

FOCAL POINT

Newsletter from Raju and Prasad Chartered Accountants

September 2024

Volume 11, Issue 7

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 GST updates on introduction of Invoice Management System, reduction of B2CL reporting limits and SEBI advise for investors. Various intriguing case laws on Direct and Indirect Taxes are also enclosed in the newsletter.

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

Regards

For Raju and Prasad

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**"You must be the change you want to see in the world."
- Mahatma Gandhi**

Policy Watch

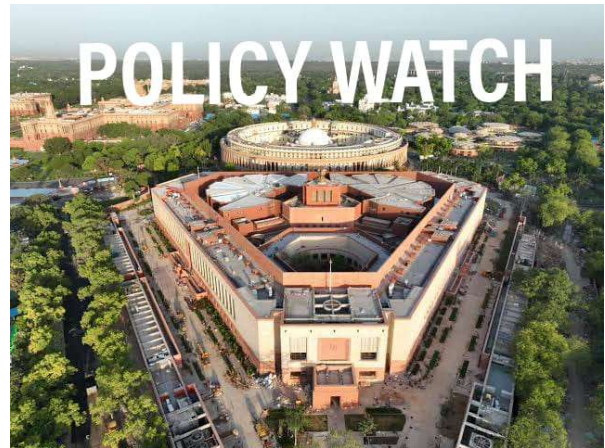
GST

Mandatory Furnishing of Bank Account details before filing GSTR-01/IFF

From 01st September 2024, as per Rule 10A of Central Goods and Services Tax Rules, 2017 notified vide notification no. 31/2019 dated 28.06.2019, a taxpayer is required to furnish details of a valid Bank Account within a period of 30 days from the date of grant of registration, or before furnishing the details of outward supplies of goods or services or both in FORM GSTR-1 or using Invoice Furnishing Facility (IFF), whichever earlier.

For the Tax period August-2024 onwards, the taxpayer will not be able to furnish GSTR-01/IFF as the case may be, without furnishing the details of a valid Bank Account in their registration details on the GST Portal.

<https://services.gst.gov.in/services/advisoryandreleased/read/513>



B2CL Reporting Threshold Reduced from 2.5 Lakh to 1 Lakh for filing GSTR-01

Vide Notification No. 12/2024 – Central Tax dated 10th July, 2024, the Government has reduced the threshold limit for reporting of invoice wise details of inter-state taxable outward supplies made to unregistered dealers (B2CL) from 2.5 Lakh to 1 Lakh which needs to be reported in Table 5 of Form GSTR-1 and Table 6 of GSTR-5. In accordance with the new legal provisions, this change is currently under development on the portal and would be available to the taxpayers shortly.

Further, till the time the functionality is made available on portal, the GST Department has advised to continue reporting the invoice wise details of taxable outward supplies to unregistered dealers which are more than 2.5 Lakhs in the Table 5 of Form GSTR-1 and Table 6 of GSTR-5

<https://services.gst.gov.in/services/advisoryandreleased/read/518>

Introduction of RCM Liability Statement in GST Portal

To assist taxpayers in correctly reporting Reverse Charge Mechanism (RCM) transactions, a new statement called "RCM Liability/ITC Statement" has been introduced on the GST Portal. This statement will be applicable from tax period August 2024 onwards for monthly filers and from the quarter,

July-September-2024 period for quarterly filers. The RCM Liability/ITC Statement can be accessed using

the navigation: *Services >> Ledger >> RCM Liability/ITC Statement.*

- **Guidelines Regarding Opening Balance in RCM ITC Statement:**

- **Monthly filers:** Report the opening balance considering RCM ITC till the July-2024 return period.
- **Quarterly Filers:** Report the opening balance up to Q1 of FY 2024-25, considering RCM-ITC till the April-June, 2024 return period.

Deadline to declare Opening Balance is till **31.10.2024**

Taxpayers can **rectify** any errors committed while declaring the opening balance on or before **30.11.2024** and the taxpayer will be given only **3 opportunities** to rectify till 30.11.2024

<https://services.gst.gov.in/services/advisoryandreleased/read/514>

Implementation of Invoice Management System in GST Portal

From 1st October, 2024 Onwards, a new functionality called Invoice Management System (IMS) is being implemented in the GST Portal, to enable taxpayers to efficiently address invoice corrections/ amendments with their suppliers and also to facilitate taxpayer in matching of their records or invoices vis a vis issued by their suppliers for availing the correct Input Tax Credit (ITC). IMS will allow the recipient tax payers to either accept or reject an invoice or to keep it pending in the system, which can be availed later. This functionality will not add any compliance burden on the taxpayers as No Action records shall be considered as Deemed Accepted and the taxpayer's intervention will only be required in case a record need to be Rejected or kept Pending.

