



CA. Ajay Aggarwal  
B. Com. (Hons.), FCA, FCS, LLB  
DISA, Dip. (International Taxation)  
Email ID: [ajay@ajayrattanco.com](mailto:ajay@ajayrattanco.com)  
Phone Number: 9810005583



CA. Varun Garg  
B. Com. (Hons.), FCA  
Email ID: [varun@ajayrattanco.com](mailto:varun@ajayrattanco.com)  
Phone Number: 9023637000



CA Pradeep Rastogi  
B. Com. (Hons.), FCA, LLB, MIMA, PGD  
(ADR), APCCCL  
Email ID: [pradeep@ajayrattanco.com](mailto:pradeep@ajayrattanco.com)  
Phone Number: 9818344544

EDITOR: ABHISHEK & PALAK

# NEWSLETTER

## AJAY RATTAN & CO

### Chartered Accountants

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# COMPLIANCE



RULES



STANDARDS



LAW



REGULATION



REQUIREMENT



POLICY

## DUE DATES | FEBRUARY 2023

Due Date	Compliance Detail	Applicable To
<b>7<sup>th</sup></b>	a) TDS/TCS deposit b) Equalization Levy deposit	a) Non- Government deductors. b) All Deductors
<b>10<sup>th</sup></b>	a) GSTR – 7 (TDS return under GST) b) GSTR – 8 (TCS return under GST)	a) Person required to deduct TDS under GST b) Person required to collect TCS under GST
<b>11<sup>th</sup></b>	GSTR – 1 (Outward supply return)	<ul style="list-style-type: none"> <li>• Taxpayers having annual turnover &gt;Rs. 5 crore in FY 2021-22</li> <li>• Taxpayers having annual turnover ≤ Rs.5 crore in FY 2021-22 and not opted for QRMP Scheme</li> </ul>
<b>13<sup>th</sup></b>	a) Invoice Furnishing Facility – IFF (Details of outward supplies of goods or services) b) GSTR-6 [Return by input service distributor]	a) Taxable person having turnover ≤ Rs 5 crore in FY 2021-22 and opted for QRMP Scheme b) Person registered as ISD
<b>15<sup>th</sup></b>	a) Deposit of PF & ESI contribution b) Issue of TDS Certificate (other than salary)	a) All Deductors b) All Deductors
<b>20<sup>th</sup></b>	a) GSTR-5 (Return by Non-resident) b) GSTR-5A (OIDAR) services return c) GSTR-3B (Summary return)	a) Non-resident taxable person b) OIDAR services provider c) <ul style="list-style-type: none"> <li>• Taxpayers having annual turnover &gt; Rs. 5 crore in FY 2021-22</li> <li>• Taxpayers having annual turnover ≤ Rs. 5 crore in FY 2021-22 and not opted for QRMP scheme</li> </ul>
<b>25<sup>th</sup></b>	Payment of GST (PMT-06) for the month of January, 2023	Taxpayers having annual turnover ≤ Rs. 5 crores in FY 2021-22 and opted for QRMP scheme.



## CHANGES IN INCOME-TAX

### APPLICABLE FROM AY 2023-24:

Section	Head	Change proposed	Effect thereof
79	Carry forward and set off of losses in case of certain companies	<p>The existing proviso says that even if the condition is not satisfied in case of an eligible start-up as referred to in section 80-IAC, the loss incurred in any year prior to the previous year shall be allowed to be carried forward and set off against the income of the previous year if all the shareholders of such company who held shares carrying voting power on the last day of the year or years in which the loss was incurred, continue to hold those shares on the last day of such previous year and such loss has been incurred during the period of 7 years beginning from the year in which such company is incorporated.</p> <p><b><i>It is proposed to amend the said proviso so as to increase the period from 7 years to 10 years.</i></b></p>	<p>Benefit of carry forward and set off is extended for Start-up from 7 years to 10 years.</p> <p>It is a welcome move.</p>
80IAC	Special provision in respect of specified business	<p><b><i>It is proposed to extend the period of eligible start-ups before which they are to be incorporated from "1st April, 2023" to "1st April, 2024".</i></b></p>	<p>A benefit for new start-ups is given.</p> <p>It is a welcome move.</p>

## APPLICABLE W.E.F., 1ST APRIL, 2023

Section	Head	Change proposed	Effect thereof
193	TDS on Interest on securities	<p>Clause (ix) of the proviso to the said section provides that no tax shall be deducted on interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.</p> <p><i>It is proposed to omit the said clause.</i></p>	<p>Now, all those bonds/debentures and other securities which are issued in dematerialised form and listed on stock exchanges will attract TDS.</p> <p><i>It is not a welcome move as it will make such investments less attractive.</i></p>

