

NEWS LETTER

AJAY RATTAN & CO.

CHARTERED ACCOUNTANTS

NEWSLETTER FOR JULY'23

VOLUME 13, ISSUE 7

ADVISORY BOARD



CA. AJAY AGGARWAL

B. COM. [HONS.], FCA, FCS, LLB DISA, DIP.
[INTERNATIONAL TAXATION]

EMAIL ID : AJAY@AJAYRATTANCO.COM

PHONE NUMBER : 9810005583



CA. VARUN GARG

B. COM. [HONS.], FCA

EMAIL ID : VARUN@AJAYRATTANCO.COM

PHONE NUMBER : 9023637000



CA PRADEEP RASTOGI

B. COM. [HONS.], FCA, LLB, MIMA, PGD
[ADR], APCCL

EMAIL ID : PRADEEP@AJAYRATTANCO.COM

PHONE NUMBER : 9818344544

IN THIS ISSUE:

- **TITLES** 1
- **COMPLIANCE** 2-3
- **Direct Tax** 4-9
- **GST** 10-12
- **DISCLAIMER** 13

COMPLIANCE

DUE DATES | JULY 2023

Due Date	Compliance Detail	Applicable To
7 th	a) TDS/TCS deposit b) Equalization Levy deposit	a) Non-Government deductors b) All dedutors
10 th	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
11 th	GSTR – 1 (Outward supply return)	<ul style="list-style-type: none">• Taxable persons having annual turnover > Rs. 5 crore in FY 2022-23• Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
13 th	a) GSTR-6 [Return by input service distributor (ISD)] b) GSTR-1 (Outward supply return)	a) Person registered as ISD b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and opted for QRMP scheme

15 th	a) TCS Return b) Deposit of PF & ESI contribution c) Annual Return on Foreign Liabilities & Assets (FLA)	a) All Collectors b) All Deductors c) Indian companies / LLPs which have received Foreign Direct Investment (FDI) or made overseas investment
20 nd	a) GSTR-5 (Return by Non-resident). b) GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return] c) GSTR-3B (Summary return)	a) Non-resident taxable person (NRTP) b) OIDAR services provider. c) • Taxpayers having annual turnover > Rs. 5 crore in FY 2022-23 . • Taxpayers having annual turnover ≤ Rs.5 crore in FY 2022-23 and not opted for QRMP Scheme .
22 th	GSTR-3B (Summary return)	Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and opted for QRMP scheme and having principal place of business in Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands. Lakshadweep
24 th	GSTR-3B (Summary return)	Taxpayers having annual turnover ≤ Rs. 5 crore in FY 2022-23 and opted for QRMP scheme and having principal place of business in any other state
30 th	Issue of TCS Certificate in form 27D	All Collectors
31 th	a) Income Tax Return (ITR) b) Filing of return of deposits / exempted deposits in form DPT-3	a) Individuals (including expatriates) & Non-corporates, not liable for Tax Audit. b) All Companies

DIRECT TAX

Circular No. 9 of 2023
F. No. 370149/109/2023-TPL
Dated: 28th June 2023

Extension of time limits for submission of certain TDS/TCS Statements

Particulars	Due Date	Extended Due Date
TDS Return/ Statement containing details of TDS deducted on payments other than salary (Form 26Q)		
TDS Return or Statement containing details of Tax Deducted at Source (TDS) deducted on payments other than salary made to Non-Resident Indian (NRI) and foreigners (Form 27Q)	31st July 2023	30th September 2023
Quarterly statement form that contains all the details of the Tax collected at source from the collector and deducted from the buyers or payers in a specific period (Form 27EQ)	15th July 2023	

Circular No. 10 of 2023
F. No. 370142/23/2023-TPL
Dated: 30th June 2023

Tax Collected at Source (TCS) on Liberalized Remittance Scheme (LRS) and purchase of overseas tour program package

Finance Act, 2023 has amended sub section (1G) of section 206C of Income Tax Act, 1961

Earlier and new TCS rates are summarized below:

