

**Manubhai & Shah LLP**  
Chartered Accountants

Ahmedabad • Mumbai • New Delhi • Rajkot • Jamnagar • Baroda • Gandhinagar • Udaipur

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Covering Updates for the Month of October' 22  
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# DIRECT TAX UPDATES

## Circulars & Notifications

### 1. Extension of due date for furnishing return of income for A.Y.2022-23

(CBDT Circular No. 20/2022 Dated 26.10.2022)

In consequence to extension of due date for various reports of audit in the case of assessee referred in clause (a) of Explanation 2 to section 139 (1) of the Income tax Act to 7.10.2022 by Circular No. 19/2022, dated 30.9.2022, CBDT, extends the due **date of furnishing of Return of Income under section 139 (1) of the Act for the Assessment Year 2022-23. which is 31st October, 2022 to 7th November, 2022.**

### 2. Extension of due date for filing Form 26Q for second quarter of F.Y.2022-23

(CBDT Circular No. 21/2022 Dated 27.10.2022)

On consideration of difficulties arising in timely filing of TDS statement in Form 26Q on account of revision of its format and consequent updation required for its filing, the CBDT, has extended the due **date of filing of Form 26Q for the second quarter of financial year 2022-23 from 31st of October, 2022 to 30th of November, 2022.**

### 3. Condonation of delay in filing of Form no. 10A till 31.03.2022

(CBDT Circular No. 22/2022 Dated 01.11.2022)

All the Charitable Organisations / Trusts were required to file Application for Registration or Provisional Registration in Form 10A electronically as per the provisions of the Income-tax Act, 1961, by 30.06.2021, which was extended to 31.08.2021 vide CBDT Circular No. 12 of 2021, dated 25.06.2021 and was further extended to 31.03.2022 by Circular No. 16/2021.

With a view to avoid genuine hardship to taxpayers, the **CBDT condones the delay in filing of Form 10A by Charitable Organisations/Trusts up to 25.11.2022 in respect of certain provisions of section 12A / section 10(23C) / section 80G / section 35 of the Income-tax Act, 1961.**



## SEBI UPDATES

### **A. Reduction in denomination for debt securities and non-convertible redeemable preference shares:**

The face value of each debt security or non-convertible redeemable preference share issued on private placement basis and listed debt security and non-convertible redeemable preference share issued on private placement basis traded on a stock exchange or OTC basis is revised from Rs. Ten lakhs to Rs. One lakh.

Circular can be accessed at:

[https://www.sebi.gov.in/legal/circulars/oct-2022/reduction-in-denomination-for-debt-securities-and-non-convertible-redeemable-preference-shares\\_64429.html](https://www.sebi.gov.in/legal/circulars/oct-2022/reduction-in-denomination-for-debt-securities-and-non-convertible-redeemable-preference-shares_64429.html)





# ACCOUNTING UPDATES

## A. EAC Opinion:

Expert Advisory Committee (EAC) of ICAI has provided an Opinion on Adoption of 'Net Book Value' method as one of the valuation technique to measure the fair value of investments in equity instruments that do not have a quoted market price in an active market.

The relevant text of the Opinion is reproduced below:

*"With regard to the method of valuation, the Committee is of the view that the Company should determine the fair value considering its specific facts and circumstances using valuation technique(s) and using one or more observable and unobservable inputs; and keeping in view the objective of fair value measurement and other requirements of Ind AS 113. However, in the extant case, the Company has apparently taken the share in the net book value/carrying amount of net assets of A Corporation Ltd. as on the reporting date as a substitute of fair value. The Committee is of the view that while determining fair value, net book value/carrying amount of net assets could be used as the beginning point or as one of the inputs, which may require further adjustments as per the valuation technique(s) considering the requirements of Ind AS 113, but the same itself cannot be directly considered as substitute of fair value. Therefore, since the Company has not apparently followed the above approaches, techniques and methodology prescribed under Ind AS 113 to determine fair value in the extant case, the same is not appropriate."*

EAC Opinion can be accessed at:

<https://resource.cdn.icai.org/71967cajournal-nov2022-34.pdf>



## RBI UPDATES

### 1. Appointment of Internal Ombudsman by the Credit Information Companies (CIC's):

With a view to strengthen and improve the efficiency of the internal grievance redressal mechanisms of CICs, it is hereby decided to bring Credit Information Companies (CICs) under the Internal Ombudsman (IO) Framework. Thus, all CIC's holding a Certificate of Registration under sub-section (2) of Section 5 of the CIC Regulation Act, 2005, to comply with the Reserve Bank of India (Credit Information Companies- Internal Ombudsman) Directions, 2022 by April 1, 2023

Notification dated 6th October, 2022

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12395&Mode=0>

### 2. Regulatory Framework for Asset Reconstruction Companies (ARCs):

ARCs play a vital role in the management of distressed financial assets of banks and financial institutions. Considering their critical role, a need was felt to review their functioning and operating framework. Accordingly, RBI had set up a Committee to undertake a comprehensive review of the working of ARCs and recommend suitable measures for enabling them to function in a more transparent and efficient manner. Based on recommendations and feedback from stakeholders, guidelines have been introduced which shall be effective immediately or as indicated otherwise in the guidelines.

Notification dated 11th October, 2022

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12399&Mode=0>

### 3. Multiple NBFC's in a group to be classified as Middle Layer Entity:

As per para 16 of the Master Direction – Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016, applicable NBFCs that are part of a common Group or are floated by a common set of promoters shall not be viewed on a standalone basis. In line with the existing policy on consolidation of assets of the NBFCs in a Group, the total assets of **all the NBFCs** in a Group shall be consolidated to determine the threshold for their classification in the Middle Layer.

