

Manubhai & Shah LLP

Chartered Accountants

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NEWSLETTER

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Covering Updates for the Month of September' 23
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DIRECT TAX UPDATES

I. Circulars & Notifications

1. Extension of Due Date to File Form 10B/10BB & ITR 7 by Charitable Organisations (C.B.D.T. Cir.No.16 of 2023 dated 18.09.2023)

In view of the difficulties experienced in filing amended Audit Report in Form 10B/10BB, the C.B.D.T. has extended due date for filing the audit report in Form 10B/10BB and ITR-7 by a Charitable Organizations as under:

Form	Original Due Date	Extended Due Date
Audit Report in Form 10B/10BB	30.09.2023	31.10.2023
Income tax Return filing (ITR 7)	31.10.2023	30.11.2023

2. Procedure to get Lower/Nil deduction of TDS U/sec 197 (C.B.D.T. Notification no. 01/2023 dated 05.01.2023)

C.B.D.T. has notified procedure to apply in Form No.13 electronically for lower or nil deduction of TDS U/sec 197 of the Income tax Act,1961 from payment or accrual of payment due to a Non-resident Indian. The notification also prescribes procedure the AO shall follow in acceptance/rejection of application and issuance of lower/Nil rate of TDS Certificate. Notification can be accessed at -

<https://incometaxindia.gov.in/communications/notification/notification-02-2023-27-09-2023.pdf>

3. Amendment to Rule 11UA (C.B.D.T. Notification no. 81/2023 dated 25.09.2023)

Finance Act, 2023 has amended section 56(2)(viib) w.e.f. 01.04.2023 providing that any consideration received by a company in which the public are not substantially interested from any person (resident as well as non-resident) for issue of shares for consideration in excess of its fair market value (FMV) shall be taxable income as 'income from other sources' U/sec 56(2)(viib) of the Income tax Act,1961. Before the amendment, the said provision was applicable to issue of shares to 'resident' only which is now also applicable on issue of shares to non-resident.

The C.B.D.T. has amended Rules 11UA(2) vide Income-tax (Twenty First Amendment), Rules, 2023, vide this notification. Under the amended Rule 11UA, an option has been given to the issuer Company to determine FMV of such unquoted shares by various methods of valuation. The amended Rule is summarized here under:

- (a) In addition to the two methods for valuation of shares, namely, Discounted Cash Flow (DCF) and Net Asset Value (NAV) method, available to resident investor under Rule 11UA, five more valuation methods have been made available for non-resident investors, namely, Comparable Company Multiple Method (CCMM), Probability Weighted Expected Return Method (PWERM), Option Pricing Method (OPM), Milestone Analysis Method (MAM), Replacement Cost Method (RCM).
- (b) Where any consideration is received on issue of shares to any non-resident entity notified by the Central Government, such issue price of the equity shares may be taken as the FMV of the equity shares for resident and non-resident investors, subject to the following conditions:
 - (i) To the extent the consideration from such issue does not exceed the aggregate consideration that is received from the notified entity, and
 - (ii) The consideration has been received by the company from the notified entity within a period of ninety days before or after the date of issue of shares which are the subject matter of valuation.
- (c) On similar lines, price matching for resident and non-resident investors would be available with reference to investment by Venture Capital Funds or Specified Funds.
- (d) Valuation methods for calculating the FMV of Compulsorily Convertible Preference Shares (CCPS) have also been provided
- (e) A safe harbor of 10% variation in value has been provided.

The notification can be accessed at:

<https://incometaxindia.gov.in/communications/notification/notification-81-2023.pdf>

4. New Rule 21AHA & Form 10IFA for New Regime of Tax by Co-operative Society U/sec 115BAE

(C.B.D.T. Notification no. 83/2023 dated 29.09.2023)

C.B.D.T. has inserted new Rule 21AHA notifying Form 10IFA to be e-filed by a Co-operative Society opting for new regime of tax U/sec 115BAE(5).