## APPLICABLE W.E.F., 1ST JULY, 2023

Section	Head	Change proposed	Effect thereof
193	TDS on Interest on securities	<p>Every person being an authorised dealer, who receives any amount, or an aggregate of amounts, of 7 lakh rupees or more in a financial year for remittance out of India under the Liberalised Remittance Scheme (LRS) of the Reserve Bank of India from a buyer, being a person remitting such amount out of India; 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 of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the said buyer by any mode, whichever is earlier, collect from the buyer, a sum equal to 5% of such amount as income-tax.</p> <p><i>It is proposed to amend the said sub-section (1G) so as to increase the rate of collection of tax at source from "5%" to "20%" if it is for a purpose other than for education or medical treatment.</i></p> <p><i>It is further proposed to amend the first proviso to the said section to provide that collection of tax at source is not applicable where amount or aggregate of amount is less than 7 lakh rupees is remitted for the purpose of education or medical treatment.</i></p> <p><i>It is also proposed to amend the second proviso to provide that collection of tax at source is applicable where amount or aggregate of amount in excess of 7 lakh rupees is remitted for the purpose of education or medical treatment.</i></p>	<p>Foreign remittances other than for education &amp; medical treatment will become costly as TCS @ 20% will put pressure on cash flow of remitter.</p> <p><i>It is not a welcome move as the remittance is already from tax-paid income of the remitter and the cash flow of the remitters will be severely hit.</i></p>



# APPLICABLE FROM AY 2024-25:

Section	Head	Change proposed	Effect thereof
9(1)(viii)	Income deemed to accrue or arise in India	<p><i>Income deemed to accrue or arise in India shall include income arising outside India, being any sum of money referred to in sub-clause (xvii) of clause (24) of section 2, paid by a person resident in India —</i></p> <p><i>(a) on or after the 5th day of July, 2019 to a non-resident, not being a company, or to a foreign company; or</i></p> <p><i>(b) on or after the 1st day of April, 2023 to a person not ordinarily resident in India within the meaning of clause (6) of section 6.</i></p>	<p>Any transfer of money or property without adequate consideration to NRO by a resident will also be taxable.</p> <p>It is a welcome move to curb mal-practices used by tax payers.</p>
10(10D)	Incomes not included in total income	<p><i>Nothing contained in this clause shall apply with respect to any life insurance policy other than a unit linked insurance policy, issued on or after 01.04.2023, if the amount of premium payable for any of the previous year during the term of such policy exceeds 5 lakh rupees.</i></p> <p><i>if the premium is payable, by a person, for more than one life insurance policy other than unit linked insurance policy, issued on or after 01.04.2023, the provisions of this clause shall apply only with respect to those life insurance policies other than unit linked insurance policies, where the aggregate amount of premium does not exceed 5 lakh rupees in any of the previous years during the term of any of those policies.</i></p>	<p>Maturity amount of high value Life Insurance Policies made taxable.</p> <p><i>It is not a welcome move as the country is still not aware of Insurance and penetration of insurance in India is as low as 3.2% in FY21. It will discourage people from taking insurance policies and put pressure on insurance companies.</i></p>
11(1) Explanation 1 clause 2	Income from property held for charitable or religious purposes.	<p><i>Option by the person under the said Explanation shall be exercised at least two months prior to the due date specified under sub-section (1) of section 139 for furnishing the return of</i></p>	<p>In case the charitable trust/ society does not apply 85% of its income during the year and wants to accumulate it, it has to file declaration in Form 10</p>

		<b>income</b>	atleast 2 months prior to due date of ITR filing.  <b>The Trusts/ Societies have to act fast and complete their financials earlier.</b>
35D	Amortisation of certain preliminary expenses	<b>The assessee shall furnish a statement containing the particulars of expenditure specified in this clause within such period, to such income-tax authority, in such form and manner, as may be provided by rules.</b>	<b>Additional burden is put on assesseees to file a statement of Preliminary Expenses which is not a welcome move.</b>
43B	Certain deductions to be only on actual payment	<b>Any sum payable by the assessee to a micro or small enterprise {Medium enterprise is not covered} beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006 shall be allowed as deduction only on actual payment.</b>  <b>Moreover, the deduction is not allowed on accrual basis, even if the amount is paid by due date of furnishing the return of income in the case of micro or small enterprises.</b>	It is a welcome move which will give boost to Micro and Small enterprises in realisation of their legitimate dues.
44AB	Audit of accounts of certain persons carrying on business or profession	<b>The provisions of the said section shall not apply to a person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD or sub-section (1) of section 44ADA, as the case may be.</b>	The enhanced limit of 10 crores, where cash receipts and cash payments were in excess of 5%, is withdrawn. Now, only those persons who are availing the benefits of Sec 44AD/ Sec 44ADA are exempt from tax audits.  It is a welcome move.
44AD	Special provision for computing profits and gains of business on presumptive	<b>An increased threshold limit of 3 crore rupees where the amount or aggregate of the amounts received by the eligible assessee during the previous year, in cash, does not exceed 5% of the total turnover or gross receipts of such previous year and also</b>	It is a welcome move as it will reduce burden on those individuals/ HUF/ partnership firms whose turnover is through banking channels.