If the consolidated asset (consolidation as per para above) size of the Group is ₹1000 crore and above, then each Investment and Credit Company (NBFC-ICC), Micro Finance Institution (NBFC-MFI), NBFC-Factor and Mortgage Guarantee Company (NBFC-MGC) lying in the Group shall be classified as an NBFC in the Middle Layer.

Statutory Auditors are required to certify the asset size (as on March 31) of all the NBFCs in the Group every year. The certificate shall be furnished to the Department of Supervision of the Reserve Bank under whose jurisdiction the NBFCs are registered.

These guidelines shall be effective from October 01, 2022.

Provisions contained in this circular will not be applicable for classifying an NBFC in the Upper Layer.

Notification dated 11th October, 2022

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12400&Mode=0>



#### **4. Reserve Bank of India (Unhedged Foreign Currency Exposure) Directions, 2022:**

The Reserve Bank of India has, from time to time, issued several guidelines / instructions / directives to the banks on Unhedged Foreign Currency Exposure (UFCE) of the entities which have borrowed from banks. To address the ambiguities, clarifications sought by stakeholders, a comprehensive review of the extant guidelines has been undertaken and all the existing instructions on the subject including the revisions / clarifications on the issues stated above have been consolidated in the revised directions.

The circular is applicable to all commercial banks from 1st January, 2023.

Notification dated 11th October, 2022

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12402&Mode=0>



## FEMA UPDATES

RBI vide its A.P. (DIR Series) Circular No. 16 dated September 30, 2022 (LSF Circular) superseded the LSF calculation matrix given under previous RBI Notification, ECB Circular and OI Circular and brought uniformity in imposition of LSF across functions (i.e. FI, ECB and OI).

- The following matrix shall be used henceforth for calculation of LSF, wherever applicable:

Sr. No.	Type of Reporting delays	LSF Amount (INR)
1	Form ODI Part-II/ APR, FCGPR (B), FLA Returns, Form OPI, evidence of investment or any other return which does not capture flows or any other periodical reporting	7500
2	FC-GPR, FCTRS, Form ESOP, Form LLP(I), Form LLP(II), Form CN, Form DI, Form InVi, Form ODI-Part I, Form ODI-Part III, Form FC, Form ECB, Form ECB-2, Revised Form ECB or any other return which captures flows or returns which capture reporting of non-fund transactions or any other transactional reporting	$[7500 + (0.025\% \times \text{amount involved in the delayed reporting} \times \text{number of years of delay in submission rounded-upwards to the nearest month})]$

- The number of years of delay in submission would be rounded upwards to the nearest month and expressed up to 2 decimal points.
- The maximum LSF amount cannot exceed the amount involved in the delayed reporting. Further, in the case of the fractional amount, the same will be rounded upwards to the nearest hundred.
- The amount involved in the delayed reporting for any ECB-2 return will be the gross inflow or outflow (including interest and other charges), whichever is more.
- LSF is required to be paid within 30 days.
- The facility for opting for LSF shall be available up to three years from the due date of reporting/ submission.
- In case a person responsible for any submission or filing under the provisions of FEMA, neither makes such submission/filing within the specified time nor makes such submission/filing along with LSF, such person shall be liable for penal action under the provisions of FEMA, 1999



# DUE DATES

## Due dates of various compliances falling in the month of Nov 2022

S.No	Due Date	Act/Authority	Compliance Description
1	07-11-2022	Income tax	Deposit of Tax Deducted at Source (TDS) / Tax Collected at source (TCS) during the month of October-2022.
2	07-11-2022	Income Tax	Filing of Income Tax Return (ITR) for Assessment Year 2022-23 for the following (not having any international or specified domestic transaction): (a) corporate- assessee or (b) non-corporate assessee (whose books of account are required to be audited) or partner of a firm whose accounts are required to be audited (Extended from October 31, 2022 to November 7, 2022).
3	10-11-2022	GST	GSTR-7 for the month of October-2022 for persons required to deduct TDS.
4	10-11-2022	GST	GSTR-8 for the month of October-2022 for e-commerce operator required to Collect TCS.
5	11-11-2022	GST	GSTR-1 for the month of October-2022 for taxpayers having turnover more than Rs. 5 crores or opted to file Monthly Return.
6	13-11-2022	GST	GSTR-6 for the month of October-2022 for Input Service Distributor.
7	13-11-2022	GST	Filling of Invoice Furnishing Facility (IFF) for the month of October- 2022 for taxpayers who opted for Quarterly Return Monthly Payment (QRMP) option.
8	15-11-2022	PF/ESIC	Payment of PF / ESIC for the month of October - 2022.
9	20-11-2022	GST	GSTR-5 & 5A by Non-resident taxable person & OIDAR for the month of October - 2022.
10	20-11-2022	GST	Payment of GST & Filling of GSTR-3B for the month of October-2022 for taxpayers having turnover of more than Rs.5 Crore in preceding financial Year.
11	25-11-2022	GST	Payment of GST in form GST PMT-06 for the month of October-2022 for taxpayers who opted for Quarterly Return Monthly payment (QRMP) Option.
12	29-11-2022	MCA	Filing of MGT7/MGT7A in case AGM is held on 30/09/2022. In other cases, within 60 days date of the conclusion of AGM.
13	30-11-2022	Income tax	Report in Form No. 3CEAA by a constituent entity of an international group for the accounting year 2021-22.
14	30-11-2022	Income tax	Filing of Return of income for the Assessment Year 2022-23 in the case of an assesses required to submit a report under section 92E pertaining to international or specified domestic transaction(s).
15	30-11-2022	Income tax	Quarterly statement of TDS in Form 26Q for TDS deposited for the quarter ending September 30, 2022 (Extended from October 31, 2022 to November 30, 2022).

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