

Just 5 Minutes

TAXCONTM INDIA PRIVATE LIMITED

INCOME TAX ACT

1. *Mahila Samman Savings Certificate 2023*

Central Board of Direct Taxes (CBDT) has notified the Mahila Samman Savings Certificate, 2023, for the purpose of section 194(3)(c)(i), which provides Rs. 40,000 threshold limit for deduction of tax at source of interest.

2. *Including Cryptocurrency and NFTs as Virtual Digital Assets (VDAs)*

Section 2(47A) has been inserted in the Income Tax Act, 1961 which refers to cryptocurrency and NFTs as Virtual Digital Assets (VDAs). It means all types of crypto assets, including NFTs, tokens, and cryptocurrencies but it doesn't not include gift cards or vouchers.

Amendment has been made in the Schedule III of the Companies Act and accordingly, every company has to disclose its gains and losses in virtual currencies. Also, the value of VDAs as on the date of Balance Sheet shall be disclosed.

INCOME TAX ACT

3. *Taxing Netflix Inc*

The Indian government is contemplating taxing Netflix Inc.'s income generated from streaming services in the country. This is the first time overseas digital companies are being taxed in India for providing electronic commerce services.

4. *Understanding 20% TCS on International Credit Cards:*

The Finance Ministry has notified the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2023, to include international credit card payments in the Liberalized Remittance Scheme (LRS). As per Section 206C of the Income Tax Act, 1961 tax collection at source (TCS) is applicable on foreign remittance under LRS. Finance Act 2023 increased the TCS rate to 20% with effect from 1st July 2023. This effectively means that TCS will be applicable on usage of international credit cards with effect from May 16, 2023. Upto June 30, 2023, the TCS rate shall be 5% and from July 01, 2023, the TCS rate shall be 20%

However, spending upto Rs 7 lakh in a FY has been kept out of LRS and accordingly exempt from TCS.

GST

1. Automated return scrutiny rolled out

The Central Board of Indirect Taxes and Customs has launched the automated return scrutiny model for GST returns. The non-intrusive means of compliance verification has been rolled out in the ACES-GST back-end application for central tax officers. "This module will enable the officers to carry out scrutiny of GST returns of Centre administered taxpayers selected on the basis of data analytics and risks identified by the system.

2. GST e-invoicing threshold to be lowered to Rs 5 crore

The finance ministry has decided to lower the threshold for mandatory e-invoicing under the GST to Rs 5 crore from Rs 10 crore, effective August 01, 2023. Accordingly the firms with an annual turnover of Rs 5 crore in any of the previous FYs will have to generate e-invoices for business transactions.

COMPANIES ACT

1. MCA tightens norms for closure of firms

Firms applying for removal of their names from the Register of Companies will have to file financial statements and annual returns in order to cease business operations. To this effect, the ministry of corporate affairs has introduced fresh conditions for companies that wish to de-register with the RoC. According to the changes, a firm cannot file for removal of names unless it has filed overdue financial statements and overdue annual returns up to the end of the financial year in which it ceased to carry its business operations.

CASE LAWS - INCOME TAX

1. *PCIT v. Crescent Construction Co. (Bombay High Court)*

It has been held that no disallowance can be made by Assessing Officer where the assessee had made payment on account of sub-contracting, expenses, transporters, machine hiring charges etc. and out of the payments to sub-contractors and TDS was deposited beyond due dates but before the due date of furnishing of return of income.

2. *Pr. CIT v. Kesoram Industries Ltd.*

It has been held that where assessee claimed derivative loss which was booked on marked-to market basis on foreign exchange fluctuation at year end on mercantile accounting basis, same was to be allowed as deduction u/s 37(1)

CASE LAWS – CORPORATE LAW

1. *Supreme Court direction on POSH Act*

In a significant judgment dated 12th May 2023, the Hon'ble Supreme Court has directed all organizations to review their implementation of the POSH Act. The Court has noted serious lapses in the enforcement of the Act, with many organizations either not having an Internal Complaints Committee (ICC) in place, or lacking the required number of members or not having the External Member as part of ICC as per the requirements of the POSH Act

In order to ensure the enforcement of the POSH Act, the court has issued following directions:-

1. Government to conduct a time-bound verification exercise to ensure that all organizations have set up Committees.
2. All organizations to make available on their website necessary details about the constitution and composition of their Committee and policy.
3. Organizations to take effective steps to sensitize members of the Committee about their duties, manner in which enquiries to be held, preparing the report etc.
4. Organizations to conduct regular orientation programs, workshops, seminars and awareness programs

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