

# FOCAL POINT

Newsletter from Raju and Prasad Chartered Accountants

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*Dear Reader,*

*The Policy updates and Verdicts of Various High Courts are enclosed in this newsletter. We would like to draw your attention to various important updates, including RBI on Hedging of Gold Price Risk in Overseas Markets, SEBI launching SCORES 2.0 technology to strengthen complaint redressal system for investors and intriguing case laws on direct and indirect taxes.*

*Hope this issue will find you and your near & dear in good health. Be safe, and healthy*

*Regards*

*For Raju and Prasad*

*Chartered Accountants*

*Your Knowledge Partners*

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**"Success is not final, failure is not fatal:  
it is the courage to continue that counts"**  
**-Winston Churchill**

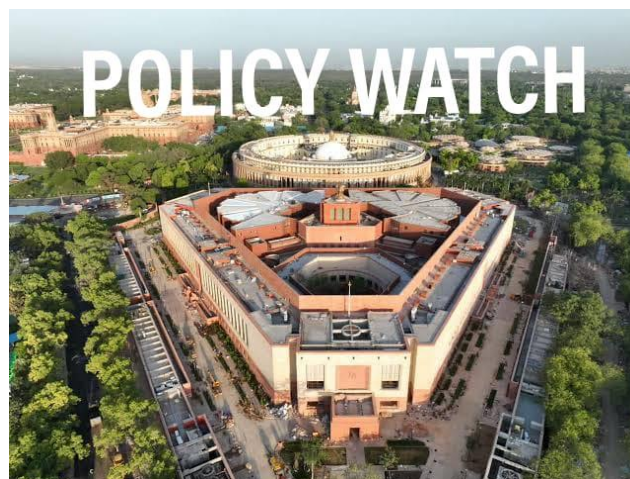
# Policy Watch

## RBI Updates



### Hedging of Gold Price Risk in Overseas Markets.

Resident entities were permitted to hedge their exposure to price risk of gold on exchanges in the International Financial Services Centre (IFSC) recognised by the International Financial Services Centres Authority (IFSCA) vide A. P. (DIR Series) Circular No. 19 dated December 12, 2022. To provide further flexibility to resident entities to hedge their exposures to price risk of gold, it has now been decided to permit resident entities to hedge their exposures to price risk of gold using OTC derivatives in the IFSC in addition to the derivatives on the exchanges in the IFSC, subject to the stipulations set out in the Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022, as amended from



time to time. Units (BBPOUs). The revised framework shall be applicable from April 1, 2024.

These instructions shall be applicable with immediate effect. The Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022 has been updated accordingly.

The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12662&Mode=0>

**SEBI****SEBI launches SCORES 2.0 New****Technology to strengthen SEBI Complaint Redressal System for Investors**

In its continuous pursuit of protection of interests of investors in the securities market, SEBI has launched the new version of the SEBI Complaint Redress System (SCORES 2.0) today. The new version of SCORES strengthens the investor

complaint redress mechanism in the securities market by making the process more efficient through auto-routing, auto-escalation, monitoring by the 'Designated Bodies and reduction of timelines. The new SCORES system has also been made more user friendly. SCORES is an online system where investors in securities market can lodge their complaints through web URL and an App.

The website link for SCORES 2.0, effective from April 01, 2024 is

<https://scores.sebi.gov.inManager>

After the complaint is lodged, Within 5 working days both at the stage of submission and resubmission of DRHP, It will be made available on both digital/social media platforms of the Issuer and the Association of Investment Bankers of India (AIBI).

The salient features of SCORES 2.0 are as follows:

- i. Reduced and uniform timelines for redressal of investor complaints across the Securities Market i.e. 21 Calendar days from date of receipt of complaint.
- ii. Introduction of auto-routing of complaints to the concerned regulated entity so as to eliminate time lapses, if any, in the flow of complaints.
- iii. Monitoring of the timely redressal of the investors' complaints by the 'Designated Bodies'.
- iv. Providing two levels of review: First review by the 'Designated Body' if the investor is dissatisfied with the resolution provided by the concerned regulated entity. Second

review by SEBI if the investor is still dissatisfied after the first review.

v. Introduction of auto-escalation of complaint to the next level in case of nonadherence to the prescribed timelines by the regulated entity or the Designated Body as the case may be.

vi. Integration with KYC Registration Agency database for easy registration of the investor on to SCORES

Investors can lodge complaints only through new version of SCORES i.e.

<https://scores.sebi.gov.in/> from

April 01, 2024. In the old SCORES i.e.

<https://scores.gov.in> investors would not be able to lodge any new complaint.

However, Investors can check the status of their complaints already lodged in old SCORES and pending in the old SCORES. Further, the disposed of complaints filed in the old SCORES can be viewed at SCORES 2.0

The old App has been discontinued and a new App in its place will be launched soon.

[https://www.sebi.gov.in/media-and-notifications/press-releases/apr-2024/scores-2-0-new-technology-to-strengthen-sebi-complaint-redressal-system-for-investors\\_82618.html](https://www.sebi.gov.in/media-and-notifications/press-releases/apr-2024/scores-2-0-new-technology-to-strengthen-sebi-complaint-redressal-system-for-investors_82618.html)

## Verdicts

### Direct Tax

Direct  
Tax

#### Act: The Income Tax Act, 1961

**1. Interest on compensation received for acquisition of land u/s 28 or 34 of Land Acquisition Act, 1984 shall be considered as Income from Other Sources u/s 56(2)(viii) and shall be exigible to Income tax.**

Vide Decision of HIGH COURT OF Delhi

Principal Commissioner of Income Tax  
v Inderjit Singh Sodhi (HUF)

