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# NEWSLETTER

## AJAY RATTAN & CO.

### Chartered Accountants

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## DUE DATES | FEBRUARY 2022

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)	Taxable person having turnover > Rs. 5 crore
<b>13<sup>th</sup></b>	a) GSTR-6 [Return by input service distributor (ISD)] b) Invoice Furnishing Facility – IFF (Details of outward supplies of goods or services)	a) Person registered as ISD b) Taxable person having turnover < Rs. 5 crore
<b>15<sup>th</sup></b>	a) Deposit of PF & ESI contribution b) TDS certificate in Form 16A (non-salary) for Q3 of FY 2021-22 c) Filing of Tax Audit Report u/s 44AB of Income-tax Act for FY 2020-21 d) Transfer Pricing Report in Form 3CEB for FY 2020-21 e) Form AOC-4 (Annual accounts for FY 2020-21)	a) All Deductors b) All Deductors c) Applicable in case annual turnover during FY 2020-21 exceeds threshold limit as below: <ul style="list-style-type: none"> <li>• For businesses – (a) Rs. 1 crore (b) Rs. 10 crore in case cash receipts/ cash payments does not exceed 5% of aggregate receipts/ payments during the year</li> <li>• For profession – Rs.50 lakh</li> </ul> d) Tax payers having international transactions with associated enterprises / specified domestic transactions e) All Companies are required to file Annual accounts with ROC
<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) All taxable persons (except composition dealer) having annual turnover > Rs. 5 crore in FY 2020-21 or having annual turnover < Rs. 5 crore in FY 2020- 21 but have opted for monthly filing
<b>25<sup>th</sup></b>	Form GST PMT-06 (Payment of tax for Quarterly filers)	All taxable persons (except composition dealer) having annual turnover < Rs. 5 crore in FY 2020- 21 and have opted for quarterly filing
<b>28<sup>th</sup></b>	a) Annual Return in Form GSTR-9 for FY 2020-21 b) Reconciliation Statement in Form GSTR-9C for FY 2020-21 c) Form MGT-7 (Annual return) for FY 2020-21	a) For composition taxpayers having aggregate annual turnover > Rs. 2 crore in FY 2020-21 b) All taxable person having annual turnover > Rs. 5 crore in FY 2020-21. c) All Companies are required to file Annual return with ROC

# BUDGET HIGHLIGHTS 2022

## DIRECT TAXES PROPOSALS

### From AY 2022-23 (w.e.f., 1st April, 2022):

1. The expression “expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law” under Explanation 1, shall include and shall be deemed to have always included the expenditure incurred by an assessee,—
  - (i) for any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or outside India; or
  - (ii) to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be, for the time being in force, governing the conduct of such person; or
  - (iii) to compound an offence under any law for the time being in force, in India or outside India.

#### **[Explanation 3 to section 37 – new insertion]**

2. No set off of losses brought forward, or otherwise, or unabsorbed depreciation under section 32(2) shall be allowed to an assessee while computing his total income in any previous year which includes undisclosed income –
  - (i) that is found in the course of a search under section 132 or a requisition under section 132A or a survey under section 133A, other than under sub-section (2A) of that section, or
  - (ii) that is represented, either wholly or partly, by any entry in the books of account in respect of an expense or other documents maintained in the normal course relating to the previous year which is found to be false and would not have been found to be so, had the search not been initiated or the survey not been conducted or the requisition not been made.

#### **[section 79A – new insertion]**

3. The provisions of the said section, inter alia, provide for a deduction of an amount equal to 100% of the profits and gains derived from an eligible business by an eligible start-up for 3 consecutive assessment years out of 10 years, beginning from the year of incorporation. The period of incorporation of eligible start-ups has been extended by one more year to the 1st day of April, 2023.

#### **[sub-clause (a) of clause (ii) of the Explanation to section 80-IAC – amendment]**

4. It is proposed to extend the date of commencement of manufacturing or production of an article or thing from 31st March, 2023 to 31st March, 2024 for reduced rate of taxation of 15%.

#### **[clause (a) of sub-section 2 of section 115BAB – amendment]**

5. It is proposed to insert sub-section (8A) in section 139 to provide that any person, whether or not he has furnished a return for an assessment year may furnish an updated return of his income or the income of any other person in respect of which he is assessable under the Income-tax Act, for the previous year relevant to such assessment year at any time within 24 months from the end of the relevant assessment year. Revised return cannot enhance loss or refund.

