



# Just 5 Minutes

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

# INCOME TAX

## 1. *Increased monetary limits for filing appeal*

CBDT has issued a Circular regarding enhancing monetary limits for filing an appeal by the tax department against the order passed in favour of the assessee. Now, for Appeals before the ITAT limit is Rs. 60 lakhs, Rs. 2 crores for High Courts and Rs. 5 crores for the Supreme Court.

## 2. *DVSVS Scheme, 2024 effective date Nov 01, 24*

The Finance (NO. 2) Act 2024 introduced the Direct Tax Vivad Se Vishwas Scheme, 2024, to offer a settlement mechanism for disputed issues, aiming to reduce litigation at a minimal cost. The CBDT has appointed October 01, 2024, as the date on which the Direct Tax Vivad Se Vishwas Scheme, 2024 shall come into force.

## 3. *No interest on NSS after Sept 30, 2024*

The National Saving Scheme was introduced w.e.f 01-10-1992 and discontinued from 01.11.2002. It has been notified that the interest on credit balances of the subscribers under this scheme will be computed till 30-09-2024 and no interest shall be computed on or after 01-10-2024



# GST

## *1. Clarification on POS for data hosting services provided by Indian service providers to overseas cloud computing service providers*

The POS for data hosting services provided by Indian service providers to overseas cloud computing service providers is the location of the recipient of the service.

It has been clarified that Data hosting service providers in India are not considered as intermediaries when providing services to overseas cloud computing service providers as they operate on a principal-to-principal basis and do not facilitate supply between cloud computing service providers and their end users

It is further clarified the service provider is an independent entity providing data hosting services through the premises, hardware and personnel. These not only comprise hardware but also other essential infrastructure. The overseas cloud computing service providers cannot be considered to own the said infrastructure and make the same physically available to the data hosting service provider for the supply of the said services. Thus, the said services are not provided in relation to goods 'made available by the recipient to the service provider as the service provider independently handles all aspects of the data centre.



# GST

## 2. *Clarification on availability of ITC in respect of demo vehicles*

The circular clarifies that demo vehicles used by authorised dealers for test drives and for demonstrating the features of the vehicle to potential buyers help potential buyers make a decision to purchase a particular type of motor vehicle. Therefore, as demo vehicles promote the sale of similar types of motor vehicles, they can be considered to be used by the dealer for making 'further supply of such motor vehicles'. Accordingly, ITC in respect of demo vehicles is not blocked under clause (a) of section 17 (5) of the CGST Act.

# COMPANIES ACT

## 1. *Amendment in Companies (Compromises, Arrangements and Amalgamations) Rules, 2016,*

A new subrule in rule 25A has been inserted which provides-

Where the transferor foreign company incorporated outside India being a holding company and the transferee Indian company being a wholly owned subsidiary company incorporated in India, enter into merger or amalgamation,

- both the companies shall obtain the prior approval of the RBI;
- the transferee Indian company shall comply with the provisions of section 233;
- the application shall be made by the transferee Indian company to the Central Government under section 233 of the Act and provisions of rule 25 shall apply to such application; and
- the declaration referred to in sub-rule (4) shall be made at the stage of making application under section 233 of the Act.

These rules have come into force on September 17, 2024.



# COMPANIES ACT

## 2. *Extension for holding AGM / EGM through VC / OAVM till 30 September 2025*

The MCA has in continuation of General Circular No. 09/2023 has further extended the time and allowed companies whose AGMs are due in 2024 and 2025 to conduct their AGMs through VC or OVAM on or before Sept 30, 2025 in accordance with paras 3 & 4 of General Circular No. 20/2020 dated 05.05.2020.



# RBI/FEMA

## 1. *Amendment to Foreign Exchange (Compounding Proceedings) Rules*

No contravention shall be compounded in the following cases:

- If the amount involved is not quantifiable.
- If Section 37A of the Act is applicable.
- If the Directorate of Enforcement deems the contravention serious, such as money-laundering, terror financing, or affecting national sovereignty and integrity.
- If the Adjudicating Authority has already imposed a penalty under Section 13 of the Act.
- If the compounding authority believes that further investigation by the Directorate of Enforcement is necessary to determine the amount of the contravention.
- The compounded amount can now be paid through NEFT, RTGS, Other permissible electronic or online modes of payment, within 15 days from the date of the compounding order.

The amended rules have come into effect from September 12, 2024.

# CASE LAWS - INCOME TAX

## 1. *Maharana Pratap Social Research and Education Society v. C.P.C. - [2024]*

It has been held that where in audit report (Form No. 10B) so filed, auditors of assessee inadvertently mentioned "No" in Column 3 instead of "Rs. 43.98 lakh" being amount of exemption available to assessee by way of accumulation or set apart for charitable use under second part of section 11(1)(a) and this led Assessing Officer to compute assessee's total income at Rs. 43.98 lakh and create demand of tax plus interest in intimation under section 143(1), assessee's claim of exemption under second part of section 11(1)(a) had to be considered by Assessing Officer.

## 2. *Rekha Rajendra Shah v. Officer In Charge, NFAC, DCIT - [2024]*

It has been held that where assessee earned capital gain on sale of ancestral property and invested same for construction of a residential house on a plot of land which was in name of her husband, there was no impediment in claiming deduction under section 54F on investment of capital gain in residential house



# CASE LAWS - INCOME TAX

## 3. *Narayani Laxmi Viniyog (P.) Ltd. v. ITO - [2024]*

It has been held that where assessee-company had validly opted for provisions of section 115BAA for assessment year 2020-21 and revenue authorities having not found any error in such valid claim had allowed option exercised for lower tax rate for assessment year 2020-21, assessee was not required to exercise option for subsequent assessment year under provision of section 115BAA(5) unless first option was rendered invalid due to violation of any condition contained in sub-clause (ii) or sub-clause (iii) of clause (a) or clause (b) of section 115BAB(2)

## 4. *Land Acquisition Officer, Urban Estate v. ACIT [2024]*

It has been held that where assessee [Land Acquisition Officer] did not deduct tax at source on payment of interest on compensation/ enhanced compensation in view of an order of Punjab and Haryana High Court that tax at source was not required to be deducted on interest paid, action of assessee could not be said to be wrongful or illegal and, thus, liability imposed upon him under section 201(1) deserved to be set aside



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