



ASC TIMES NEWSLETTER

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MESSAGE FROM DIRECTOR

Dear Readers,

We are delighted to release our Monthly newsletter 'ASC TIMES' - September Edition considering the rigorous demand from our eminent readers. I would like to take this opportunity to present the Volume-12 of our monthly newsletter. ASC Times summarizes all the business-related news & government updates like imparting relevant information, press releases, notifications, periodic updates, etc. to keep you updated with things affecting the business as a whole.

This newsletter is designed as a comprehensive knowledge-sharing initiative focused on updating you with all the monthly updates covering Income Tax Act 1961, Company's Act 2013, Foreign Exchange Management Act (FEMA), Customs, etc.

ASC Group, continues to be the leader for financial, secretarial, legal & management advisory for more than 25 years of industry experience operating out of 9 offices globally. Our team of 300+ professionals consists of experienced Chartered Accountants, Company Secretaries, Lawyers, Investment Advisors, and Management Consultants who continuously contribute towards the ease of doing business across the world.

We as ASC always believe in strengthening the relationship between us and share timely and insightful editions.

ASC releases a monthly Newsletter named '[GST TIMES](#)' and '[INSOLVENCY TIMES](#)' which provides a rewarding experience to the reader.

Best regards
Shailendra Kumar Mishra
Director
ASC Group





COMPLIANCE CALENDAR

Sr. No.	Date	Compliance	Period
1	7 th September 2022	The due date for deposit of Tax deducted/collected for the month of August 2022.	August 2022
2	14 th September 2022	Due date for issue of TDS Certificate for tax deducted under Section 194-IA, 194-IB, 194-M in the month of August 2022	August 2022
3	15 th September 2022	The due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of August 2022 has been paid without the production of a challan	August 2022
4		The second installment of advance tax for the assessment year 2023-24	AY 2023-24
5	30 th September	The due date for filing of audit report under Section 44AB for the assessment year 2022-23 in the case of a corporate assessee or non-corporate assessee (who is required to submit his/its return of income on October 31, 2022)	AY 2022-23
6		The due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IA, 194-IB and 194-M in the month of August 2022	August 2022
7		DIR-3 KYC of every person who has been allotted DIN	FY 2021-22
8		Last date to hold Annual General Meeting	FY 2021-22



NEWS HIGHLIGHTS

I-T dept collects Rs 28-cr in taxes from new ITR-U filing

ITR-U, also called Updated Return, was recently launched by the income tax department in order to ensure reduce the assessments and litigations by allowing the taxpayers to disclose their income that was not disclosed in the original returns. After 1 lakh returns were filed, the department collected approximately Rs. 28 crores through the newly introduced ITR-U. Updated return was launched in order to give chance to the taxpayers to come forward and pay taxes voluntarily rather than facing legal actions. Taxpayers can file ITR-U within two years from the end of the relevant assessment year. Further, the total returns filed this time crossed the 6 crore mark (till 21st August 2022). The return filing exercise this year was very robust and glitch-free. [Click here](#) to know the full story.



India tipped to join pivotal JPMorgan bond index

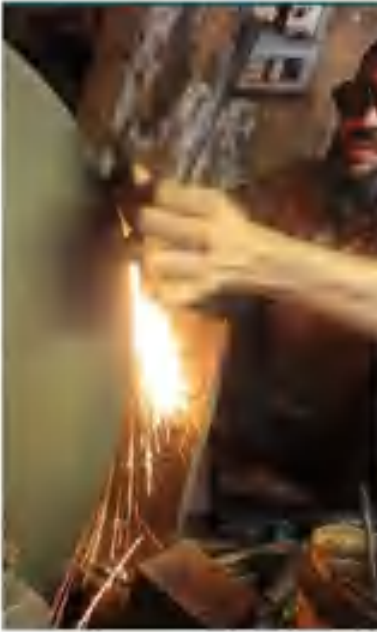
JPMorgan is considering to add India to its widely tracked emerging market bond index and is consulting big investors on its decision to do so. This will open up India's domestic market to foreign capital and tens of billions of dollars worth of inflows could be expected.

JPMorgan is seeking investors' views on whether India's \$1 trillion rupee-denominated bond market is eligible for inclusion in the GBI-EM Global Diversified index of a local currency debt. A growing number of analysts and investors are tipping on India's sovereign bonds for inclusion in this benchmark. According to Goldman Sachs, this could drive passive investor inflows worth an estimated \$30 billion. Further, the Indian government has been convinced that the fund inflows through these indexes are more sticky. [Click here](#) to know the full story.