#### Facts of the case:

1. The assessee had claimed an exemption on the receipt of income on account of compensation on compulsory acquisition of land, interest received on said acquisition and dividend income. The assessee was also entitled for the

- consequential benefits, including the interest on enhanced compensation.
2. The Assessing Officer took the view that the receipt of interest must be treated as income chargeable to tax under section 56(2)(viii) and, accordingly, an amount received by the assessee towards interest was added to the taxable income of the assessee.
  3. On appeal, the Commissioner (Appeals) also upheld the order of the Assessing Officer.
  4. On further appeal, the Tribunal deleted the addition made by the Assessing Officer. He further held that since the interest amounts to accretion to the value of compensation, therefore, the same must be treated as a part of compensation.
- Judgement:**
1. The Revenue filed an appeal against the ITAT's decision to delete the addition made by the Assessing Officer under Section 56(2)(viii) of the Income Tax Act for the Assessment Year 2016-17.
  2. The central question revolves around whether interest received under the Land Acquisition Act should be taxed under Section 56(2)(viii) of the Income Tax Act.
  3. The respondent-assessee claimed exemption on the receipt of income, including compensation for land acquisition, interest on the compensation, and dividend income.
  4. The AO made an enquiry regarding the interest claimed as exempt, and after considering various judicial pronouncements, added the interest to the taxable income of the assessee.
  5. The CIT(A) upheld the AO's decision, stating that the amendment in Section 56 of the Act nullified the decision relied upon by the assessee.
  6. The ITAT allowed the assessee's appeal, equating interest under Section 28 of the Land Acquisition Act with enhanced compensation, thus exempting it from tax.

7. The Revenue contended that the ITAT erred in rejecting the AO's view and relying on a pre-amendment decision.
8. The Court considered the provisions of the Land Acquisition Act and the Income Tax Act, especially Section 56(2)(viii) and Section 145-B.
9. It concluded that interest on compensation or enhanced compensation is taxable under the head "Income from other sources" as per the 2010 amendment, overturning the ITAT's decision.
10. The Court affirmed the AO and CIT(A)'s findings and allowed the Revenue's appeal.

In essence, the judgment clarifies the tax treatment of interest on compensation or enhanced compensation under the Income Tax Act, ruling that it is taxable as income from other sources as per the relevant provisions of the Act.

## Indirect Tax

### Act: Central Goods and Services Act, 2017

**Where assessee reversed ITC wrongly availed on purchase of car, in GSTR 3B return filed subsequently, still impugned order, further debited amount from electronic credit ledger of assessee, impugned order was to be set aside**



Vide decision of HIGH COURT OF MADRAS

Vijayshanti Hardware v. Assistant Commissioner (ST) (FAC)

#### Facts of the case:

1. The petitioner states that he had purchased a car in the assessment



year 2021-2022. Since he had wrongly availed of Input Tax Credit (ITC) in relation thereto, it is stated that such ITC was reversed in the GSTR 3B return filed subsequently. In spite of such reversal, it is stated that the impugned order was issued. The petitioner states that he had purchased a car in the assessment year 2021-2022. Since he had wrongly availed of Input Tax Credit (ITC) in relation thereto, it is stated that such ITC was reversed in the GSTR 3B return filed subsequently. In spite of such reversal, it is stated that the impugned order was issued.

2. Learned counsel for the petitioner invited attention to the GSTR 3B return and pointed out that a sum of Rs. 73,690/- each towards CGST and SGST was reversed under the said return. He also pointed out that subsequent to the impugned order, a further sum of Rs. 71,706/- was debited from the electronic credit ledger of the petitioner
3. Mrs.K.Vasanthamala, learned Government Advocate, accepts notice for the respondent. She points out that the impugned order was

issued in view of the respondent not being aware of the reversal in the GSTR 3B return.

Judgement:

1. The court observed that the petitioner had diligently furnished the GSTR 3B return for April in the assessment year 2023-2024, indicating a clear reversal of Input Tax Credit (ITC) amounting to Rs. 73,690 each for CGST and SGST. Despite this, the impugned order erroneously proceeded on the premise that the ITC of the aforementioned amounts was wrongly availed of, neglecting the documented evidence of reversal provided by the petitioner.
2. For reasons set out above, the impugned order dated 11-7-2023 is quashed and the matter is remanded for reconsideration. The petitioner is permitted to file a reply to the show cause notice dated 19-4-2023 and to submit all relevant documents along with such reply. Such reply shall be submitted within a maximum period of two weeks from the date of receipt of a copy of this order. Upon receipt thereof,



the assessing officer is directed to provide a reasonable opportunity to the petitioner, including a personal hearing, and thereafter issue a fresh assessment order within a period of two months from the date of receipt of the petitioner's reply.

3. The writ petition is disposed of on the above terms. There will be no order as to costs. Consequently, connected miscellaneous petitions are closed.

#### 4. Statutory and Tax Compliance Calendar of May 2024

##### GOODS & SERVICE TAX

<b>10-May</b>	GSTR 8 for April
<b>11-May</b>	GSTR 1 for April
<b>20-May</b>	GSTR 3B for April
<b>13-May</b>	GSTR 5 for April
<b>20-May</b>	GSTR 5A for April

##### STATUTORY

<b>10-May</b>	Professional Tax (PT)
<b>15-May</b>	Provident Fund (PF), ESI Payment for Mar

##### Disclaimer

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Please visit  
<http://www.rajuandprasad.com/newsletter.php>  
 for earlier issues

##### INCOME TAX

<b>07-May</b>	Depositing TDS & TCS
<b>15-May</b>	TDS Certificate (Form 16B, 16C, 16D)
<b>15-May</b>	Quarterly TCS Return
<b>31-May</b>	Quarterly TDS Return