Nature of Payment (1)	Earlier rate before Finance Act 2023 (2)	New rate w.e.f 1st October 2023 (3)
LRS for education, financed by loan from financial institution	Nil upto Rs 7 lakh 0.5% above Rs 7 lakh	Nil upto Rs 7 lakh 0.5% above Rs 7 lakh
LRS for Medical treatment education (other than financed by loan)	Nil upto Rs 7 lakh 5% above Rs 7 lakh	Nil upto Rs 7 lakh 5% above Rs 7 lakh
LRS for other purposes	Nil upto Rs 7 lakh 5% above Rs 7 lakh	Nil upto Rs 7 lakh 20% above Rs 7 lakh
Purchase of Overseas tour program package	5% (without threshold)	5% till Rs 7 lakh 20% thereafter

*** Note:**

(i) TCS rate mentioned in column 2 shall continue to apply till 30th September, 2023.

(ii) There shall be no TCS on expenditure under LRS under clause (i) of subsection (1G) of section 206C upto Rs 7 lakh, irrespective of purpose.

Guideline

Question 1: Whether payment through overseas credit card would be counted in LRS?

Answer: As announced in the press release dated 28th June, 2023, the classification of use of international credit card while being overseas, as LRS is postponed. Therefore, no TCS shall be applicable on expenditure through international credit card while being overseas till further order.

Question 2: Whether the threshold of Rs 7 lakh, for TCS to become applicable on LRS, applies separately for various purposes like education, health treatment and others? For example, if remittance of Rs 7 lakh under LRS is made in a financial year for education purpose and other remittances in the same financial year of Rs 7 lakh is made for medical treatment and Rs 7 lakh for other purposes, whether the exemption limit of Rs 7 lakh shall be given to each of the three separately?

Answer: it is clarified that the threshold of Rs 7 lakh for LRS is combined threshold for applicability of the TCS on LRS irrespective of the purpose of the remittance. This is clear from the first proviso to sub-section (1G) of section 206C of the Act. The proviso states that the TCS is not required if the amount or aggregate of the amounts being remitted by a buyer is less than seven lakh rupees in a financial year. The amendment by the Finance Act, 2023 has only restricted it to education and medical treatment purpose. Now, after press release, old position has been restored and the threshold continues to apply for seven lakh rupees in a financial year, irrespective of the purpose. Thus, in the given example, upto Rs 7 lakh remittance under LRS during a financial year shall not be liable for TCS. However, subsequent Rs 14 lakh remittance under LRS shall be liable for TCS in accordance with the TCS rates applicable for such remittance. In the example, if the remittances under LRS are made in the current financial year at different point of time, TCS rates for the remaining Rs 14 lakh remittances under LRS would depend on the time of remittance as TCS rates changes from 1st October 2023. TCS rates would be applicable as under:-

- First Rs 7 lakh remittance under LRS during the financial year 2023-24 for education purpose (or for that matter any purpose) - No TCS
- Remittances beyond Rs 7 lakh under LRS during the financial year 2023-24, if on or before 30th September 2023 - TCS at 5% (irrespective of the purpose unless it is for education purpose financed by loan from a financial institution when the rate is 0.5%)
- Remittances beyond Rs 7 lakh under LRS during the financial year 2023-24, if on or after 1st October 2023 TCS at 5% (if it is for education purpose financed by loan from a financial institution), 5% (if it is for education or medical treatment) and 20% (if it is for other purposes)

Question 3: Since there are different TCS rates on LRS for the first six months and next six months of the financial year 2023-24, whether the threshold of Rs 7 lakh, for the TCS to become applicable on LRS, applies separately for each six months?

Answer: No. The threshold of Rs 7 lakh, for the TCS to become applicable on LRS, applies for the full financial year. If this threshold has already been exhausted; all subsequent remittances under LRS, whether in the first half or in the second half, would be liable for TCS at applicable rate.

Question 4: Whether the threshold of Rs 7 lakh, for TCS to become applicable on LRS, applies separately for each remittance through different authorized dealers? if not, how will authorized dealer know about the earlier remittances by that remitter through some other authorized dealer?