India urges its citizens to examine relevant factors before undertaking a visit to Sri Lanka

As the Sri Lankan economy crumbles, India called upon its citizens to exercise caution before planning a visit to Sri Lanka. Before undertaking any essential travel, it is important to give due regard to factors like fuel stations, currency convertibility etc. While Indians are still the largest source of tourism for Sri Lanka, the safety of Indians outside India is a prime concern for the Indian Government. Therefore, an appeal has been made to exercise caution while undertaking an essential visit to Sri Lanka. [Click here](#) to know the full story.





Trade agreement: Why India made a U-turn on free trade deals

A series of negotiations and agreements are underway concerning the trade tariffs. While earlier, India used to be skeptical about free trade deals, it is now signing a number of new agreements that focuses on reducing trade barriers, eliminating tariffs and gaining preferential access to global markets. A comprehensive economic partnership was brought into force between India and UAE earlier this year and India. Further, an ambitious pact reducing tariffs by 85% is being signed between India and Australia. Further negotiations are underway to sign Free Trade Agreements (FTAs) with the United Kingdom and European Union.

As per NITI Aayog, while bilateral trade with Japan, South Korea and countries in the ASEAN region increases after the trade deals, imports rose more sharply than exports. This provided unfavorable gains to India's trade partners. Therefore, this time, India's approach would be a fair and balanced FTA. [Click here](#) to know the full story.

Newly reported monkeypox cases dip worldwide: WHO

After Covid-19, monkeypox created panic and fear of another pandemic among the public at large. However, as per WHO's recent reports, the number of monkeypox cases across the world has reduced. In the week between 15th-21st August, the cases saw a decline of 21% than the previous week. As per WHO's statement, the decrease may reflect the early signs of a declining case count in the European region that needs to be confirmed. [Click here](#) to know the full story.





Indo Japan News

PM Modi plans Tokyo visit for former Japan PM Shinzo Abe's state funeral on September 27

The State funeral of former Japanese Prime Minister Shinzo Abe is going to be held on 27th September 2022 and Indian Prime Minister Narendra Modi is planning to attend the same. He would also be meeting the current Japanese Prime Minister Fumio Kishida during the visit.

While the announcement is made by Japanese government officials, a formal announcement from Indian PM is yet to be made. As Narendra Modi shared close chemistry with Abe, it is highly likely that the visit will be made. [Click here](#) to know the full story.

India, Japan 2+2 dialogue set to take place next month in Tokyo

External Affairs Minister S Jaishankar and Defence Minister Rajnath Singh are set to hold the next round of '2+2' dialogue planned in Tokyo on 8th September. In the India-Japan summit held 5 months back, Japan announced an investment target in India of Yen 5 trillion over the next 5 years. The next round of '2+2' dialogue will be focused on the ways to expand the bilateral cooperation in security and defence apart from the developments in the Indo-Pacific region. Both the Indian delegations will be meeting Japanese Defence Minister Yasukazu Hamada and Foreign Minister Yoshimasa Hayashi. [Click here](#) to know the full story.

Late PM Shinzo Abe contributed to solidifying Japan-India relationships with landmark projects: Expert

No wonder why India shares close ties with Japan, especially Former Prime Minister Shinzo Abe. He always prioritised strengthening India-Japan ties by undertaking landmark initiatives like signing key trade agreements, and the bilateral civil nuclear deal as well as convincing India to join the Quad alliance. A quad is a group of Japan, India, the USA and Australia

that was formed to counter Chinese aggression and influence in the strategic Indo-Pacific region. However, the group has strategically been working towards addressing other issues as well including climate and environmental issues. Further, concluding the Japan-India civilian nuclear power agreement wouldn't have been possible without Abe's strong leadership. [Click here](#) to know the full story.

Japan- IMD partnership on Climate Change

The Indian Meteorological Department (IMD), with an aim to hasten climate action across 10 states and Union territories, has partnered with the Government of Japan and the United Nations Development Programme (UNDP). The initiative will support the Nationally Determined Contributions (NDCs) to achieve net zero emissions. UNDP will work in collaboration with IMD to promote climate resilience and with MNRE for promoting climate mitigation. This will be done by placing low emission technologies and clean energy infrastructure in various important sectors like MSMEs, agriculture, transportation, health etc. [Click here](#) to know the full story.



