

Just 5 Minutes

TAXCONTM INDIA PRIVATE LIMITED

INCOME TAX

1. *Extension for filing belated/ revised return*

The CBDT has issued Circular dated December 31, 2024 extending due date for furnishing belated/revised ITR for AY 2024-25 in case of resident individuals from December 31, 2024 to January 15, 2025.

2. *Extension for DTVSV Scheme*

The CBDT has also issued Circular dated December 30, 2024 extending due date for determining amount payable as per column (3) of Table specified in section 90 of Direct Tax Vivad Se Vishwas Scheme, 2024 from December 31, 2024 to January 31, 2025.

GST

1. *Action Required: GST Updates to E-Way Bill and E-Invoice Systems*

GSTN has announced critical updates to the E-Way Bill (EWB) and E-Invoice Systems, effective from **1 January 2025**, will significantly impact compliance and operational processes. These updates aim to improve security and efficiency which are

Mandatory Multi-Factor Authentication (MFA) /Two-factor authentication (2FA)

- MFA/2FA will be mandatory on NIC portal/s to generate e-invoices and e-way bills for taxpayers with AATO more than ₹ 20 Crores, expanding to all users from 1 April 2025 in a phased manner.
- MFA requires logging in with a username, password, and OTP

Restriction on Document Dates for EWB Generation

- Generate e-way bills within **180 days** from the date of the document/invoice.

Limits on EWB Extension Periods

EWB extensions will be capped at **360 days** from the original generation date

GST

2. *Clarifications issued on various aspects of Vouchers under GST*

a) Nature of Voucher Transactions: Vouchers are instruments that create an obligation for a supplier to accept them as full or partial consideration for goods or services. If vouchers are recognized as pre-paid instruments by RBI and used to settle obligations, they are treated as “money” under Section 2(75) of the CGST Act and are excluded from GST. If not considered as “money,” vouchers may qualify as actionable claims, which are also excluded from GST unless specified under Section 2(102A).

b) GST on Voucher Distribution by distributors/ sub-distributors/ agents etc.:

Principal-to-Principal Model (P2P): Distributors/sub-distributors purchase vouchers from the issuer at a discounted price and sell them to end customers, sub-distributors, or corporates. Distributor/dealer assumes ownership of the vouchers and operates independently. Pure trading of vouchers in this case is not taxable under GST.

GST

- c) Distribution on Commission/Fee Basis (Principal-Agent Relationship): Distributors/sub-distributors/agents act on behalf of the voucher issuer, without owning the vouchers. Their role involves marketing, promotion, or other support activities for voucher distribution. Revenue is earned as a commission/fee (or equivalent remuneration) from the voucher issuer. The commission or fee earned by the distributor/sub-distributor/agent is treated as a supply of services to the voucher issuer. GST is payable on this commission/fee amount as per the applicable GST rate for services.
- d) Additional Services Related to Vouchers: GST applies to services such as advertising, co-branding, marketing, customization, and technology support provided to voucher issuers.
- e) Unredeemed Vouchers (Breakage): Breakage refers to the value of unredeemed vouchers that remain unused at the end of their expiry period. In the case of breakage, there is no redemption of the voucher and consequently, there is no supply of the underlying goods or services. Breakage amounts are not consideration under GST as there is no express or implied agreement between the issuer and redeemer for payment in such cases. No GST is applicable on unredeemed vouchers as there is no underlying supply of goods or services.

GST

3. Clarifications issued for Place of supply of Online Services supplied by the suppliers of services to unregistered recipients

The clarification emphasizes the mandatory requirement for suppliers of online services to record the correct place of supply and the state name of unregistered recipients on invoices, ensuring compliance with the GST law. It emphasizes that all online/digital service suppliers, including OIDAR service providers and electronic commerce operators, must adhere to the requirements for recording and reporting recipient details. Non-compliance could attract penalties, and suppliers are encouraged to establish systems to ensure proper invoicing and reporting.

4. Advisory for Waiver Scheme under Section 128A

Under the waiver scheme, for a demand notice or statement or order that has been issued under Section 73 for the tax periods between July 2017 & March 2020, the taxpayers are required to file an application either in FORM GST SPL-01 or SPL02 in the GST portal accordingly.

Form GST SPL 02 is made available in the GST portal. Form GST SPL 01 will be available soon in the GST portal.

COMPANIES ACT

1. *Due date extended for CSR 2*

The Ministry of Corporate Affairs has extended the due date for filing Form CSR 2 for the FY 2023-24 to March 31, 2025. The due date for filing the form was Dec 31, 2024.

CASE LAWS - INCOME TAX

1. *Schaeffler India Ltd. Vs ACIT (ITAT Ahmedabad)*

It has been held that where assessee paid management fees to its Associated Enterprise and benchmarked the transaction using TNMM, but TPO determined ALP as nil, treating the services as stewardship activities is not correct. TNMM appropriate method for determining Arm's Length Price of management fees

2. *Sanjay Gupta Vs. ACIT*

It has been held that unaccounted stock found during survey is related to business and thus assessable as business income. Assessee having offered additional income on account of stock difference as business income and the AO having accepted the same. The rectification order passed by the AO u/s 154 applying section 115BBE to the said income is not sustainable.

CASE LAWS - INCOME TAX

3. *Ishwar Chander Pahuja v. ACIT (Delhi)*

It has been held that there is no requirement to maintain books of account under section 44AA for agriculturalists in order to claim exemption under section 10(1).

4. *Checkmate Services vs. CIT*

The Hon'ble ITAT Delhi Bench has held that ESI/PF dues are to be considered as due from the month in which salaries are paid.

5. *Dy. CIT v. Stylam Industries Ltd.*

It has been held that VAT penalty is compensatory in nature and would be allowed as deduction.

CASE LAWS - INDIRECT TAX

1. *Chimney Hills Education Society v. Addl. CCT [2024]*

It has been held by Karnataka High Court that the practice of issuing single consolidated SCN for multiple assessment years contravenes provisions of CGST Act and each assessment year must be treated independently.

2. *Kanco Tea Industries Ltd. v. UOI (Gauhati)*

It has been held that where summons were issued by State GST authority for utilization of inadmissible ITC pertaining to two firms which had already been investigated by State authorities, Central Authorities had no jurisdiction to investigate; however, investigation relating to ITC from third firm for which no other authority except State Authority has initiated investigation, investigation pertaining to third firm could be continued and State GST authority should not carry out further investigation in respect of first two firms.

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Specific advice/clarification should be obtained in case there is any doubt relating to the aforesaid

