

JUST 5 MINUTES

TAXCONTM INDIA PRIVATE LIMITED

INCOME TAX ACT

1. *ITR 2, 3 & 6 Notified for AY 2024-25*

The Central Board of Direct Taxes (CBDT) has notified Income-tax Return Forms 2, 3 and 6 for the Assessment Year 2024-25. Earlier the board has notified the Income-tax Return (ITR) forms 1 & 4 for the Assessment Year 2024-25 in Dec 2023. Further, Rule 12 has been amended to allow individuals and HUF, who are liable to tax audit under section 44AB, to verify return of income through electronic verification code.

2. *Inoperative PAN – Attracts higher rate of TDS/ TCS*

It is to be noted by the Deductees/ Collectees of tax whose PAN status is 'Inoperative', that they will be attracted with higher TDS/TCS rates applicable as per provisions of Section 206AA/ 206CC of Income Tax Act. The status of PAN can be checked by clicking the link 'Verify PAN Status' available under the quick links at income tax portal.

GST

1. *Advisory for furnishing bank account details*

All GST registered taxpayers are required to furnish details of their bank account within 30 days of the grant of registration or before the due date of filing GSTR-1/IFF, whichever is earlier. A new functionality is being developed with the following features and will be deployed very soon:-

- a) *Failure to furnish the bank account in the stipulated time:* It would result into following:
 - i) Taxpayer Registration would get suspended after 30 days and intimation in FORM REG-31 will be issued to the Taxpayer.
 - ii) Get the Taxpayer debarred from filing any further GSTR-1/IFF.

- b) *Revocation of Suspension:* If the taxpayer updates their bank account details in response to the intimation in FORM REG-31, the suspension will be automatically revoked.

- c) *Cancellation of Registration:* If the bank account details are not updated even after 30 days of issuance of FORM REG-31, the registration after suspension may also be taken up for cancellation process by the Officer.

GST

1. *Advisory on Payment through CC)/DC/ UPI*

To facilitate the taxpayer with more methods of payment, two new facilities of payment have now been provided under e-payment in addition to net-banking which are Cards and Unified Payments Interface (UPI). Cards facility includes Credit Card (CC) and Debit Card (DC) namely Mastercard, Visa, RuPay, Diners(CC only) issued by any Indian bank.

LABOUR LAWS

1. *Removal of Aadhaar from the list of acceptable documents as a date of birth*

The Employees Provident Fund Organisation (EPFO), has issued Circular on removal of Aadhaar from the list of acceptable documents as a date of birth. Accordingly, Aadhar will not serve the purpose as documentary evidence for verifying date of birth.

CASE LAWS - INCOME TAX

1. *Finastra International Financial Systems PTE Ltd. v. ACIT (International Taxation)*

It has been held that where the assessee, a Singaporean company, was merely selling software product to Indian end users and there was no transfer of copyright, receipts earned by it, from the said activity, could not be treated as royalty/FTS under section 9(1)(vi) of the Act.

2. *D.V. Properties (P) Ltd. v. Pr. CIT(Suart)*

It has been held that TDS is not a payment of income tax and the said expenditure is fully allowable as business expenditure. Moreover, delay in making payment of TDS is not like a penalty, and it does not amount to payment for breach of law or illegal act prohibited act, thus interest on late payment of TDS is allowable.

CASE LAWS - INCOME TAX

3. *CPF (India) (P.) Ltd. v. Additional / Joint / Deputy / Assistant Commissioner of Income-tax / Income-tax Officer*

It has been held that where draft assessment order was made without taking into account objections filed by assessee, it would vitiate the entire proceedings and said proceedings had to be set aside.

4. *LO constitutes a PE in India as per the India-Germany DTAA*

The Delhi bench of the Income-tax Appellate Tribunal (Tribunal) has concluded that activities of the Liaison Office (LO) of a German company in India constitutes a permanent establishment (PE) as per Article 5 of the India-Germany Double Taxation Avoidance Agreement (DTAA), where the activities involved pertained to determining the book titles to be published, procuring orders, determining selling price and profits, etc. and thus, were not preparatory or auxiliary in nature.

CASE LAWS - INDIRECT TAX

1. *M/s. Eicher Motors Limited versus the Superintendent of GST and Central Excise*

The Madras High Court has allowed a writ petition challenging the recovery notices issued by the Goods and Service Tax (GST) authorities demanding interest on the delayed filing of Form GSTR-3B returns on account of technical issues for the period from July 2017 to December 2017.

The High Court noted that the taxpayer deposited the tax amount in the electronic cash ledger (ECL) by making payment *via* Form GST PMT-06, which is under the control of the government. It was held that interest is not payable, since the tax amount has been credited before the due date of payment of tax and quashed the recovery notices.

CASE LAWS - INDIRECT TAX

2. *Tol. Kalyan Jewellers India Ltd. Vs Union of India*

The Madras high court has provided clarity on the levy of GST against gift vouchers. In the case of Kalyan Jewellers, it modified a ruling given by the Appellate Authority for Advance Rulings (AAAR), which had been sought earlier by this entity. The high court clarified that a 'gift voucher' is an 'actionable claim' (enforceable debt), not constituting a supply of goods or services under Schedule III.

Only if the gift vouchers are issued for specified and identified goods and for a specified value, GST is payable at the time of issuance. In case where the goods or services remain unidentified for future purchase, GST is applicable at the time of sale, i.e. upon redemption.

CASE LAWS - INDIRECT TAX

3. *In the case of Ms/ Deepak Jain*

The Rajasthan bench of the Authority for Advance Rulings (AAR) has held that GST is applicable on the rent if a residential property is used for commercial purpose by a lessee (who is registered for GST purposes). The applicant, who had leased out his property to a private limited company, which was engaged in back-office operations, the AAR observed that, up to July 17, 2022, renting of residential dwellings for use as a residence was exempt from GST, while renting for commercial use was taxable at 18%.

4. *In the case of Kohler India Corporation*

The Gujarat Authority for Advance Rulings (AAR) has ruled that deducting money from employees' salaries to pay a canteen services provider (CSP) would not attract the GST. In a case related to luxury kitchen and bath fixtures brand, the AAR ruled that input tax credit (ITC) would be given to the company for GST paid on payment to a CSP for non-contractual employees.



Fortnightly Update No : 412th

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