Circulars & Notifications:

Income Tax

Income-tax (26th Amendment) Rules, 2022

As per Section 239A read with Rule 40G of the income tax rules, in case the TDS liability shall be borne by the payer of income and having paid such TDS to the credit of the government, the deductor-payer claims that no TDS is required to be deducted on such income, then he may file a refund application within 30 days from such payment of TDS to the government. Vide [Income-tax \(26th Amendment\) Rules, 2022](#), it has been notified that such refund claim under Section 239A shall be filed in Form No. 29D and it shall be accompanied by a copy of the agreement or other arrangement as specified under Section 239A. Further, Form No. 29D has also been notified in the said amendment.



Income-tax (24th Amendment) Rules, 2022 (Introducing Rule 17AA for trusts)

Income Tax Department released Income Tax (24th Amendment) Rules, 2022 vide release of Notification No. 94/2022 dated 10th August 2022 specifying certain requirements relating to the maintenance of books of accounts and other documents for trusts, funds, institutions, universities, hospitals or any other educational or medical institution. The amendment specifies a detailed list of documents that the trust is required to maintain including but not limited to cash book, ledger, journal, copies of bills, original bills etc. [Click here](#) to view the checklist of documents that such organisations are required to maintain.

Income-tax (27th Amendment) Rules, 2022

Income tax (27th Amendment) Rules, 2022 were released through a notification that has been deemed to come into effect from 1st April 2022. As per Rule 128 of the Income Tax Rules, with respect to the foreign tax credit, it is required that a statement in Form No. 67 and a certificate or statement referred to in Rule 128(8)(ii) shall be furnished on or before the end of the relevant assessment year. Further, the return for such assessment year shall be filed on or before the due date under section 139(1) or 139(4).

However, if the return has been filed under section 139(8A) i.e., in case of filing an updated return, the certificate or statement, to the extent to which it relates to the updated return, shall be furnished on or before the due date on which such updated return is furnished. [Click here](#) to read the full notification.

ICAI clarifications regarding clause 44 of income tax audit report

ICAI released the following clarifications regarding the newly introduced clause 44 of income tax audit report addressing break-up of total expenditure of entities registered or unregistered under GST. This includes:

- Total expenditure should be reported and not head wise expenditure
- Expenditures like bad debts, depreciation etc. should not be reported
- Non-GST expenses like salary or remuneration to employees should not be reported
- Expenditures relating to goods and services exempted from GST (Column-3) like alcoholic liquor, petroleum crude, high speed diesel oil, motor spirit, aviation turbine fuel, natural gas etc. should be reported
- Auditor can give remark regarding expenditure relating to the entities falling under the composition scheme (Column-4)
- Value of inward supplies, other than exempt supplies by registered dealers and supplies from composition dealers, shall be mentioned here (Column-5)
- Total payment made to registered entities shall be reported (Column-6)
- Expenditure relating to entities not registered under GST i.e., inward supplies from unregistered persons shall be reported here (Column-7)
- Capital expenditure should be reported as well

Section 206C(1G) shall not apply to non-resident buyers not having PE in India

As per Section 206C(1G) of the Income Tax Act, 1961, every person,—

- being an authorised dealer, who receives an amount, for remittance out of India from a buyer, under the Liberalised Remittance Scheme; or
- being a seller of an overseas tour program package, who receives any amount from a buyer, being the person who purchases such package,

shall, at the time of debiting the amount payable by the buyer or at the time of receipt of such amount from the said buyer, by any mode, whichever is earlier, collect TCS from the buyer @ 5%. However, vide release of Notification No. 99/2022 dated 17th August 2022, it has been notified that the provisions of this section shall not apply to a person being a buyer who is a non-resident (as per Section 6 of the income tax act) and does not have a permanent establishment in India. [Click here](#) to read the full notification.

Conditions for Claiming Exemption from Section 56(2)(x) due to Covid-19

During the outset of Covid-19, the government relaxed the provisions relating to the levy of tax on receipt of any money or other property (also known as gift provisions) by individuals. 1st Proviso of Section 56(2)(x) specifies certain situations whereby the tax shall not be levied on receipt of such money or immovable property. The government inserted two more clauses in the said proviso to further exempt receipt of such money or property due to Covid-19. However, vide release of Notification No. 90, 91 and 92, the government has laid down specific conditions to claim such exemption. This includes maintenance of certain documents like Covid-19 positive reports, medical certificates and death certificate, statement of money received etc. Following are the relevant notifications:

- Clause XII: Receipt of money or other property by an individual from any person for treatment of Covid-19: [Notification No. 91/2022](#) dated 5th August 2022.
- Clause XIII: Receipt of money or other property by a member of the family of the deceased person from the employer of the deceased or from any other person: [Notification No. 92/2022](#) dated 5th August 2022.
- Documents to be submitted by the employee to the employer: [Notification No. 90/2022](#) dated 5th August 2022.