5. Amendment to Rule 14A for Form of Audit Report & Inventory Valuation under section 142(2A)

(C.B.D.T. Notification no. 82/2023 dated 27.09.2023)

C.B.D.T. has notified Form 6B for Audit Report of the accounts of an assessee required to be furnished under section 142 (2A)(i) of the Income tax Act, 1961

(Special Audit by a Chartered Accountant).

Also notified Form 6D for the report of inventory valuation of an assessee required to be furnished under section 142(2A)(ii) of the Income tax Act, 1961 (Inventory Valuation by a Cost Accountant).

6. Securities notified U/sec 47(viiab) not regarded as Transfer of Capital Asset

(C.B.D.T. Notification no. 71/2023 dated 12.09.2023)

Transactions in the under mentioned securities are not to be considered as Transfer of a Capital Asset U/sec 47(viiab) of the Income tax Act, 1961 and therefore shall be exempted from Capital Gain tax U/sec 45 of the Act :

- i. Unit of investment trust as defined under Regulation 83(1)(d) of the International Financial Services Centres Authority (Fund Management) Regulations, 2022
- ii. Unit of a scheme as defined under Regulation 2(1)(ii) of the International Financial Services Centres Authority (Fund Management) Regulations, 2022
- iii. Unit of an Exchange Traded Fund (ETF) launched under International Financial Services Centres Authority (Fund Management) Regulations, 2022 (IFSC).

7. FAQ on filing of Audit Report of a Charitable Organisation in Form 10B & 10BB

C.B.D.T. has issued a FAQ on filing of Audit Report of a Charitable Organisation in Form 10B for A.Y. 2023-24 onwards which can be accessed at:

FAQ on Filing of Form 10B

<https://www.incometax.gov.in/iec/foportal/sites/default/files/2023-09/Form10B%20FAQ.pdf>

FAQ on Filing of Form 10BB

[https://www.incometax.gov.in/iec/foportal/help/all-topics/statutory-forms/popular-form/form-10BB-faq#:~:text=What%20is%20the%20due%20date,%2Fs%20139\(1\).](https://www.incometax.gov.in/iec/foportal/help/all-topics/statutory-forms/popular-form/form-10BB-faq#:~:text=What%20is%20the%20due%20date,%2Fs%20139(1).)

II. High Court Decision

Section 56(2)(vii)(c) cannot be invoked in respect of additional shares received by assessee on account of renunciation by a relative

Pr.C.I.T. V. Jigar Jashwantlal Shah [2023] 154 taxmann.com 568 (Guj)

It was held by the Gujarat High Court that issue of additional shares on renunciation by wife and father of the assessee would not be hit by the provisions of Sec.56(2)(vii)(c) as both of them would be covered by definition of relative covered in the exemption of relative, and therefore, the provision of section 56 would not be applicable at all.



ACCOUNTING UPDATES

A. EAC Opinion:

Accounting treatment of subsequent expenditure as per Ind AS 16, 'Property, Plant and Equipment'

The relevant text of the Opinion is reproduced below:

"The Company has sought the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India on the following issues:

- (i) Whether the accounting treatment extended by the Company for replacement activities and restoration of selected structural, civil and other support system with an aim to improve the operational efficiency and reduction in maintenance / breakdown hours after the useful life of the washery is as per the applicable provisions of Ind AS 16, 'Property, Plant and Equipment' (i.e. the said expenses to be charged as expenses in the Statement of Profit and Loss as and when incurred).
- (ii) If not, then, how the said expenditure is to be accounted for and what should be the basis for determination of useful life in the given case for provision of depreciation?"