Answer: it is clarified that the threshold of Rs 7 lakh for LRS is qua remitter and not qua authorized dealer. This is clear from the first proviso to sub-section (1G) of section 206C of the Act. The proviso states that the TCS is not required if the amount or aggregate of amounts being remitted by a buyer is less than seven lakh rupees in a financial year. The threshold continues to apply qua remitter. Since the facility to provide real time update of remittance under LRS by remitter is still under development by the RBI, it is clarified that the details of earlier remittances under LRS by the remitter during the financial year may be taken by the authorized dealer through an undertaking at the time of remittance. if the authorized dealer correctly collects the tax at source based on information given in this undertaking, he will not be treated as "assesses in default". However, for any false information in the undertaking, appropriate action may be taken against the remitter under the Act. It is further clarified that same methodology of taking undertaking from the buyer of overseas tour program package may be followed by the seller of such package.

Question 5: There is threshold of Rs 7 lakh for remittance under LRS for TCS to become applicable while there is another threshold of Rs 7 lakh for purchase of overseas tour program package where reduced rate of 5% TCS applies. Whether these two thresholds apply independently?

Answer: Yes, these two thresholds apply independently. For LRS, the threshold of Rs 7 lakh applies to make TCS applicable. For purchase of overseas tour program package, the threshold of Rs 7 lakh applies to determine the applicable TCS rate as 5% or 20%.

Question 6: A resident individual spends Rs 3 lakh for purchase of overseas tour program package from a foreign tour operator and remits money which is classified under LRS. There is no other remittance under LRS or purchase of overseas tour program during the financial year. Whether TCS is applicable?

Answer: In case of purchase of overseas tour program package which is classified under LRS, TCS provision for purchase of overseas tour program package shall apply and not TCS provisions for remittance under LRS. Since for purchase of overseas tour program package, the threshold of Rs 7 lakh for applicability of TCS does not apply, TCS is applicable and tax is required to be collected by the seller. In this case the tax shall be required to be collected at 5% since the total amount spent on purchase of overseas tour program package during the financial year is less than Rs 7 lakh. The TCS should be made by the seller.

Question 7: There are different rates for remittance under LRS for medical treatment /education purposes and for other purposes. What is the scope of remittance under LRS for medical treatment/education purposes?

Answer: As per the clarification by the RBI, remittance for the purposes of medical treatment shall include,-

- (i)** remittance for purchase of tickets of the person to be treated medically overseas (and his attendant) for commuting between India and the overseas destination;
- (ii)** his medical expense; and other day to day expenses required for such purpose.
- (iii)** It may be noted that code 50304 (under the Purpose Group Name "Travel"), in RBI master direction for LRS, pertains to travel for medical treatment. As per BPM6, A.P. (DIR Series) Circular no 50, dated 11 Feb 2016 this code covers the transactions which are related to health services acquired by residents travelling abroad for medical reasons, which includes medical services, other healthcare, food, accommodation and local transport transactions.

In addition, code S1108 (under the Purpose Group Name "Personal, Cultural & Recreational services") covers transactions for health services rendered remotely or onsite (that is no travel by service recipient is involved). This cover services from hospitals, doctors, nurses, paramedical and similar services, etc.

TCS provision for purpose of medical treatment would apply when remittance is under code 50304 or under code S108.

Education

Remittance for purpose of education shall include,-

- (i)** remittance for purchase of tickets of the person undertaking study overseas for commuting between India and the overseas destination;
- (ii)** the tuition and other fees to be paid to educational institute; and
- (iii)** other day to day expenses required for undertaking such study.

It may be noted that code S0305 (under the Purpose Group Name "Travel"), in RBI master direction for LRS, pertains to travel for education (including fees, hostel expenses, etc). As per BPM6, A.P. (DIR Series) Circular no 50, dated 11 Feb 2016 this code covers education related services such as tuition, food, accommodation, local transport and health services acquired by resident students while residing overseas.

In addition, code S1107 (under the Purpose Group Name "Personal, Cultural & Recreational services") covers transactions for education (eg fees for correspondence courses abroad) where the person receiving education does not travel overseas.

TCS provision for purpose of education would apply when remittance is under code 50305 or under S1107.

Question 8: Whether purchase of international travel ticket or hotel accommodation on standalone basis is purchase of overseas tour program package?

Answer: The term 'overseas tour program package' is defined as to mean any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation thereto. It is clarified that purchase of only international travel ticket or purchase of only hotel accommodation, by in itself is not covered within the definition of 'overseas tour program package'. To qualify as 'overseas tour program package', the package should include at least two of the followings:-

- (i) international travel ticket,
- (ii) hotel accommodation (with or without food)/boarding/lodging,
- (iii) any other expenditure of similar nature or in relation thereto.