Master Circular on credit facilities to minority communities

The RBI has released a master circular regarding the provision of credit facilities to minority communities. The Scheduled Commercial Banks have been advised to ensure a smooth flow of bank credit to minority communities in order to pass on the benefits of various Government sponsored schemes. Sikhs, Muslims, Christians, Zoroastrians, Buddhists and Jains have been notified as minority communities by the Ministry of Minority Affairs. Further, in the case of partnership firms, if a majority of the partners belong to the minority community, then the advances to such firms shall be treated as advances to minorities. Further, each bank is required to set up a special cell to ensure the smooth flow of credit to minority communities. [Click here](#) to read the full master circular.



Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines

Currently, while computing the capital requirements of the counterparty credit risk, the following exposures have been either capped or exempted:

- Foreign exchange contracts (except gold) having an original maturity of 14 calendar days or less are excluded.
- 'Sold options', provided the entire fees/premium or any other form of income is received or utilized, are excluded.
- For a Credit Default Swap transaction where the bank is a protection seller, the exposure is capped at the amount of premium unpaid by the protection buyer.

Upon receipt of queries from the regulated entities (REs), certain [clarifications](#) have been issued. Further, modifications and amendments have also been carried out as detailed in this [Annexure](#). The circular shall come into effect immediately.

Foreign Exchange Management (Overseas Investment) Regulations, 2022

The Reserve Bank of India has released the Foreign Exchange Management (Overseas Investment) Regulations, 2022 which have come into effect from the date of publication in the official gazette i.e., 22nd August 2022. The following provisions are covered in the regulations:

- Financial commitment by Indian entities by modes other than equity capital
- Financial commitment by Indian entity by way of debt
- Financial commitment by way of guarantee
- Financial commitment by way of pledge or charge
- Acquisition or transfer by way of deferred payment
- Mode of payment
- Obligations of a person resident in India
- Reporting requirements for Overseas Investment
- Delay in reporting
- Restriction on further financial commitment or transfer

[Click here](#) to read the detailed regulations.

Foreign Exchange Management (Overseas Investment) Directions, 2022

Overseas investments by a person resident in India enable expansion of their business operations to broader international markets. In order to promote the ease of doing business, the Indian Government and Reserve Bank of India have laid down Foreign Exchange Management (Overseas Investment) Rules, 2022, Foreign Exchange Management (Overseas Investment) Regulations, 2022 and Foreign Exchange Management (Overseas Investment) Rules, 2022. Some of the significant changes brought include:

- Clarification of various definitions
- Introduction of a new concept – ‘Strategic Sector’
- Introduction of ‘Late Submission Fees (LSF)’ for delays in reporting
- Dispensing with the requirement of approval for:
 - o Deferred payment of consideration
 - o Investment or disinvestment by a person resident in India who is under investigation by any investigative agency or regulatory body
 - o Issuance of corporate guarantees to or on behalf of a second or subsequent level step-down subsidiary (SDS)
 - o Write-off on account of disinvestment

[Click here](#) to read the detailed directions.

CUSTOMS ACT

Simplification of procedure for compounding of offences under customs

Provisions in relation to the compounding of offences are beneficial to the taxpayers as it allows them to halt the proceedings by paying a certain amount of penalty. Customs Act and rules thereunder contain compounding provisions that have been further simplified. As per the amendment, satisfaction of compounding authority has been limited only to verify and be satisfied that the full and true disclosure of facts has been made by the applicant. Further, the offence under Section 135AA of the Customs Act has been made compoundable. Section 135AA covers those offences whereby a person discloses information relating to import or export along with the identity of the person undertaking such import or export without authorization of such person or requirement of any law.

[Click here](#) to know the amendment.



Amendment of Customs (compounding of offences) Rules

The amendment is carried out under Rule 5 of Customs (Compounding of Offences) Rules, 2005 to lay down the amount required to be paid for compounding of offence under Section 135AA. The amount shall be Rs. 1 lakh for the first offence and shall be increased by 100% for each such subsequent offence. Further, if the offence is punishable only under Section 135AA, then immunity shall be granted from the prosecution. [Click here](#) to know the amendment.