The Committee is of the following opinion on the issues raised above:

The accounting treatment extended by the Company for replacement activities and restoration of selected structural, civil and other support system with an aim to improve the operational efficiency and reduction in maintenance / breakdown hours after the useful life of the washery will not be appropriate as per the requirements of Ind AS 16 'Property, Plant and Equipment', if such expenditure, in aggregate, can be considered to be 'material', as per the requirements of Ind AS 1 in the context of washery plant as a whole. If the expenditure incurred is material, since it will lead to future economic benefits in terms of improvement in operations and capacity of the washery plant and the cost incurred can be reliably measured, the recognition criteria under paragraph 7 of Ind AS 16 are met; and hence, the Company should capitalise such expenditure as cost of the washery plant. With regard to basis of determination of useful life, an estimation of life should be made by the Company considering various factors as mentioned in paragraphs 56 and 57 of Ind AS 16, including, technical evaluation, past experience, defect liability period, etc. Further, such useful life should be reviewed regularly as per the requirements of paragraph 51 of Ind AS 16. Reference may also be made to the requirements of Schedule II to the Companies Act, 2013 in this regard.

EAC Opinion can be accessed at:

<https://resource.cdn.icai.org/76348cajournal-oct2023-22.pdf>

SEBI UPDATES



A. SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2023:

In the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, after regulation 62, a new regulation 62A in respect of 'Listing of subsequent issuances of non-convertible debt securities' has been inserted.

The circular can be accessed at:

https://www.sebi.gov.in/legal/regulations/sep-2023/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-fourth-amendment-regulations-2023_77193.html

B. Redressal of investor grievances through the SEBI Complaint Redressal(SCORES) Platform and linking it to Online Dispute Resolution platform:

Releasing a framework for the redressal of investor grievances through the SEBI complaint redressal (SCORES) platform and linking it to an online dispute resolution platform, market regulator Securities and Exchange Board of India (SEBI) has asked regulated entities, including listed companies, registered intermediaries and market infrastructure institutions (MII) to submit the action taken report (ATR) (in the investor complaint) within 21 days from the date of receipt of the complaint. The provisions of the circular related to the workflow of processing of investor grievances by entities and the framework for monitoring and handling of investor complaints by the designated bodies will come into force from 4 December 2023.

The circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/sep-2023/redressal-of-investor-grievances-through-the-sebi-complaint-redressal-scores-platform-and-linking-it-to-online-dispute-resolution-platform_77159.html

C. Extension of timeline for verification of market rumours by listed entities:

It has been decided to extend the effective date of implementation of the proviso to regulation 30(11) of the LODR Regulations with respect to mandatorily verify and confirm, deny or clarify market rumours for top 100 listed entities by market capitalization, to February 1, 2024 and for top 250 listed entities by market capitalization, to August 1, 2024.

The circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/sep-2023/extension-of-timeline-for-verification-of-market-rumours-by-listed-entities_77488.html

D. Extension of timeline for nomination of Mutual Fund Units Holders:

The deadline for mutual fund account holders has been extended till January 1, 2024 to nominate a beneficiary or opt out of it by submitting a declaration form. If Mutual Fund account holders fail to comply with the norms, their folios will be frozen.

The circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/sep-2023/nomination-for-mutual-fund-unit-holders-extension-of-timelines_77453.html



COMPANY LAW UPDATES

A. Limited Liability Partnership (Second Amendment) Rules, 2023:

For the e-forms 3 and 4 in respect of 'Information with regard to Limited Liability Partnership Agreement and changes, if any, made therein' and 'Notice of appointment, cessation, change in name/address/designation of a designated partner or partner and consent to become a partner/designated partner' respectively, the forms as per this rule have been substituted.

Circular can be accessed at:

<https://www.mca.gov.in/bin/dms/getdocument?mds=ywlii5hvZvLABylQ7KmtNA%253D%253D&type=open>

B. Extension of timeline to hold Annual General Meeting and Extra-Ordinary General Meeting through video conference or other audio visual means:

In continuation to Ministry's General circular No. 20/2020 dated 05.05.2020, No. 02/2022 dated 05.05.2022 and No. 10/2022 dated 28.12.2022, it has been decided to allow companies whose AGMs are due in the Year 2023 or 2024, to conduct their AGMs through VC or OAVM on or before 30th September, 2024 in accordance with the requirements laid down in Para 3 and Para 4 of the General circular No. 20/2020 dated 05.05.2020.

