees need to know that you are an open-minded person.

Contributed by

Mr. Bijay Singh



Compliance Check

Due Date for Annual ROC Compliance for the F.Y 2021-22 for next 3 months:

S.No	E-forms	The object of e-form	Time-line	Last Date	Remarks
1	E-Form DIR 3 KYC or Web KYC	Application for KYC of Directors	Annual Compliance	30.09.2022	Applicable to every DIN Holders who hold DIN as on 31.03.2022
2	E-form ADT 1	Appointment of Auditor	15 days from the conclusion of AGM	14.10.2022	Applicable to company which are required to appoint auditor
3	E-Form Form 8 LLP	Annual Filing	Annual Compliance	30.10.2022	Applicable to all LLP
4	E-form AOC 4	Annual Filing	30 days from the conclusion of AGM	30.10.2022	Applicable to all company
5	E-form AOC 4 cfs	Annual Filing	30 days from the conclusion of AGM	30.10.2022	Applicable to companies which are required to file cfs
6	E-form DIR 12	Regularizatio n of Director	30 days from the conclusion of AGM	30.10.2022	Applicable to the companies who are required to regularize their directors
7	E-form MGT 14	Filing of resolutions with the ROC regarding Board Report and Annual Accounts.	30 days of passing Board Resolution	30.10.2022	Applicable to all Public Limited Company
8	E-Form MSMe	Outstanding Payment to MSME	April 2022 to September 2022	31.10.2022	
9	E-form PAS 6	Reconciliatio n of Share Capital	60 days from the end of each half year	29.11.2022	Applicable to all unlisted public company
10	E-form MGT-7 or MGT-7A	Annual Filing	60 days	29.11.2022	Applicable to all company

*Contributed by
Miss Vrinda Rajgharia*

Silver Jubilee Celebration of BAS & CO.

LLP

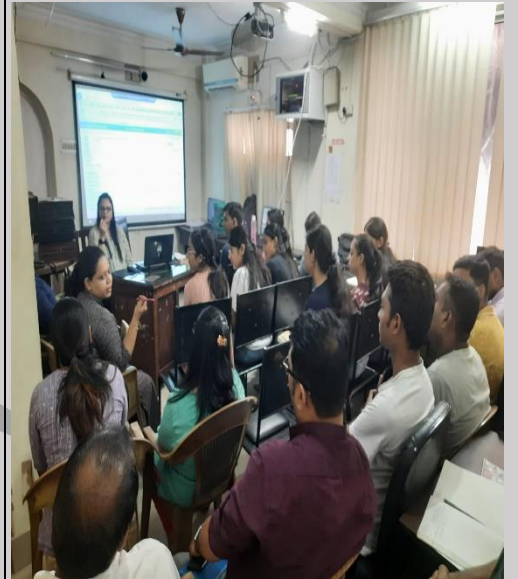


Visit to Survi Sadan Goshala



LIFE AT BASCO

Saturday Activity



International Yoga Day Celebration





Swatch Office



Star Performer



BASCC



Focus on the good things in life

Two friends were walking through the desert. At one stage in their journey, they had an argument and one friend slapped the other one in the face. The one who got slapped was hurt, but without saying anything he wrote in the sand, 'Today my best friend slapped me in the face.'

They kept on walking until they found an oasis, where they decided to have a wash. The one who had been slapped got stuck in a mire and started drowning, but his friend saved him. After he had recovered from his shock, he wrote on a stone, 'Today my best friend saved my life.'

The friend who slapped and saved his best friend asked him, 'After I hurt you, you wrote in the sand and now, you write in stone, why?' The other friend replied, 'When someone hurts us we should write it down in sand where winds of forgiveness can erase it away. But, when someone does something good for us, we must engrave it in stone where no wind can ever erase it.'

Moral of the story -Good things will come to us if we focus on the positives and let go of the negatives.

*Contributed by
-Ms. Tanvi Dadhichi*

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Disclaimer- This newsletter is meant for internal circulation and general information purposes only. These informational materials are not intended, and must not be taken, as legal advice on any particular set of facts or circumstances.



We have been engaged in the profession of Chartered Accountants since 1997. We have a professional team of young and energetic individuals having dynamic approach towards offering high quality` professional

services to our clients which has helped us immensely in building long term mutual benefit relationships.

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- Audit
- Taxation (Direct Tax)
- International Taxation
- Consultancy
- Secretarial works
- Valuation
- Registration

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