	basis	<i>that the receipt of amount or aggregate of the amounts by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the receipt in cash.</i>	
44ADA	Special provision for computing profits and gains of profession on presumptive basis	<i>An increased threshold limit of 75 lakh rupees where the amount or aggregate of the amounts received by the assessee during the previous year, in cash, does not exceed 5% of the total gross receipts of such previous year and also that the receipt of amount or aggregate of amount by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be receipt in cash.</i>	It is a welcome move as it will reduce burden on those professionals whose turnover is through banking channels.
48	Mode of computation	<i>The cost of acquisition of the asset or the cost of improvement thereto shall not include the deductions claimed on the amount of interest under section 24(b) or under the provisions of Chapter VIA of the Act.</i>	It is a welcome move as the amount on which deduction has been claimed by the assessee will not be added to cost of acquisition/ improvement.
54  54F	Profit on sale of property used for residence Capital gain on transfer of certain capital assets not to be charged in case of investment in residential house	<i>Where the cost of new asset exceeds 10 crore rupees, the amount exceeding 10 crore rupees shall not be taken into account for the purposes of that sub-section.</i>  <i>The amount of capital gain in excess of rupees 10 crores will not be taken into account for the purposes of sub-section (2).</i>	<b><i>It is not a welcome move as it will discourage investment in real estate.</i></b>
56(2)(viib)	Income from other sources	Where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person being a resident, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall be chargeable to income	It is a welcome move.

		<p>tax under the head “Income from other sources”.</p> <p><i>It is proposed to omit the words “being a resident” from the said clause (viib) so as to cover all the investors within the ambit of the said clause of sub-section (2) of section 56, irrespective of their residency.</i></p>	
56(2)(xiii)	Income from other sources	<p><i>Where any sum is received, including the amount allocated by way of bonus, at any time during a previous year, under a life insurance policy, other than the sum,—</i></p> <p><i>(a) received under a unit linked insurance policy;</i></p> <p><i>(b) being the income referred to in clause (iv), which is not to be excluded from the total income of the previous year in accordance with the provisions of clause (10D) of section 10, the sum so received as exceeds the aggregate of the premium paid, during the term of such life insurance policy, and not claimed as deduction in any other provision of the Act, computed in the manner as may be provided by rules shall be chargeable to income-tax under the head “Income from other sources”.</i></p>	<p><i>It is not a welcome move as the country is still not aware of Insurance and penetration of insurance in India is as low as 3.2% in FY21. It will discourage people from taking insurance policies and put pressure on insurance companies.</i></p>
87A	Rebate of income-tax in case of certain individuals	<p><i>Where the income tax payable on the total income of the assessee is computed under section 115BAC(1A), the said section shall have the effect as if,—</i></p> <p><i>(i) for the words “5,00,000/-”, the words “7,00,000/-”; and</i></p> <p><i>(ii) for the words “12,500/-”, the words “25,000/-”,</i></p> <p><i>had been substituted.</i></p>	<p>To increase the adoption of the new tax regime, the minimum slab rate and rebate has been increased.</p> <p>It is a welcome move.</p>



