

Just 5 Minutes

TAXCONTM INDIA PRIVATE LIMITED

INCOME TAX ACT

1. *Tolerance limit for ALP*

The Central Board of Direct Taxes (CBDT) has notified that the tolerance limit of 1 percent for wholesale trading and 3 percent in all other cases for ALP determination during the Assessment Year 2022-23. The same limit was also notified by the board for the Assessment Year 2021-22.

2. *Removal of difficulties in TDS u/s 194S*

The Central Board of Direct Taxes, vide Circular No. 14 of 2022, dated 28-06-2022, has issued guidelines to remove practical difficulties that may arise while deducting tax at source under Section 194S where Virtual Digital Asset (VDAs) are transferred other than through an Exchange.

INCOME TAX ACT

3. *Form 16E – TDS Certificate for TDS u/s 26QE*

The CBDT has amended Income-tax Rules incorporating TDS changes brought by Finance Act, 2022. The tax deducted under section 194S shall be deposited in challan-cum-statement in Form No. 26QE. Further, the certificate of deduction of tax at source shall be issued in Form No. 16E. The board has also amended rules for tax payment and furnishing of TDS statements in case of tax deducted under section 194R.

4. *Guidelines for submission of forms for STT*

The Central Board of Direct Taxes (CBDT) has notified Format, Procedure, and Guidelines for submission of Form No. 1, Form No. 2 and Form No. 2A for Securities Transaction Tax (STT) electronically. STT returns shall be furnished on or before 30th June, immediately following the Financial Year in which the transaction has been recorded.

5. *Extend the applicability of Safe Harbour Rules*

The CBDT has extended the validity of provisions of Rule 10TD(1) & Rule 10(2A) till Assessment Year 2022-23. Rule 10TD(1) and Rule 10TD(2A) prescribe a list of eligible international transactions where transfer price declared by the assessee shall be required to be accepted by the Income-tax Authorities. Sub-rule (3A) to Rule 10TD sets time limit for the application of the provision of sub-rules (1) and (2A). It provides that provisions shall apply for the Assessment Year 2017-18 and two Assessment Years immediately following that. In other words, the provisions applied for Assessment Years 2017-18 to 2019-20. Later the Board has inserted a new sub-rule 3B to the Rule 10TD(3B) to extend the applicability of provisions of sub-rules (1) and (2A) till Assessment Year 2021-22. The Board has now amended Rule 10TD(3B) to further extend the applicability of Safe Harbour Rules until Assessment Year 2022-23.

INCOME TAX ACT

6. Sloppy taxmen on high profile cases to face action

Looking to address the concerns of taxpayers about high-pitched assessments under the faceless scheme, the revenue department has asked the Central Board of Direct Taxes (CBDT) to initiate strict action against officials for slapping notices on taxpayers without following procedures, or cross-checking facts. The department has also asked CBDT to ensure that all local committees that have been formed to look into complaints by taxpayers provide a quarterly report on actions taken.

1. *Highlights of 46th GST Council Meeting*

- a) Tax @ 18% on cheques, loose or in book form
- b) Withdrawal of exemption on services by department of posts except post cards, envelopes less than 10 gm
- c) Increase in GST on e-waste from 5% to 18%
- d) Withdrawal of exemption to services provided by RBI, SEBI, IRDAI, FSSAI
- e) Hotel accommodation below Rs 1,000 be taxed at 12%
- f) Tax exemption on training or coaching in recreational activities relating to arts or culture, or sports is being restricted to such services when supplied by an individual.
- g) Withdrawal of exemption on storage and warehousing of taxable goods like sugar, natural fiber
- h) Withdrawal of exemption on services like fumigation of warehouses
- i) Withdrawal of exemption to business class air travel for northeastern states
- j) Withdrawal of exemptions on road and rail transport, when such services are input for business

GST

- k) Withdrawal of exemption on services by way of slaughtering of animals
- l) ITC refund on account of inverted duty structure in edible oils, coal disallowed.
- m) GST Council approves to replace the term 'branded' with 'pre packaged and labelled' for retail sale to avoid disputes. (Branded cereals, food attract 5% GST currently)
- n) Exemption for food items, cereals sold loose or unlabeled continued.
- o) Tax increased on LED lamps, ink, knives, blades, power driven pumps, dairy machinery from 12% to 18%
- p) Tax increased on milling machinery for cereals from 5% to 18%
- q) Tax increased on solar water heater, finished leather from 5% to 12%
- r) Tax increased on work contract services supplied to govt, local authorities to 18% to correct inversion
- s) Tax increased on specified goods for petroleum from 5% to 12% on input goods to correct inversion

LLP ACT

1. *Extension for filing LLP forms*

Due to many glitches faced by users in filing forms on new LLP Portal launched by Ministry in February 2022, the Ministry has further provided relaxation for all LLP Filings and accordingly, the due date for filing Form 11 - Annual Return of LLP which was due for filing by May 30, 2022, and extended upto June 30, 2022, is further extended upto July 15, 2022 without any additional filing fee.

LABOUR LAWS

1. *Change in Minimum Wages Rajasthan w.e.f. 01-07-2021*

Class of Employment	Total Per Month	Total Per Day
Unskilled	6734	259
Semi-skilled	7046	271
Skilled	7358	283
Highly Skilled	8658	333

CASE LAWS - INCOME TAX

1. *Perizad Zorabian Irani v. Principal CIT*

It has been held that where assessee was only a partner in a partnership firm and was not carrying on any business independently, remuneration received by assessee from said partnership firm could not be treated as gross receipts of assessee and, accordingly, assessee was justified in not getting her accounts audited under section 44AB with respect to such remuneration.

2. *Resolve Salvage & Fire India (P.) Ltd. v. DCIT*

It has been held that the interest paid on delayed payment of TDS under section 201(1A) would be compensatory in nature and thus, was to be allowed as deduction

CASE LAWS - INCOME TAX

3. *Walter Tools India (P.) Ltd. v. ACIT*

It has been held that where TPO made adjustment on account of management service fee paid by assessee to its AE on ground that no details were available on record with respect to nature of services rendered by AE, since Tribunal in assessee's own case for immediately preceding assessment year held that services were availed by assessee and transaction of payment of management services fee was at ALP, in absence of any distinguishing feature in facts of immediately preceding year vis-a-vis current year, international transaction of payment of management services fees was at ALP

CASE LAWS - INDIRECT TAX

1. *Taghar Vasudeva Ambrish v. AAAR*

The Karnataka High Court has held that residential premises rented as hostel to students and working professionals is covered under residential dwelling being used as residence and eligible for exemption.

2. *AAR in the matter of Syngenta India Ltd.*

The Maharashtra Authority for Advance Ruling has held that GST is not payable on recovery of notice pay from resigning employees as it is not an act of forbearance or tolerance but it is in accordance with employment contract.

CASE LAWS - INDIRECT TAX

3. *AAR in the matter of Jyoti Ceramic Industries (P) Ltd.*

It has been held by the Maharashtra Authority for Advance Ruling that dentistry is a part and parcel of medical practice, health services in the form of dental services like fitment of artificial ceramic teeth, crown, bridges and dental restoratives would be exempt from GST. However, services of bleaching of teeth and dental veneers for smile designing provided by dental clinic of applicant to its patients would be taxable at 18% GST.

Fortnightly Update No : 382nd

Disclaimer: This is for private circulation only. Every effort has been made to provide the correct information for the facility of our clients. Specific advice/clarification should be obtained in case there is any doubt relating to the aforesaid