



Just 5 Minutes

TAXCONTM INDIA PRIVATE LIMITED

INCOME TAX

1. *E-Verification allowed for HUF and Individuals*

The Central Board of Direct Taxes (CBDT) has notified Income-tax Return Form 2, 3, and 5 for the Assessment Year 2024-25. 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. *Reg time for filing e-DRS application*

In pursuance of section 245MA, the CBDT had notified the e-Dispute Resolution Scheme, 2022 (e-DRS), to reduce litigation and provide relief to eligible taxpayers. An e-DRS application must be filed within one month of receipt of the specified order. If an appeal is pending, the e-DRS application is to be filed on or before 30.09.2024

INCOME TAX

3. *Form 6D for inventory valuation*

The Finance Act 2023 substituted Section 142(2A) to empower the AO to appoint a cost accountant for the valuation of inventory. AO can issue directions for the valuation of inventory if he believes it is necessary in the interest of the revenue to do so. Now, the CBDT has amended Income-tax Rules to provide that the inventory valuation report of an assessee, which is required to be furnished under section 142(2A), shall be in Form No. 6D.

GST

1. *Invoice Management System*

To enable taxpayers to efficiently address invoice corrections/amendments with their suppliers through the portal, a new communication process called the **Invoice Management System (IMS)** is being brought up at portal. This will also facilitate taxpayer in matching of their records/invoices vis-a-vis issued by their suppliers for availing the correct Input Tax Credit (ITC) and shall allow the recipient taxpayers to either accept or reject an invoice or to keep it pending in the system, which can be availed later. This facility shall be available to the taxpayer from 1st October onwards on the GST portal.

2. *Related-party transactions may be kept out of GST ambit*

The government is likely to exclude related-party transactions from the ambit of goods and services tax (GST) if there is no commercial consideration involved. The decision will benefit companies across the sectors, particularly those with foreign branches that engage in transactions with one another. This development follows the recent decision regarding GST on corporate guarantees, in which government exempted companies that can claim full tax credit and deal exclusively with taxable goods and services.

GST

3. *Advisory on Reporting of supplies to un-registered dealers in GSTR1/GSTR 5*

The Government has reduced the threshold limit for reporting of invoice wise details of inter-state taxable outward supplies made to unregistered dealers 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, it is 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.

COMPANIES ACT

1. *FC-1 to be filed with CRC within 30 days*

As per the recent amendment in Rule 3(3) of the Companies (Registration of Foreign Companies) Rules 2014, a foreign company must now file Form FC-1 with the Registrar, Central Registration Centre (CRC), within 30 days of establishing its place of business in India. The amendment is effective from Sept 09, 2024.

CASE LAWS - INCOME TAX

1. *Chiragkumar Nandalal Makadia v. ITO*

It has been held that where assessee was on deputation to Netherlands by his employer and salary earned in Netherlands and tax thereof was paid in said foreign country as per provisions of article 23 of DTAA between India and Netherlands, late filing of Form No. 67 could not be reason for denying assessee's entitlement in respect of benefit of treaty and, thus, assessee was to be allowed foreign tax credit.

2. *Gates India (P.) Ltd. v. ACIT*

It has been held that where TPO had accepted TNM method applied by assessee as most appropriate method, then it would not open to TPO to work out ALP in respect of one element, i.e. payment of management charges on entirely different method, i.e. CUP method.

CASE LAWS - INCOME TAX

3. *Jaipur Telecom (P.) Ltd. v. DCIT*

It has been held that where Assessing Officer initiated penalty proceedings under section 270A for misreporting and under reporting of income on account of excess depreciation debited in P&L account and on account of disallowance of claim of interest on TDS and passed an order levying penalty at rate of 200%, however, neither in show cause notice nor in final penalty order, it was specified as to which part of sub-section (9) of section 270A was attracted, penalty order was to be quashed.

4. *Goodyear India Ltd. v. DCIT*

It has been held that Authority of TPO is limited to conducting transfer pricing analysis for determining ALP of an international transaction and not to decide if such services exist or benefits did accrue to assessee and such later aspects have been held to be falling in exclusive domain of Assessing Officer.



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