New tax regime for Individuals & Hindu Undivided Families (HUFs) u/s 115BAC of Income-tax Act, 1961 –Central Board of Direct Taxes (CBDT) amends certain perquisite valuation rules & introduces new Form 10IEA for taxpayers to opt in or out of the new tax regime

Notification No. 43/2023/F. No. 370142/15/2023-TPL Dated: 21st June 2023

Background

Vide Finance Act, 2020, the Government of India introduced a new and alternative scheme of taxation to Individuals and Hindu Undivided Families (HUFs) applicable for Assessment Year 2021-22 onwards. The salient features of the scheme were as below:

- Individuals and HUF allowed, at their option, to be governed by an alternative slab-rate of taxation on fulfillment of certain conditions
- be computed without exemption/deduction under other provisions Income to of the Income-tax Act, 1961
- In case tax payer has business income, option once exercised for a year can be withdrawn only once in any subsequent year. Thereafter, the person shall be disentitled to exercise the option again for any year unless he ceases to have business income
- Taxpayer has option to be governed by old/existing slab-rate of taxation if it is more beneficial to him

The above scheme of taxation was embodied by way of insertion of new section 115BAC in the Income-tax Act, 1961. Vide Finance Act, 2023, the Government of India made the following changes to the above new scheme of taxation:

- New (relaxed) tax rates introduced with effect from AY 2024-25 onwards
- The new scheme of taxation to be the default regime of taxation for individuals, HUFs (in line with Government's intention to gradually do away with all exemptions/deductions under the Income tax law in a phased manner)
- Taxpayers to file a form with tax authorities in case they choose to opt for the old tax regime
- Certain deductions allowable under the new tax regime, such as

- ✓ Standard deduction of Rs.50,000
- ✓ Family pension of upto Rs.15,000,
- ✓ Contribution towards a special Agniveer corpus fund (created under law for benefit of armed forces)

CBDT has issued a notification on 21 June 2023 vide which:

- A new Form 10IEA has been introduced for taxpayers to opt in or out of the new scheme of taxation mentioned in section 115BAC of the Income-tax Act. The form needs to be submitted electronically.
- Perquisite valuation rule has been amended to say that tax exemption available in hands of an employee on account of free food vouchers given by an employer, shall not be available to an employee who opts for the new regime of taxation
- Following allowances shall be tax exempt in hands of an employee who has opted for new scheme of taxation
- Allowance granted by an employer to meet the cost of travel on tour or transfer
- Allowance granted by an employer to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty
- Allowance granted by an employer to meet conveyance expenditure incurred in performance of official duties
- Transport allowance to a blind / physically handicapped employee to meet official travel expenses (Rs. 3,200 per month)