Also, in continuation to Ministry's General circular No. 14/2020 dated 08.04.2020, No. 03/2022 dated 05.05.2022 and No. 11/2022 dated 28.12.2022, it has been decided to allow companies to conduct their EGMs through VC or OAVM or transact items through postal ballot in accordance with framework provided in the aforesaid circulars up to 30th September, 2024. All other requirements provided in the said Circulars shall remain unchanged.

Circular can be accessed at:

<https://www.mca.gov.in/bin/dms/getdocument?mds=HaKq8Y72SkO5wlQe05fjLQ%253D%253D&type=open>



Article on 'Mera Bill Mera Adhikaar'

Demystifying the Mera Bill Mera Adhikaar Scheme 2023: Your Right to Transparent Tax Compliance

In a significant stride towards promoting transparency and tax compliance, the Central Government introduced the Mera Bill Mera Adhikaar scheme on September 1, 2023. This initiative seeks to usher in a cultural and behavioural shift among citizens, emphasizing their right to demand bills for all purchases, thus fostering tax compliance and transparency in Business-to-Consumer (B2C) transactions. Let's delve into the intricacies of this groundbreaking scheme.

Pilot Project in Select Regions:

The scheme commenced as a pilot project in specific regions, including Assam, Gujarat, Haryana, and the Union Territories of Puducherry, Daman and Diu, and Dadra Nagar Haveli.

Consumer Benefits:

One of the primary incentives for consumers is the chance to win enticing rewards, totalling up to one crore rupees. To qualify for these rewards, follow these simple steps:

How to Participate:

1. Visit the official website of Mera Bill Mera Adhikaar or use the mobile app.
2. Enter your 10-digit registered mobile number.
3. Provide basic information, including your name, mobile number, state, and accept the terms and conditions.
4. Upload your GST bill, ensuring it contains the GSTIN of the seller, invoice number, amount paid, and tax amount.
5. Click "submit" to complete the process.

Limitations:

Participants can upload a maximum of 25 invoices per month to be considered for the lucky draw. The government will select 800 individuals monthly, awarding them Rs 10,000 each. Additionally, two lucky winners will receive one crore rupees in the Bumper Draw. This experimental program will remain active for a year.

Accessibility:

The Mera Bill Mera Adhikaar scheme is accessible on both iOS and Android platforms. Importantly, all invoices issued by Goods and Services Tax (GST) registered suppliers are eligible for this initiative.

Scheme Details and Enrolment:

This government reward scheme, introduced on a pilot basis in six regions, boasts a total fund of Rs. 30 Crore Rupees for the fiscal year, with equal contributions from the Central and State governments. It exclusively targets end consumers.

Steps to Enroll in the Lucky Draw or Lottery:

1. Download the "Mera Bill Mera Adhikar" App and register with your mobile number.
2. Demand GST Invoices from your suppliers, which serve as your lottery tickets.
3. Upload these invoices to the app, providing minor details such as the GSTIN of the supplier, date of the invoice, and the amount of taxes.
4. You can upload up to 25 invoices each month to increase your chances.
5. Invoices must be uploaded by the 5th of the following month for the draw.
6. Keep your invoices as evidence.

Incentives and Draws:

The scheme includes monthly and quarterly draws. Each month, 800 lucky taxpayers will receive Rs. 10,000 each, and 10 will receive Rs. 10 lakhs each. Additionally, two bumper draws will take place each quarter, with two lucky taxpayers winning a whopping Rs. 1 crore each. Over 1 Lakh taxpayers have already downloaded the app, indicating substantial interest in the scheme.

Promoting Tax Compliance and Transparency:

The primary motivation behind this scheme is to encourage taxpayers to demand GST invoices from their suppliers, asserting their right. This move aims to bring transparency to often-disputed B2C transactions. Suppliers are compelled to properly account for taxes and pay them to revenue authorities as more taxpayers request GST invoices, thanks to the incentive provided.