<https://services.gst.gov.in/services/advisoryandreleased/read/517>



INCOME TAX

Non-applicability of higher rate of TDS/TCS as per Section 206AA/206CC, in the event of death of deductee/collectee before linkage of PAN and Aadhar

Circular No. 06 of 2024, dated April 23, 2024, allowed taxpayers until May 31, 2024, to link their PAN and Aadhaar numbers for transactions up to March 31, 2024, to avoid higher tax deductions under sections 206AA and 206CC of the Income-tax Act. However, issues

arose when some taxpayers experienced the death of the deductee/collectee before they could link PAN and Aadhaar. To address this, the Board has clarified that if a deductee/collectee died on or before May 31, 2024, before linking PAN and Aadhaar could occur, the deductor/collector will not be liable for higher tax deductions under sections 206AA and 206CC. Instead, normal tax deduction rules under other provisions will apply.

<https://incometaxindia.gov.in/communications/circular/circular-8-2024.pdf>

SEBI

Guidance on Investing in Securities of Companies Listed on the SME Segment of Stock Exchanges

SEBI has identified that certain SME companies and their promoters are engaging in practices that distort the true performance of their operations after listing on stock exchanges. These practices typically involve making

overly positive public announcements about the company's prospects, which are often followed by corporate actions such as issuing bonus shares, conducting stock splits, or making preferential allotments. Such actions create an illusion of robust performance and attract investors, leading to increased demand for the company's securities.

This artificial boost in investor sentiment allows promoters to sell their shares at inflated prices, benefiting from the elevated market value. SEBI has issued orders against entities involved in these deceptive practices, which can be reviewed on its official website. These cases demonstrate a recurring pattern of manipulation.

In light of these developments, SEBI advises investors to exercise caution and be vigilant when considering investments in SME stocks. Investors should be wary of relying on unverified information from social media and should avoid making investment decisions based on tips or rumors. This advisory is intended to help investors make informed

decisions and protect their interests for transactions conducted from the effective date onward.

https://www.sebi.gov.in/media-and-notifications/press-releases/aug-2024/advisory-regarding-investment-in-securities-of-the-companies-listed-on-the-sme-segment-of-stock-exchanges_86205.html

Verdicts

Direct
Tax

Direct Tax

Act: The Income Tax Act, 1961

Where assessee-society entered into redevelopment agreement with a developer to redevelop flats and developer, in turn, agreed to pay a certain amount to each member of society, amount received by members was not taxable in hands of assessee, as same was income of members

Vide Decision of HIGH COURT OF BOMBAY

Principal Commissioner Of Income Tax.
v. MIG Co-op Society Group Limited

Facts of the case:

1. The assessee-society owned certain residential flats. The plot of land on which the said flats were constructed was held by the assessee as a lessee under a long-term lease. The assessee preferred an appeal before the Commissioner (Appeals) against the assessment order.
2. The assessee along with its members decided to redevelop the flats by demolishing the old flats and constructing new flats. Accordingly it entered into redevelopment agreement with one developer, whereby it granted rights and entitlements to the developer for the aforesaid land. The members of the society agreed to transfer their old flats to the developer. The developer, in turn, agreed to pay a certain amount to each

member of society apart from a certain amount to the corpus fund of assessee. The payment was in addition to the flats and parking spaces to be constructed and handed over to the members.

3. The Assessing Officer taxed the amount received by the members from the developer in the hands of the assessee.
4. The Commissioner (Appeals) partly allowed the appeal of the assessee. The Tribunal, on appeals filed by both the assessee and the revenue, held that the facts in the instant case were almost similar to the facts in the case of CIT v. Raj Ratan Palace Co-operative Housing Society Ltd. [IT Appeal No. 2292 of 2011, dated 27-2-2013 (Bombay High Court)] and relying on the said judgment concluded that as the members of the society had offered the amount received by them from the developer for taxation, the Commissioner (Appeals) was not justified in taxing the aforesaid amount to

some extent in the hands of the assessee, as the same was the income of the members. It accordingly allowed the appeal of the assessee and dismissed the appeal of the revenue.

5. In the instant appeal the revenue is not even questioning the finding of the Tribunal that the facts in the case at hand were almost similar to the facts in the case of Raj Ratan Palace CHS (supra). Further against the above order of the High Court, the revenue had preferred a Special Leave Petition in the Apex Court, which came to be dismissed.