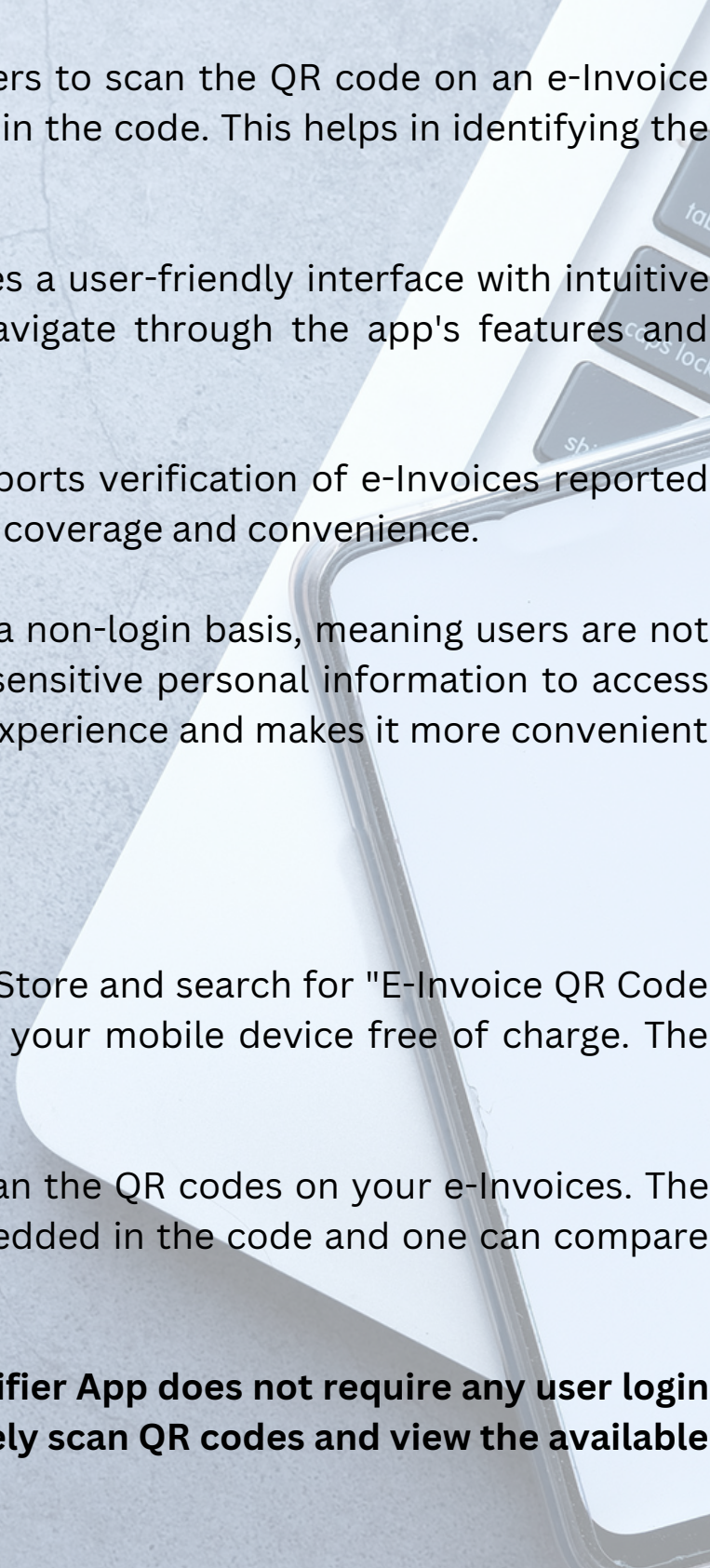
1. Guidelines for processing of applications for registration – regarding. Refer Instruction no. 03/2023 –GST dated 14th June 2023

The Ministry of Finance, Government of India, recently released Instruction, outlining stricter guidelines for the processing of applications for GST registrations. This move aims to counteract the prevalent issue of false and deceitful GST registrations used for issuing invoices without any actual supply of goods or services, leading to fraudulent passing of input tax credit and revenue loss to the government. The new GST registration process under Instruction No. 03/2023-GST features tighter scrutiny and verification of registration applications. Authorities will thoroughly review documents and details filled by applicants to ensure completeness, relevancy, and authenticity. Special attention will be paid to applications designated as “High” risk. The proper officers can also initiate physical verification of the place of business, if deemed necessary. Further, the guidelines stipulate timelines within which the proper officer must respond to an application, thus preventing automatic approval of applications due to inaction. If a registration is granted on a deemed approval basis, physical verification of the place of business must be conducted within 15 days. The Central Board of Indirect Taxes and Customs emphasizes that all officers should carry out these procedures diligently and promptly. Gross negligence will not be tolerated.

2. E-Invoice Verifier App by GSTN – Advisory, dated 08th June 2023

1. The E-Invoice Verifier App developed by GSTN, has been introduced which offers a convenient solution for verifying e-Invoices and other related details. GST understands the importance of efficient and accurate e-invoice verification, and this app aims to simplify the process for your convenience.

2. E-Invoice Verifier App - Key Features and Benefits:

- 
- i. **QR Code Verification:** The app allows users to scan the QR code on an e-Invoice and authenticate the embedded value within the code. This helps in identifying the accuracy and authenticity of the e-Invoice.
 - ii. **User-Friendly Interface:** The app provides a user-friendly interface with intuitive navigation, making it easy for users to navigate through the app's features and functionalities.
 - iii. **Comprehensive Coverage:** The app supports verification of e-Invoices reported across all six IRPs, ensuring comprehensive coverage and convenience.
 - iv. **Non-Login Based:** The app operates on a non-login basis, meaning users are not required to create an account or provide sensitive personal information to access its functionalities. This simplifies the user experience and makes it more convenient for users.

