

Manubhai & Shah LLP

Chartered Accountants

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Covering Updates for the Month of November' 22
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DIRECT TAX UPDATES

Circulars & Notifications

1. Explanatory Notes to Provisions of the Finance Act, 2022 (CBDT Circular No. 23/2022, Dated 03.11.2022)

<https://incometaxindia.gov.in/communications/circular/circular-23-2022.pdf>

C.B.D.T. has notified Explanatory Notes to Provisions of Finance Act, 2022. Vide this circular.

2. Reduction in time limit to respond to Intimation u/sec 245 (CBDT Instructions No. 06 of 2022, dated 28.11.2022)

Directorate of Income Tax (System) has issued instructions to All Assessing Officers that time limit for submitting response to Intimation U/S 245 or u/sec 245 of the Income tax act, in Regarding to adjustment of refunds against outstanding demand, has been reduced to 21 days from 30 days.

COMPANY LAW UPDATES



1. Amendment in Companies (Registered Valuers and Valuation) Rules:

Companies (Registered Valuers and Valuation) Rules have been amended by adding the requirement of intimating changes in personal details by registered valuer to authority and fees related to such intimation.

Notification can be accessed at:

<https://www.mca.gov.in/bin/dms/getdocument?mds=4AT36Gfmz6B67TutrQwENQ%253D%253D&type=open>

SEBI UPDATES

1. Amendment in SEBI (ICDR) Rules:

In SEBI (ICDR) Rules, a specific chapter has been added providing rules for initial public offer on main board through pre-filing of draft offer document.

Notification can be accessed at:

https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-fourth-amendment-regulations-2022_65407.html

2. Amendment in SEBI (LODR) Rules:

In SEBI (LODR) Rules, specific regulations have been added providing rules for draft scheme of arrangement & scheme of arrangement in case of entities that have listed their non-convertible debt securities or non-convertible redeemable preference shares.

Notification can be accessed at:

https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-sixth-amendment-regulations-2022_65048.html

ACCOUNTING UPDATES

1. EAC Opinion:

Expert Advisory Committee (EAC) of ICAI has given an Opinion on timing of capitalisation of transmission lines and sub-stations as an item of Property, Plant and Equipment from capital-work-in-progress and also in case of modernisation work

The relevant text of the Opinion is reproduced below:

“The date or point when an asset can be considered to be in the location and condition necessary for it to be capable of operating in the manner intended by the management as per the requirements of Ind AS 16 and when an item of capital work in progress can be transferred to gross block of PPE is a matter of technological assessment and judgement, which the Company should exercise itself in its specific facts and circumstances, considering various factors such as, technological assessments, safety parameters, various pre-requisite and substantive approvals from competent authorities, etc. Additionally, the Company should also comply with the guidance regarding impairment and commencement of depreciation based on the specific facts and circumstances.

The CEIG approval date or the date of asset commissioned certificate may not be the sole determinant(s) for capitalisation of the asset. Normally, the purpose of trial and test runs is to ensure that an asset is functioning properly, i.e., technical and physical performance (and not financial performance) of the plant/asset, as expected for its intended use, is ensured. During test/trial runs, if there are technical deficiencies/problems, adjustments are made and problems are rectified to ensure that the plant is ready for its intended use, i.e. capable of producing the intended inventories or rendering services. Therefore, before such trial/test run, the plant/asset cannot be considered to be in the location and condition necessary for it to be capable of operating in the manner intended by management as per the requirements of Ind AS 16.

Once the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the management as per the requirements of Ind AS 16, just because the Company is not able to operate the PPE due to non-availability of inputs or raw materials (for example, power supply in the extant case) or not able to operate at a certain level, the timing of capitalisation to PPE (i.e., transfer from CWIP) should not be delayed. In other words, timing of capitalisation to PPE is determined based on when the asset is ready to use and not when the asset is put to use. If the asset is ready to use but not put to use due to nonavailability of power supply in the extant case, capitalisation cannot be delayed.

In case of modernisation work, when the asset on which modernisation work is carried out or a component/part thereof, can be considered to be in the location and condition necessary for it to be capable of operating in the manner intended by the management as per the requirements of Ind AS 16, the same should be capitalised.”