6. Further, an additional income-tax will be payable @ 25% if the updated return is filed with 12 months from the end of relevant assessment year and @ 50% if the updated return is filed with 24 months from the end of relevant assessment year.

**[sub-section 8A to section 139 – new insertion]**

**From 1<sup>st</sup> April, 2022:**

1. It is proposed to amend section 194IA(1) to provide that the person responsible for paying to a resident any sum by way of consideration for transfer of any immovable property (other than agricultural land) shall at the time of credit or payment of such sum to the resident deduct tax at the rate of 1% of such sum or the stamp duty value of such property, whichever is higher, as income-tax thereon.

It is further proposed to amend sub-section (2) of the said section to provide that no deduction of tax shall be made where the consideration for the transfer of an immovable property and the stamp duty value of such property, are both less than 50 lakh rupees.

**[section 194IA – amendment]**

**From 1<sup>st</sup> July, 2022:**

1. The proposed amendment seeks to provide that any person responsible for paying to a resident any sum by way of consideration for transfer of a virtual digital asset shall, at the time of credit of such sum to the account of the resident or at the time of payment of such sum by any mode, whichever is earlier, deduct an amount equal to 1% of such sum as income-tax thereon.

No tax shall be deducted in a case, where—

- (a) the consideration is payable by a specified person and the value or aggregate value of such consideration does not exceed 50,000/- rupees during the financial year; and  
(b) the consideration is payable by any person other than a specified person and the value or aggregate value of such consideration does not exceed 10,000/- rupees during the financial year.

Explanation to the said section seeks to provide that for the purposes of the said section “specified person” means a person,—

- (a) being an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed 1 crore rupees in case of business or 50 lakh rupees in case of profession, during the financial year immediately preceding the financial year in which such virtual digital asset is transferred;  
(b) being an individual or a Hindu undivided family, not having any income under the head “Profits and gains of business or profession”.

“virtual digital asset” means—

- (a) any information or code or number or token (not being Indian currency or any foreign currency), generated through cryptographic means or otherwise, by whatever name called, providing a digital representation of value exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account including its use in any financial transaction or investment, but not limited to investment scheme and can be transferred, stored or traded electronically;  
(b) a non-fungible token or any other token of similar nature by whatever name called;  
(c) any other digital asset as may be notified by the Central Government in the Official Gazette in this behalf,

It is further proposed to provide that the Central Government may, by notification in the Official Gazette, exclude any digital asset from the definition of virtual digital asset subject to such conditions as may be specified therein.

**[section 194S – new provision]**

## **From AY 2023-24 (w.e.f., 1<sup>st</sup> April, 2023):**

1. It is proposed to provide that where the sum credited found u/s 68 consists of loan or borrowing or any such amount by whatever name called, any explanation offered by the assessee shall be deemed to be not satisfactory unless:
  - a) the person in whose name such credit is recorded in the books of the assessee also offers an explanation about the nature and source of such sum so credited, and
  - b) such explanation in the opinion of the Assessing Officer has been found to be satisfactory and consequential amendments in the other provisos.

### **[proviso to section 68 – new insertion]**

2. Bonus stripping is introduced in securities also (earlier it was only applicable for units of mutual funds)  
94(8) now reads as:

“Where—

- a) any person buys or acquires any securities or units within a period of three months prior to the record date;
- b) such person is allotted additional securities or units without any payment on the basis of holding of such securities or units on such date;
- c) such person sells or transfers all or any of the securities or units referred to in clause (a) within a period of nine months after such date, while continuing to hold all or any of the additional securities or units referred to in clause (b),

then, the loss, if any, arising to him on account of such purchase and sale of all or any of such securities or units shall be ignored for the purposes of computing his income chargeable to tax and notwithstanding anything contained in any other provision of this Act, the amount of loss so ignored shall be deemed to be the cost of purchase or acquisition of such additional securities or units referred to in clause (b) as are held by him on the date of such sale or transfer.”

### **[sub-section 8 to section 94 – amendment]**

3. The amount of income-tax calculated on the income from transfer of such virtual digital asset will be at the rate of 30%;

Notwithstanding anything contained in any other provision of the Act,—

- a. no deduction in respect of any expenditure (other than cost of acquisition) or allowance or set off of any loss shall be allowed to the assessee under any provision of the Act in computing the income from transfer of such virtual digital asset; and
- b. no set off of loss from transfer of the virtual digital asset shall be allowed against income computed under any other provision of the Act to the assessee and such loss shall not be allowed to be carried forward to succeeding assessment years.