3. How to use the e-Invoice Verifier App:

- i. **Download the App:** Visit the Google Play Store and search for "E-Invoice QR Code Verifier." Download and install the app on your mobile device free of charge. The iOS version will be available shortly.
- ii. **QR Code Scanning:** Utilize the app to scan the QR codes on your e-Invoices. The app will authenticate the information embedded in the code and one can compare it with information printed on the invoice.

4. GSTN emphasizes that the e-Invoice Verifier App does not require any user login or authentication process. Anyone can freely scan QR codes and view the available information.

5. GSTN is dedicated to enhancing your experience with the E-Invoice Verifier App and providing a process of seamless e-Invoice verification. GSTN is also working towards launching Version 2 with the Search IRN functionality, which will further streamline your e-Invoice verification.

3. Update on Enablement Status for Taxpayers for e-Invoicing, dated 16th June 2023

- i.** It is to inform that as per Notification No. 10/2023 - Central Tax dated 10th May 2023, the threshold for e-Invoicing for B2B transactions has been lowered from 10 crores to 5 crores. This change will be applicable from 1st August 2023.
- ii.** To this effect GSTN has enabled all eligible taxpayers with an Aggregate Annual Turnover (AATO) 5 crores and above as per GSTN records in any preceding financial year for e-Invoicing. These taxpayers are now enabled on all six IRP portals including NIC-IRP for e-Invoice reporting.
- iii.** It would be in the interest of trade to register and utilize the sandbox testing facility available at the IRP portals. This will help taxpayers to familiarize themselves with the invoice reporting mechanism and ensure a seamless transition to the e-Invoice system.
- iv.** Please note that the enablement status indicated on the e-Invoice portal does not indicate a legal obligation on taxpayers to use e-Invoicing. However, actual liability to generate IRN shall be checked by taxpayers with respect to applicable notification in the light of facts pertaining to them.
- v.** While the listing of enabled GSTINs is purely based on the turnover criteria reported in GSTR-3B, it is essential for taxpayers to confirm whether they fulfil the conditions outlined in the notification/rules. Thus, it is the legal responsibility of the concerned taxpayer, both buyers and suppliers, to ensure compliance.
- vi.** In case, a taxpayer who is otherwise but not auto enabled on the e-Invoice portal, can self-enable for e-Invoicing using the functionality provided on the portal.
- vii.** GSTN once again emphasizes that all eligible taxpayers should familiarize themselves with the e-Invoicing requirements and take the necessary steps to ensure compliance with the new threshold.

4. Advisory: Online Compliance Pertaining to Liability / Difference Appearing in R1 – R3B (DRC-01B), dated 29th June 2023

- i.** It is informed that GSTN has developed a functionality to enable the taxpayer to explain the difference in GSTR-1 & 3B return online as directed by the GST Council. This feature is now live on the GST portal.
- ii.** The functionality compares the liability declared in GSTR-1/IFF with the liability paid in GSTR-3B/3BQ for each return period. If the declared liability exceeds the paid liability by a predefined limit or the percentage difference exceeds the configurable threshold, taxpayer will receive an intimation in the form of DRC-01B.
- iii.** Upon receiving an intimation, the taxpayer must file a response using Form DRC-01B Part B. The taxpayer has the option to either provide details of the payment made to settle the difference using Form DRC-03, or provide an explanation for the difference, or even choose a combination of both options.



DISCLAIMER

While every care has been taken in the preparation of this Bulletin to ensure its accuracy at the time of publication, Ajay Rattan & Co. assumes no responsibility for any errors which, despite all precautions, may be found therein. Neither this bulletin nor the information contained herein constitutes a contract or will form the basis of a contract. The material contained in this document does not constitute/ substitute professional advice that may be required before acting on any matter. All logos and trademarks appearing in the newsletter are the property of their respective owners.

The information transmitted is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, re-transmission, dissemination, or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited.

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

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

(Partner-in-charge -CA Ajay Aggarwal)

BRANCH OFFICES:

SCO 13, 1stFloor, 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)

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