Judgement:

1. The appeal challenges an order by the Income Tax Appellate Tribunal (ITAT) dated February 17, 2017, which dismissed the Revenue's appeal and partly allowed the assessee's appeal. The key issues and findings are summarized as follows:

Disputed Points:

Taxability of Redevelopment Consideration:

Question: Should the consideration received from redevelopment be taxed as long-term capital gains (LTCG) in the hands of the society, given that the society's members received payments directly?

ITAT's Finding: The ITAT ruled that the society should not be taxed on the redevelopment consideration because the members had received the payments, and the society did not receive any income other than a nominal amount. This decision was based on similar findings in the case of Raj Ratan Palace Co-op Hsg. Society Ltd. v Dy. CIT.

2. The ITAT's ruling followed the Raj Ratan Palace case, asserting that the society did not transfer ownership, thus the payments made were not taxable as LTCG in the society's hands.
3. The ITAT found that Rs. 3.50 crores, received during the relevant year, should be assessed under capital gains, while the remaining Rs. 11.50

crores, receivable later, would be taxed in the year it is actually received.

4. The appeal was dismissed, as no substantial questions of law were found. The ITAT's decision was upheld, affirming that income should be taxed where it was actually received and not double-taxed.

Indirect Tax

Act: Central Goods and Services Act, 2017

Where assessee applications for refund of Cenvat Credit rejected, assessee transitioned CENVAT credit to GST regime through TRANS-1, Circular dated 9-9-2022 allowed second chance to transition to manufacturers/ dealers who could not transition, assessee's application rejected being covered by instruction No. 4.7 of Circular barring transition of disputed tax, rejection order not order of rejection of TRAN-1/TRAN-2, was to be set aside

Vide decision of HIGH COURT OF ANDHRA PRADESH,

Cholayil Pvt Ltd vs State of Andhra Pradesh

Facts of the case:

1. The petitioner, a medicinal soap manufacturer, applied for refunds of unutilized CENVAT credit in 2016 and 2017 for amounts of Rs. 64,88,803 and Rs. 48,44,124 respectively. The Assistant Commissioner rejected portions of these claims and allowed partial credits.
2. The petitioner appealed these rejections to the Commissioner, who dismissed the appeals on grounds of delay in filing.
3. With the introduction of GST on 01.07.2017, manufacturers were allowed to transition CENVAT credit to GST using Form TRAN-1. The petitioner utilized this provision but could not transition the disputed amounts.
4. Following a Supreme Court judgment, a circular was issued on 09.09.2022 allowing a second chance to transition credits from

CENVAT to GST. The petitioner filed a fresh TRAN-1 form under this provision.

5. The Deputy Commissioner rejected the petitioner's fresh application on 27.02.2023, citing that the application fell under instruction No. 4.7 of the circular, which barred transitioning disputed credit.

Judgement:

1. The Deputy Commissioner's rejection of the petitioner's application was set aside.
2. The matter was remanded to the Deputy Commissioner for reconsideration of the TRAN-1 and TRAN-2 forms, with the direction to complete the process within four months and provide the petitioner with an opportunity to present their case.
3. The Writ Petition was allowed, and there was no order as to costs.

**Statutory and Tax Compliance
Calendar of October 2024**

GOODS & SERVICE TAX

11th Oct	GSTR-01
13th Oct	GSTR-01 (Jul-Sep 2024) QRMP Scheme
18th Oct	CMP-08 for Composition dealers
20th Oct	GSTR-3B
22th Oct	GSTR-3B (Jul-Sep 2024) QRMP Scheme

STATUTORY

10th Oct	Professional Tax (PT)
15th Oct	Provident Fund (PF), ESI Payment for July
29th Oct	AOC 4 Filing for Companies for FY 2023-24
30th Oct	Form 8 Filing for LLP's for FY 2023-24

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

INCOME TAX

7th Oct	Depositing TDS and TCS for August 2024
7th Oct	Form 27C (Declaration u/s 206C (1a) of The IT Act, 1961 to be made by a buyer for obtaining goods without collection of tax for declarations received in the month of September, 2024)
15th Oct	ESIC payment
15th Oct	EPF payment
31st Oct	Income Tax Returns for Non- Corporates who needs Audit and Corporates for FY 2023-24
31st Oct	Form 10H (Certificate of foreign inward remittance (if due date of submission of return of income is October 31, 2024)
31st Oct	Form 3CEB (Report to be furnished in Form 3CEB in respect of international transaction and specified domestic transaction)
31st Oct	Form 3CA-CD / Form 3CB- CD