### **[section 115BBH – new section]**

4. Surcharge on Long Term Capital Gains is capped at 15%.
5. Budget has further tightened the rules for non-income tax return filers. Currently, if an individual did not file income tax returns for the previous two years and the TDS and TCS in each of these years exceeded Rs. 50,000/-, then the person would be liable for TDS/TCS at higher rates in the ongoing financial year. It is proposed to apply the above provision if income tax return has not been filed for the previous one year instead of two years.
6. It is proposed to hike the penalty for delay in issuance of TDS certificates by deductors. It is proposed to hike the penalty to Rs. 500/- per day from Rs. 100/- per day currently.
7. Corporate surcharge to be reduced from 12% to 7%.

# **GOODS & SERVICES TAX PROPOSALS**

## **1. Additional Condition for availment of Input Tax Credit (ITC) u/s 16(2)**

ITC can be availed only if the same is reflected in GSTR-2B.

## **2. ITC can now be availed upto 30th November**

Time-limit to avail ITC u/s 16(4) has been extended till 30th November of next year from 30th September.

## **3. Extension in time limit to issue credit notes**

Credit Notes in respect of supply made in a financial year can be issued by 30th November of next financial year (currently allowed till 30th September).

## **4. GSTR 1/ GSTR 3B rectification allowed till 30th November**

Any rectification of error in GSTR 1/GSTR 3B is now permitted till 30th November of next financial year (currently allowed till 30th September).

## **5. To allow transfer of the amount available in Electronic Cash Ledger in one state to Electronic Cash Ledger of another state registered under the same PAN.**

## **6. Composition dealer registration cancellation dependent on non- filing of GST returns**

7.

Composition Tax Payer's Registration can be cancelled suo-moto if they have not filed their GSTR-4 return beyond 3 months from the due date.

## **8. Non-composition tax payer registration cancellation on non-filing of GST returns**

Registration of a person, other than those paying tax under section 10, can be cancelled if he has not furnished returns for such continuous tax period as may be prescribed.

## **9. GST Outward Supply process to be amended**

- a. The two-way communication process in filing GST returns is scrapped.
- b. Section 38 of the CGST Act is being substituted for prescribing the manner as well as conditions and restrictions for communication of details of inward supplies and input tax credit to the recipient by means of an auto-generated statement and to do away with two-way communication process in return filing.

## **10. The due date for filing return by non-resident taxable person is prescribed as 13th day of next month.**

## **11. Section 47 of the CGST Act is being amended so as to provide for levy of late fee for delayed filing of TCS returns under section 52.**

## **12. ITC availment on self-assessment basis**

- a. Section 49 of the CGST Act is being amended so as to provide for prescribing restrictions for utilizing the amount available in the electronic credit ledger.
- b. Section 49 of the CGST Act is being amended so as to allow transfer of amount available in electronic cash ledger under the CGST Act of a registered person to the electronic cash ledger under the said Act or the IGST Act of a distinct person.
- c. Section 49 of the CGST Act is being amended so as to provide for prescribing the maximum proportion of output tax liability which may be discharged through the electronic credit ledger.

## **13. Interest to be levied on ITC wrongly availed and utilized.**

Interest for input tax credit wrongly availed and utilized shall be levied @18% instead of 24% retrospectively from 1st July 2017.

## **14. Section 54 dealing with refunds amended**

- a. Explicit refund claim of any balance lying in Electronic Cash ledger under Section 54.
- b. Time limit of 2 years provided for claiming tax refund on inward supplies of both goods or services u/s 55, from last day of the quarter in which said supply was received.

## **15. Rate of Interest u/s 50(3) prescribed as 18% in all cases.**

## **16. GST Rates Rationalization**

- a. Unintended waste generated during the production of fish meal (falling under heading 2301), except fish oil, is being exempted during the period commencing from the 1st day of July, 2017, and ending with the 30th day of September, 2019 (both days inclusive), subject to the condition that if said tax has been collected, the same would not be eligible for refund.
- b. Service by way of grant of alcoholic liquor license, against consideration in the form of license fee or application fee or by whatever name it is called by the State Governments, has been declared as an activity or transaction which shall be treated neither as a supply of goods nor a supply of service. Retrospectively w.e.f 01.07.2017. However, no refund shall be made of tax which has been collected, but which would not have been so collected, had the said notifications been in force at all material times.