EAC Opinion can be accessed at:

<https://resource.cdn.icai.org/72241cajournal-dec2022-8.pdf>

RBI UPDATES



1. Inclusion of Goods and Service Tax Network (GSTN) as a Financial Information Provider under Account Aggregator Framework:

With a view to facilitate cash flow-based lending to MSMEs, it has been decided to include Goods and Services Tax Network (GSTN) as a Financial Information Provider (FIP) under the Account Aggregator (AA) framework. Department of Revenue shall be the regulator of GSTN for this specific purpose and Goods and Services Tax (GST) Returns, viz. Form GSTR-1 and Form GSTR-3B, shall be the Financial Information.

Notification dated 23rd November, 2022

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12412&Mode=0>

2. Basel III Framework on Liquidity Standards – Standing Deposit Facility:

RBI had issued [circular DBOD.BP.BC.No.120/21.04.098/2013-14 dated June 09, 2014](#) on 'Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards' and the [Press Release 2022-2023/41 dated April 08, 2022](#) on operationalizing of Standing Deposit Facility (SDF). However, there is ambiguity with respect to treatment of SDF under the Liquidity Risk Management Framework. Through this notification RBI has clarified that the overnight balances held by banks with RBI under SDF shall be eligible as 'Level 1 High Quality Liquid Assets (HQLA)' for computation of LCR. The notification is applicable from immediate effect.

Notification dated 23rd November, 2022

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12413&Mode=0>



Evolution from “people driven” to “system-driven” organizations

Gordon Ramsay runs 35 restaurants across the world. If you've had the good fortune of eating at any of them, chances are slim that he cooked your meal himself. Gordon Ramsay is an excellent and inventive chef, but he is only one person and has limitations of scale.

Companies often face the same challenge. Producing the best customer experiences with the most delighted customers might initially be the result of one or a few people — perhaps the founders in an early-stage company or someone responsible for the whole operations who heroically and extensively invests himself in ensuring customers achieve the highest levels of success.

Although companies can spring into fame/success, thanks to the genius and talent of one hero, neither can they sustain growth and success through the efforts of a single individual. Heroism cannot scale; it requires far too much cost. Systems need to be created to consistently produce the optimal outcomes. The world's best-run business chains rely on incredibly efficient systems — systems that allow others to learn from, emulate and develop their own craft.

In the current business scenario, to achieve success, Organizations must focus their resources on delivering the strategy as to meet their customers' demands. The manner in which organizations are driven can be classified into two categories: System-driven and **People-driven**.

In a system-driven organization, the organization achieves its objectives of business by managing activities in a procedural way. The processes within that organization allow them to focus their teams' efforts so that they deliver on their strategy, meet their customer needs, and win them new customers.

On the contrary, a people-driven organization relies heavily on individuals and the skills they possess to deliver on their business strategy. There are, however, numerous challenges for people-driven organizations.

It is no surprise, then, that system-driven organizations are among the most successful enterprises across industries and domains: airlines, hospitality, technology and more. Notice that success stems from systems and not just processes. Processes happen to be just one functional aspect of a system-driven approach to running organizations. System-driven approaches are sharply focused on the "what," while process-driven ones look at the "how."

Being driven by systems brings transparency and accountability into the entire functioning of the organization and individual teams. Systems lead to prompt and objective decision-making, improving both efficiency and time utilization.

Many entrepreneurs who belong to yesterday's generation, still prefer to be people driven organization for the fear of losing control over their organization. However, a large chunk of organizations aim to be process-orientated as an ultimate way to create an organization. In all fairness, a process driven organization has certain advantages over a people driven organization. Many have tried to be a process-driven organization but failed because they have not truly understood what the concept means.

Almost all organizations, who want to be a system-driven one, believe that if they document their processes explicitly and provide it to their employees as a reference manual, then they are being process driven. Though documenting the processes and having them as a reference for induction is a good method, only documentation will not make an organization a process-driven one. At the outset, all the processes which are generally documented are operating processes. This means that they are just processes that transforms inputs to outputs.

