



# Just 5 Minutes

TAXCON<sup>TM</sup> INDIA PRIVATE LIMITED

# INCOME TAX ACT

1. *Payments to MSMEs shall be completed within 45 days or a lower period as agreed upon by the parties*

A new section 43B(h) has been inserted which provides that from AY 2024-25 onwards, any sum payable by the assessee to a “Micro and Small Enterprises”, beyond the time limit specified in section 15 of MSMED Act 2006 shall be allowed as deduction only on actual payment. Further, proviso clause of payments made on/ before due date of return filing, shall not be applicable to MSME payments.

Therefore, payments outstanding as on March 31, 2024 beyond time limit specified, shall become part of income of the assessee in FY 2023-24 and allowed as expenditure in the FY in which they will actually be paid.

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## 2. *Changes in ITR 6 applicable to companies:*

CBDT has notified ITR Form 6 for the AY 2024-25 and changes made have been explained below:

- a) Details of Legal Entity Identifier (LEI):- The company is required to furnish the LEI details if it is seeking a refund of Rs. 50 crores or more.
- b) New Schedule 115TD:- Any fund or institution approved u/s 10(23C) or registered u/s 12AB is liable to pay additional income tax on the accreted income, arising on conversion into a non-charitable form.
- c) CGAS Schedule:- Schedule CG has been modified to gather more information pertaining to sums deposited in the Capital Gains Accounts scheme (CGAS).
- d) Disclosure of donation to political parties (Sec 80GGC): Disclosure of additional information has to be made, such as contribution amount, transaction number, IFSC code, etc.
- e) Disclosure for eligible start ups: New Schedule seeks details with respect to the deductions claimed by companies under Section 80-IAC such as date of incorporation, nature of business, certificate number from Inter Ministerial board of certification, first year of deduction, amount of deduction in CY.

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- f) Additional disclosures have to be made in respect of Offshore banking unit or IFSC.
- g) MSME disallowance: A new column is inserted under Part A-OI (Other Information) to disclose the sum payable to Micro or small enterprises beyond the specified time limit per the MSMED Act.
- h) Online games: Schedule OS has been amended to disclose income by way of winning from online games chargeable u/s 115BBJ.
- i) Due date of filing ITR: The taxpayer is required to select the applicable due date for filing the return from the provided dropdown options.
- j) UDIN: Companies are now required to furnish the acknowledgement number of the audit report and the UDIN.
- k) MSME registration number: The company is required to provide the registration number allotted.
- l) Reason for tax audit:- New ITR-6 seeks reasons for tax audit under Section 44AB.

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*3. Wait for unprocessed income tax refund to get longer, deadline extended by 3 months*

The Central Board of Direct Taxes (CBDT) has said that all income tax returns (ITR) that are validly filed electronically up to AY 2020-21 with refund claims u/s 143 (1) would now be processed by April 30, 2024, unless otherwise prescribed. CBDT has clarified that to mitigate the genuine hardship being faced by the taxpayers on this issue, Board hereby further extends the time till April 30, 2024 in respect of returns of income validly filed electronically up to AY 2020-21.

# COMPANIES ACT

## 1. *Establishment of CPC for processing of all forms*

Ministry of Corporate Affairs (MCA) has notified the Companies (Registration Offices and Fees) Amendment Rules, 2024, with an aim to streamline the registration process and centralize decision-making for specified filings across India. The Rules are effective from February 16, 2024.

- a) A new rule, 10A, is added establishing a Central Processing Center (CPC)
- b) CPC will examine all applications, e-Forms, or documents for approval or registration by the Registrar.
- c) The Registrar at the CPC must make decisions within 30 days of filing, excluding cases requiring approval from higher authorities.
- d) This rule grants the CPC jurisdiction over various filings, including resolutions, share capital alterations, name change applications, and conversions of company types.
- e) Multiple filings at once will be handled collectively by the Center, ensuring uniformity in processing.
- f) However, the rule do not grant the Center authority, leaving the Registrar with territorial jurisdiction to exercise those powers.

# COMPANIES ACT

## 2. *MCA Extends deadline and waives Fees for LLP BEN-2 and Form No. 4D*

In light of the transition from MCA-21 version-2 to version-3 and to facilitate compliance for reporting LLPs, the MCA has announced that LLPs can file Form LLP BEN-2 and LLP Form No. 4D without incurring any additional fees until May 15, 2024. These forms will be available in version-3 for filing purposes starting April 15, 2024.

# LABOUR LAWS

## 1. *EPF rate of interest @ 8.25% for FY 2023-24*

The Employees' Provident Fund Organisation (EPFO) has fixed 8.25% interest rate on provident fund deposits for FY 2023-24, the highest in three years, following the approval of its central board of trustees.

The interest rate for 2023-24 will be officially notified after approval from the Finance Ministry, following which EPFO will credit the interest to subscriber's account.



# CASE LAWS - INCOME TAX

## 1. *Baba Export House Vs. ACIT, 02/01/2024 (Delhi ITAT) (Favour of Assessee)*

It has been held that the rate of property even in the same locality can differ depending upon the locational advantage and other factors. It is also revealed that though the AO has brought to the notice of DVO certain sale instances in the same locality at higher price, however, DVO has not accepted them. These facts clearly establish that there can be differences in valuation of property at the same locality. Thus, considering the fact that difference in FMV as per actual sale consideration received by the assessee and DVO is much lesser in comparison to the difference in value as per SVA and DVO, deeming provisions of section 50C cannot be pressed into action. More so, when the registered valuer has valued the same property at Rs.5,36,00,000/-, thereby the addition be deleted.

# CASE LAWS - INDIRECT TAX

## 1. *Kali Shankar Enterprises v. Additional Commissioner*

It has been held by High Court that filing of NIL returns for continuously more than 6 months is not a ground for cancellation of HGST.

## 2. *Rajni Mittal v. AVATO*

It has been held that where revenue was informed about the demise of taxpayer and stoppage of business, question of filing returns after demise did not strictly arise and registration of deceased taxpayer was to be canceled from the date of application filed by legal heir.

# CASE LAWS – COMPANIES ACT

## 1. *Kunwer Sachdev v. IDBI Bank & Ors*

The Delhi High Court has asked the Insolvency and Bankruptcy Board of India (IBBI) to finalise the code of conduct or guidelines preferably in three months for the effective functioning of the committee of creditors (CoC). The finalisation of the guidelines should be done without diluting the sanctity of the "commercial wisdom" of the committee of creditors and the legislative intent of Insolvency and Bankruptcy Code (IBC) 2016, it observed.



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