**Sub: Guidelines under clause (10D) section 10 of the Income-tax Act, 1961 - reg. Clause (10D) of section 10 of the Income-tax Act, 1961 (the Act) provides for income-tax exemption on the sum received under a life insurance policy, including any sum allocated by way of bonus on such policy subject to certain exclusions**

1. The Finance Act, 2021 amended clause (10D) of section 10 of the Act by inserting fourth to seventh provisos. Fourth proviso provides that, with effect from 01.02.2021, the sum received under a Unit Linked Insurance Policy (ULIP), issued on or after 01.02.2021, shall not be exempt under the said clause if the amount of premium payable for any of the previous years during the term of such policy exceeds Rs 2,50,000. Further, fifth proviso provides that if premium is payable for more than one ULIP, issued on or after 01.02.2021, the exemption under the said clause shall be available only with respect to such policies where the aggregate premium does not exceed Rs 2,50,000 for any of the previous years during the term of any of those policies. Sixth proviso provides that the fourth and fifth provisos shall not apply in case of sum received on death of the person.

2. Seventh proviso to the said clause (10D) also empowers the Central Board of Direct Taxes (Board) to issue guidelines, with the previous approval of the Central Government, in order to remove any difficulty which arises while giving effect to the provisions of the said clause. In exercise of the powers under this proviso, Board, with the previous approval of the Central Government, hereby issues the following guidelines.

3. Sum received including any sum allocated by way of bonus (hereinafter referred as “consideration”) during the previous year (hereinafter referred as “current previous year”) under any one or more ULIPs issued on or after 01.02.2021 (hereinafter referred as “eligible ULIP”) shall be exempt under clause (10D) of section 10 of the Act, subject to the satisfaction of other provisions of said clause.

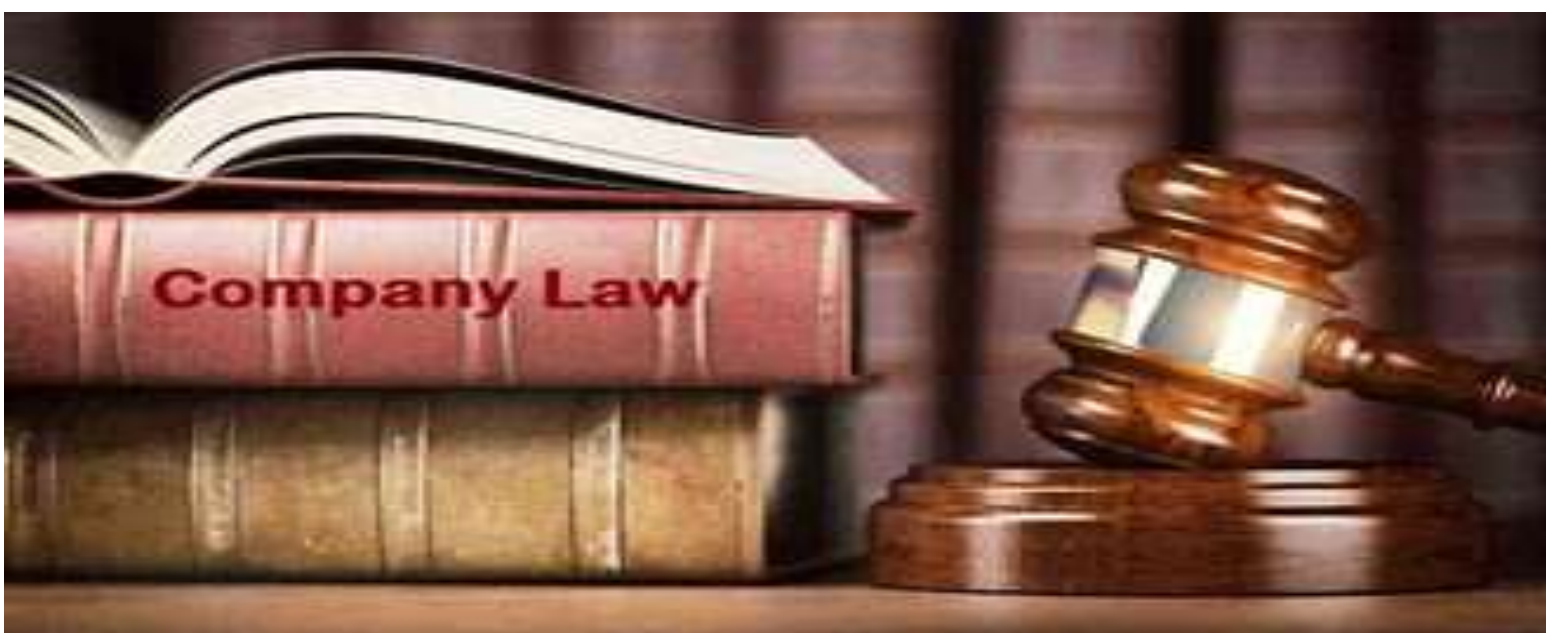
***(Circular No. 2/2022) dated: 19-01-2022***