The first step in developing a system-driven approach is having a thorough analysis and understanding of your product/service, its various stages and the outcomes at each of them — for yourself and the customer. A combination of a flexible platform and operational framework should include:

- **Policies and processes** to document existing knowledge and processes with clarity around responsibilities, authority and sufficient detail of the what, when, how and why.
- **Systems and software** in this digital age, these are crucial supporting elements to guide and leverage human efforts. These must enable new processes and ensure existing ones. They should create visibility, automate repeatable tasks to achieve goals and make work efficient.
- **Metrics and benchmarking** to measure and create the right feedback loop based on insights and trends from real data. These can help prevent disappointments and disaster. Processes can fail if not supported by systems that outline what needs to be measured and at what frequency.

If your organization needs more help on the same, you can reach out to us. We have experts who can assist to make your organization further streamlined.

DUE DATES

Due dates of various compliances falling in the month of December 2022

S.No	Due Date	Act/Authority	Compliance Description
1.	07-12-2022	Income tax	Deposit of Tax Deducted at Source (TDS) / Tax Collected at source (TCS) during the month of November-2022
2.	10-12-2022	GST	GSTR-7 for the month of November-2022 for persons required to deduct TDS
3.	10-12-2022	GST	GSTR-8 for the month of November-2022 for e-commerce operator required to Collect TCS
4.	11-12-2022	GST	GSTR-1 for the month of November-2022 for taxpayers having turnover more than Rs. 5 crores or opted to file Monthly Return
5.	13-12-2022	GST	GSTR-6 for the month of November-2022 for Input Service Distributor
6.	13-12-2022	GST	Filling of Invoice Furnishing Facility (IFF) for the month of November- 2022 for taxpayers who opted for Quarterly Return Monthly Payment (QRMP) option
7.	15-12-2022	PF/ESIC	Payment of PF / ESIC for the month of November - 2022
8.	15-12-2022	Income Tax	Payment of Third Installment of Advance tax for A.Y 2023-2024.
9.	20-12-2022	GST	GSTR-5 & 5A by Non-resident taxable person & OIDAR for the month of November - 2022
10.	20-12-2022	GST	Payment of GST & Filling of GSTR-3B for the month of November-2022, for taxpayers having turnover of more than Rs.5 Crore in preceding financial Year
11.	25-12-2022	GST	Payment of GST in form GST PMT-06 for the month of November-2022 for taxpayers who opted for Quarterly Return Monthly payment(QRMP) Option
12.	30-12-2022	Income tax	Furnishing of challan-cum statement of tax deducted under 194-IA,194-IB and 194M in the month of November-2022
13.	31-12-2022	Income tax	Belated/Revised return of income for AY 2022-23 for all assessee (provided assessment has not been completed before December 31, 2022)
14.	31-12-2022	GST	Filing of Annual Return in GSTR-9 for the Financial year 2021-2022

THE MOST **EFFECTIVE** WAY **TO DO IT IS TO DO IT...**

Manubhai & Shah LLP

Chartered Accountants

CORPORATE OFFICE

G-4, Capstone, Opp. Chirag Motors,
Gujarat College Road, Ellisbridge,
Ahmedabad - 380 006, Gujarat, India.
Phone : +91 79 2647 0000
Email : info@msglobal.co.in

MUMBAI OFFICE

3C Maker Bhavan No II,
18, New Marine Lines,
Mumbai - 400 020, Maharashtra, India.
Phone : +91 22 6633 3668/59/60
Fax : +91 22 6633 3561
Email : infomumbai@msglobal.co.in

Unit No-. 502,
5th Floor, Modi House,
Bajaj Cross Road, Kandivali (West),
Mumbai - 400 067,
Maharashtra, India,

NEW DELHI OFFICE

G-63, SFS, Gaurav Apartments,
New Delhi - 110 017
Phone : +91 98187 84187

KNOWLEDGE PROCESSING CENTRE

2nd Floor, "D" Wing,
Shivalik Corporate Park,
Behind IOC Petrol Pump,
132ft. Ring Road, Satellite,
Ahmedabad - 380 015, Gujarat, India.

13th Floor, A Block,
Ratnakar Nine Square,
Opp. Keshav Baug party Plot,
Mansi Road, Vastrapur,
Ahmedabad - 380 015, Gujarat, India.

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