115BAC	New Tax Regime	<b><i>Notwithstanding anything contained in this Act but subject to the provisions of Chapter XII, the income-tax payable in respect of the total income of a person, being an individual or Hindu undivided family or association of persons (other than a cooperative society), or body of individuals, whether incorporated or not, or an artificial juridical person referred to in section 2(31)(vii), other than a person who has exercised an option under sub-section (6), for any previous year relevant to the assessment year beginning on or after 1st April, 2024, shall be computed at the rate of tax given in the Table therein.</i></b>	To increase the adoption of the new tax regime, it has been made as default option for tax calculation.  It is a welcome move.
115BAC	New Tax Regime	<b><i>Standard deduction from Salary upto Rs. 50,000/- u/s 16(ia) &amp; from family pension upto Rs. 15,000/- u/s 57(iia) allowed under New Tax Regime.</i></b>	To increase the adoption of the new tax regime, the standard deduction has been allowed.  It is a welcome move.
115BAC	New Tax Regime	<b><i>In a case where,— (i) the assessee has not exercised the option under sub-section (5) for any previous year relevant to the assessment year beginning on or before the 1st day of April, 2023; (ii) the income-tax on the total income of the assessee is computed under sub-section(1A); and (iii) there is a depreciation allowance in respect of a block of assets which has not been given full effect prior to the assessment year beginning on the 1st day of April, 2024, corresponding adjustment shall be made to the written down value of such block of assets as on 1st April, 2023 in the manner as may be prescribed.</i></b>	It is a welcome move.

• **Proposed changes under section 115BAC (new tax regime) w.e.f., AY 2024-25 are:**

Previous Provisions		Proposed Changes	
Total Income (Rs)	Rate	Total Income (Rs)	Rate
Up to 2,50,000	Nil	Up to 3,00,000	Nil
2,50,000 - 5,00,000	5%	3,00,001 - 6,00,000	5%
5,00,000 - 7,50,000	10%	6,00,001 - 9,00,000	10%
7,50,000 - 10,00,000	15%	9,00,001 - 12,00,000	15%
10,00,000 - 12,50,000	20%	12,00,001 - 15,00,000	20%
12,50,000 - 15,00,000	25%		
Above 15,00,000	30%	Above 15,00,000	30%
Maximum Surcharge	37%	Maximum Surcharge	25%
Standard deduction from Salary	Nil	Standard deduction from Salary	upto Rs. 50,000/-
Standard deduction from family pension	Nil	Standard deduction from family pension	upto Rs. 15,000/-
Rebate u/s 87A	Income upto Rs. 5,00,000/- (rebate upto Rs. 12,500/-)	Rebate u/s 87A	Income upto Rs. 7,00,000/- (rebate upto Rs. 25,000/-)

# CHANGES IN GOODS & SERVICE TAX

## CENTRAL GOODS & SERVICE TAX (CGST) ACT

<u>Section</u>	<u>Amendment</u>	<u>Effective from</u>
10	Section 10 is being amended so as to remove the restriction imposed on registered persons engaged in supplying goods through electronic commerce operators from opting to pay tax under the Composition Levy.	On the date of enactment of Finance Bill 2023
17	Explanation to section 17(3) is being amended so as to restrict availment of input tax credit in respect of certain transactions specified in para 8(a) of Schedule III of the said Act, as may be prescribed, by including the value of such transactions in the value of exempt supply. Further, sub-section (5) of said section is also being amended so as to provide that input tax credit shall not be available in respect of goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013.	On the date of enactment of Finance Bill 2023
23	Section 23 is being substituted, so as to provide that persons for compulsory registration in terms of section 22(1) and section 24 of the Act need not register if exempt under section 23.	with retrospective effect from 01.07.2017
37	A new sub-section (5) is being inserted so as to provide a maximum time limit of 3 years upto which the details of outward supplies under section 37(1) for a tax period can be furnished by a registered person. Further, it also seeks to provide an enabling provision for extension of the said time limit through notification, subject to certain conditions and restrictions, for a registered person or a class of registered persons.	On the date of enactment of Finance Bill 2023
39	A new sub-section (11) is being inserted so as to provide a maximum time limit of 3 years upto which the return for a tax period can be furnished by a registered person. Further, it also seeks to provide an enabling provision for extension of the said time limit through notification, subject to certain conditions and restrictions, for a registered person or a class of registered persons.	On the date of enactment of Finance Bill 2023
44	A new sub-section (2) is being inserted so as to provide a maximum time limit of 3 years upto which the annual return for a financial year can be furnished by a registered person. Further, it also seeks to provide an enabling provision for extension of the said time limit through notification, subject to certain conditions and restrictions, for a registered person or a class of registered persons.	On the date of enactment of Finance Bill 2023