PUBLICATIONS

INTERNAL PUBLICATIONS

Legal Metrology Packaged Commodities Rules 2011 effective from 1st Jan, 2023

The Ministry of Consumer Affairs, Food, and Public Distribution vide its Notification dated 22nd August 2022 notified the Legal Metrology (Packaged Commodities) (3rd Amendment) Rules, 2022 to further amend the Legal Metrology (Packaged Commodities) Rules, 2011 and shall come into force w.e.f. 1st January 2023.

[Read more](#)

Govt notices to 63 companies selling kitchen scales and weighing machines

The government has issued notices to 63 manufacturers, importers and sellers of personal weighing and measuring devices such as kitchen scales on e-commerce platforms, asking them if they comply with all regulatory norms. [Read more](#)

Legal Metrology Department booked 43 cases in a massive drive in Goa

The Ministry of Consumer Affairs, Food, and Public Distribution vide its Notification dated 22nd August 2022 notified (3rd Amendment) Rules, 2022 to further amend the Legal Metrology (Packaged Commodities) Rules, 2011 and shall come into force w.e.f. 1st January 2023. [Read more](#)

Foreign Liabilities and Assets Annual Return - Applicability of FLA Return

RBI has placed a mechanism whereby the onus has been put on companies undertaking such transactions to report their Foreign Liabilities and Assets. Foreign Liabilities and Assets (FLA) is an annual return that shall be filed by every company that has either received foreign direct investments or has made any overseas investments. [Read more](#)

Charitable Trust Registration Under Income Tax Act- What are the Eligibility Criteria?

The income tax law has explicit provisions when it comes to charitable and religious organisations. Such organisations have been provided exemption from the income tax provided they have obtained registration under the law. Before discussing the eligibility criteria for [charitable trust registration](#), we need to understand what is the meaning of charitable purpose. [Read more](#)

Duty Drawback Under Customs Act, 1962- Section 74 and 75

Section 74 and 75 of the Customs Act 1962 lays down the explicit provisions for duty drawbacks which are discussed in detail below. However, in certain situations, the customs duty paid on the import of goods is refunded to the importers in the form of duty drawbacks under customs. [Read more](#)

Master File Under Transfer Pricing - Part B of Form 3CEAA

As stated earlier, Rule 10DA in Form 3CEAA prescribe the information and document that a constituent entity shall maintain and furnish to the income tax authorities in Form No 3CEAA. Discussing about Part B of Form No. 3CEAA applicability- [Read more](#)

Fake GST Invoice Racket: One Person Arrested

The director of M/s Ammy International Journal (OPC) Private Limited was arrested under section 69 (Power to arrest) of the CGST Act, 2017 for contravention of section 132 (Punishment for certain offences) of the CGST Act, 2017. [Read more](#)

Clause 44 of Tax Audit Report Applicability - Form 3CD of GST Disclosures

New clause 44 of Form 3CD was introduced requiring entities to disclose the break up of total GST and non-GST expenditure irrespective of whether they are [registered under GST](#) or not. Let's take a deeper look **clause 44 of tax audit report!** [Read more](#)

GST E-invoicing Limit Reduced from 20 crores to 10 crores w.e.f 01.10.2022

The authorities have ensured smooth implementation of the e-invoicing module. They started with initial limits of 500 crores and gradually bringing it down to 100 crores, 50 crores, and 20 crores. The transition has been very smooth with no issues of connectivity to the portal etc. [Read more](#)

Recent Updates in GST Portal and GST Laws

Vide Notification No. 17/2022 - Central Tax, dated 01.08.2022, the Central Government has made it mandatory for a taxable person whose aggregate turnover in a financial year exceeds Ten crore rupees to raise E-Invoice w.e.f. 1st October 2022. [Read more](#)

Ind AS Exemptions & Exceptions- Indian Accounting Standard Applicability

Indian Accounting Standards largely converge with the [International Financial Reporting Standards \(IFRS\)](#), issued by the International Accounting Standards Board (IASB). In order to assist preparers to overcome the practical difficulties of applying IFRS for the first time, IFRS 1 provides the basis on which entities will convert their financial statements. [Read more](#)

RBI Increase the Overall Limit of External Commercial Borrowings (ECBs) Under Automatic Route

External Commercial Borrowings (ECBs) are commercial loans raised by eligible resident entities from the recognised non-resident entities. Automatic Route means a route or a way of acquiring funds or raising commercial loans from the overseas market (i.e., the recognised non-resident lenders) with the help of AD Bank Category I and without any prior approval of RBI. [Read more](#)

QUOTE OF THE MONTH

"Without a plan, even the most brilliant business can get lost. You need to have goals, create milestones and have a strategy in place to set yourself up for success."

-Yogi Berra

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