**Subject: - Extension of timelines for filing of Income-tax returns and various reports of audit for the Assessment Year 2021-22– reg. On consideration of difficulties reported by the taxpayers and other stakeholders due to COVID and in electronic filing of various reports of audit under the provisions of the Income-tax Act,1961 (Act), the Central Board of Direct Taxes (CBDT), in exercise of its powers under Section 119 of the Act, provides relaxation in respect of the following compliances:**

1. The due date of furnishing of Report of Audit under any provision of the Act for the Previous Year 2020-21, which was 30<sup>th</sup> September 2021, in the case of assessee referred in clause (a) of Explanation 2 to sub-section (1) of section 139 of the Act, as extended to 31<sup>st</sup> October 2021 and 15<sup>th</sup> January 2022 by Circular No.9/2021 dated 20.05.2021 and Circular No.17/2021 dated 09.09.2021 respectively, is hereby further extended to 15<sup>th</sup> February, 2022;
2. The due date of furnishing of Report of Audit under any provision of the Act for the Previous Year 2020-21, which was 31<sup>st</sup> October, 2021, in the case of assessee referred in clause (aa) of Explanation 2 to sub-section (1) of section 139 of the Act, is hereby extended to 15<sup>th</sup> February, 2022;
3. The due date of furnishing of Report from an Accountant by persons entering into international transaction or specified domestic transaction under section 92E of the Act for the Previous Year 2020-21, which was 31<sup>st</sup> October 2021, as extended to 30<sup>th</sup> November 2021 and 31<sup>st</sup> January 2022 by Circular No.9/2021 dated 20.05.2021 and Circular No.17/2021 dated 09.09.2021 respectively, is hereby further extended to 15<sup>th</sup> February, 2022;
4. The due date of furnishing of Return of Income for the Assessment Year 2021-22, which was 31<sup>st</sup> October 2021 under sub-section (1) of section 139 of the Act, as extended to 30<sup>th</sup> November 2021 and 15<sup>th</sup> February 2022 by Circular No.9/2021 dated 20.05.2021 and Circular No.17/2021 dated 09.09.2021 respectively, is hereby further extended to 15<sup>th</sup> March, 2022;
5. The due date of furnishing of Return of Income for the Assessment Year 2021-22, which was 30<sup>th</sup> November 2021 under sub-section (1) of section 139 of the Act, as extended to 31<sup>st</sup> December 2021 and 28<sup>th</sup> February 2022 by Circular No.9/2021 dated 20.05.2021 and Circular No.17/2021 dated 09.09.2021 respectively, is hereby further extended to 15<sup>th</sup> March, 2022.

***(Circular No. 1/2022) dated: 11-01-2022***



## Ministry of Corporate Affairs (MCA) increases late filing fees up to 18 times in certain cases of delay in filings

MCA vide notification dated 11<sup>th</sup> January 2022 has notified the provisions of section 56 of the Companies (Amendment) Act, 2020 along with Companies (Registration Offices & Fees) Amendment Rules, 2022 which shall come into effect from 1<sup>st</sup> July 2022 onwards.

According to the said provisions, whenever there is a default on 2 or more occasions in filing certain e-forms prescribed under the Companies Act, 2013, then such delayed filings shall be subject to the payment of higher additional late filing fees as below:

Period of delay	Additional late filing fees (in normal cases)	Higher additional late filing fees (in certain cases)	e-forms not covered
Upto 15 days	1 time of normal filing fees	Nil	<ul style="list-style-type: none"> <li>SH-7 (increase in authorized share capital)</li> <li>MGT-7 and MGT-7A (annual return)</li> <li>AOC-4, AOC-4 (CFS) and AOC-4 XBRL (annual audited financial statements)</li> <li>Charge related forms such as CHG-1 and CHG-4</li> </ul>
15 –30 days	2 times of normal filing fees	3 times of normal filing fees	
30 -60 days	4 times of normal filing fees	6 times of normal filing fees	
60 -90 days	6 times of normal filing fees	9 times of normal filing fees	
90 -180 days	10 times of normal filing fees	15 times of normal filing fees	
More than 180 days	12 times of normal filing fees	18 times of normal filing fees	



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