52	A new sub-section (15) is being inserted so as to provide a time limit of 3 years upto which the statement under sub-section (4) of the said section for a month can be furnished by an electronic commerce operator. Further, it seeks to provide an enabling provision for extension of the said time limit through notification, subject to certain conditions and restrictions, for an electronic commerce operator or a class of electronic commerce operators.	On the date of enactment of Finance Bill 2023
54	Section 54(6) is being amended so as to remove the reference to the provisionally accepted input tax credit to align the same with the present scheme of availment of self-assessed input tax credit as per section 41(1).	On the date of enactment of Finance Bill 2023
56	Section 56 is being amended so as to provide for an enabling provision to prescribe manner of computation of period of delay for calculation of interest on delayed refunds.	On the date of enactment of Finance Bill 2023
122	A new sub-section (1B) is being inserted so as to provide for penal provisions applicable to Electronic Commerce Operators in case of contravention of provisions relating to supplies of goods made through them by unregistered persons or composition taxpayers.	On the date of enactment of Finance Bill 2023
132	Sub-section (1) is being amended so as to decriminalize offences specified in clause (g), (j) and (k) of the said sub-section and to increase the monetary threshold for launching prosecution for the offences under the said Act from 1,00,00,000/- rupees to 2,00,00,000/- rupees, except for the offences related to issuance of invoices without supply of goods or services or both.	On the date of enactment of Finance Bill 2023
138	First proviso to sub-section (1) is being amended so as to simplify the language of clause (a), to omit clause (b) and to substitute the clause (c) of said proviso so as to exclude the persons involved in offences relating to issuance of invoices without supply of goods or services or both from the option of compounding of the offences under the said Act. It further seeks to amend sub-section (2) so as to rationalize the amount for compounding of various offences by reducing the minimum as well as maximum amount for compounding.	On the date of enactment of Finance Bill 2023
158A	A new section 158A is being inserted so as to provide for prescribing manner and conditions for sharing of the information furnished by the registered person in his return or in his application of registration or in his statement of outward supplies, or the details uploaded by him for generation of electronic invoice or E-way bill or any other details, as may be prescribed, on the common portal with such other systems, as may be notified.	On the date of enactment of Finance Bill 2023
Schedule III	Schedule III is being amended to give retrospective applicability to Para 7, 8 (a) and 8 (b) of the said Schedule, with effect from 01.07.2017, so as to treat the activities/ transactions mentioned in the said paragraphs as neither supply of goods nor supply of services. It is also being clarified that where the tax has already been paid in respect of such transactions/ activities during the period from 01.07.2017 to 31.01.2019, no refund of such tax paid shall be available.	with retrospective effect from 01.07.2017



# INTEGRATED GOODS & SERVICE TAX (IGST) ACT

<u>Section</u>	<u>Amendment</u>	<u>Effective from</u>
2	Clause (16) is being amended so as to revise the definition of “non-taxable online recipient” by removing the condition of receipt of online information and database access or retrieval services (OIDAR) for purposes other than commerce, industry or any other business or profession so as to provide for taxability of OIDAR service provided by any person located in non-taxable territory to an unregistered person receiving the said services and located in the taxable territory. Further, it also seeks to clarify that the persons registered solely in terms of Section 24(vi) of CGST Act shall be treated as unregistered person for the purpose of the said clause. Also, clause (17) of the said section is being amended to revise the definition of OIDAR to remove the condition of rendering of the said supply being essentially automated and involving minimal human intervention.	On the date of enactment of Finance Bill 2023
12	Proviso to sub-section (8) is being omitted so as to specify the place of supply, irrespective of destination of the goods, in cases where the supplier of services and recipient of services are located in India.	On the date of enactment of Finance Bill 2023



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**HEAD OFFICE: E-115, 11TH FLOOR, HIMALAYA HOUSE, KASTURBA  
GANDHI MARG, NEW DELHI-110001**

**BRANCH OFFICE: 1113, 11TH FLOOR, ARUNACHAL BUILDING,  
BARAKHAMBA ROAD, NEW DELHI -110001**

**(Partner-in-charge - CA Ajay Aggarwal)**

## BRANCH OFFICES:

SCO 13, 1<sup>st</sup> Floor, Kabiri Site,  
Industrial Area Phase – 2,  
Chandigarh – 160002

(CA Varun Garg)

212-A, Vashisht Complex,  
Sikanderpur, Gurugram-122004

(CA Piyush Jindal)

House No. 14266, Street No.  
2A, Ganesha Basti, Bhatinda-  
151001

(CA Yogesh Kumar Jain)

Flat No.- S-3, Second Floor,  
Yash Apartment, 37-B Patel  
Nagar, Raisen Road, Anand  
Nagar, Bhopal-462021

(CA Prakhar Srivastava)

Hanna Tower, Flat No.-1622,  
Gaur Saundaryam, Tech Zone-  
4, Near Charmurti Chowk,  
Gautam Buddha Nagar, Uttar  
Pradesh-201009

(CA Pradeep Rastogi)