Conclusion:

The "Mera Bill Mera Adhikaar Scheme" is not just an initiative but also a significant step toward creating awareness among taxpayers. It emphasizes that asking for a GST invoice is not just a responsibility but also a right. By doing so, taxpayers contribute to transparency in B2C transactions and have the chance to be rewarded for their compliance. So, next time you make a purchase in one of the six participating states or Union Territories, don't forget to ask for a GST invoice and upload it to the app. Your bill is your right, and it could be your ticket to a substantial reward.

DUE DATES

Due dates of various compliances falling in the month of October 2023

S.No	Due Date	Act/Authority	Compliance Description
1	07-10-2023	Income Tax	Deposit of Tax Deducted at Source (TDS) / Tax Collected at source (TCS) during the month of September - 2023
2	07-10-2023	GujRera	Quarterly Progress Report (QPR) Compliances for the financial quarter ended September 30, 2023
3	10-10-2023	GST	GSTR-7 for the month of September-2023 for persons required to deduct TDS
4	10-10-2023	GST	GSTR-8 for the month of September-2023 for e-commerce operator required to Collect TCS
5	11-10-2023	GST	GSTR-1 for the month of September-2023 for taxpayers having turnover more then Rs. 5 crores or opted to file Monthly Return
6	11-10-2023	GST	Filing of GSTR-1 for the quarter ended September 30, 2023 for taxpayers who opted for Quarterly Return Monthly payment (QRMP) Option
7	13-10-2023	GST	GSTR-6 for the month of September-2023 for Input Service Distributor
8	13-10-2023	GST	Filing of GSTR-1 for the quarter ended September 30, 2023 for taxpayers who opted for Quarterly Return Monthly payment (QRMP) Option
9	14-10-2023	MCA	Filing of Form ADT-1 For Appointment of an Auditor If the AGM is held on 30/09/2023
10	15-10-2023	PF/ESIC	Payment of PF / ESIC for the month of September - 2023
11	15-10-2023	Income Tax	Filing of TCS Return in form 27EQ for the quarter ended on September 30, 2023
12	18-10-2023	GST	CMP-08 for the quarter ended on September 30, 2023 by Composite Dealer
13	20-10-2023	GST	GSTR-5 & 5A by Non-resident taxable person & OIDAR for the month of September - 2023
14	20-10-2023	GST	Payment of GST & Filling of GSTR-3B for the month of September-2023, for taxpayers having turnover of more than Rs.5 Crore in preceding financial Year
15	22-10-2023	GST	Payment of GST & Filling of GSTR-3B for taxpayers having turnover upto Rs.5 Crore in preceding Financial year for the quarter ended on September 30, 2023 who opted for Quarterly Return Monthly payment(QRMP) Option depending on place of business(State)
	24-10-2023		

S.No	Due Date	Act/Authority	Compliance Description
16	25-10-2023	GST	Payment of GST in form GST PMT-06 for the month of September-2023 for taxpayers who opted for Quarterly Return Monthly payment(QRMP) Option
17	25-10-2023	GST	Filing of ITC-04 for period of April-23 to September-23 for goods dispatched to or received from a Job worker
18	29-10-2023	MCA	Filing of AOC 4 in case AGM is held on 30/09/2023. In other cases, within 30 days date of the conclusion of AGM
19	30-10-2023	Income tax	Furnishing of challan-cum statement of tax deducted under 194-IA,194-IB ,194M and 194S in the month of September-2023
20	30-10-2023	MCA	Filing of Statement of Account and Solvency by LLP for the year ended on March 31, 2023
21	31-10-2023	Income tax	Filing of TDS returns for the quarter ended on September 30,2023
22	31-10-2023	Income tax	Filing of Report in Form 3CEB in respect of international transaction and specified domestic transaction
23	31-10-2023	Income tax	Audit report under section 44AB for the assessment year 2023-24 in the case of an assessee who is also required to submit a report pertaining to International or specified domestic transactions under section 92E
24	31-10-2023	Income tax	Audit Report in form 10B/10BB for the assessment year 2023-2024 by a fund or trust or institution or any university or other educational institution or any hospital or other medical institution
25	31-10-2023	Income tax	Filing of Income Tax Return (ITR) for A.Y. 2023-24 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.
26	31-10-2023	GujRera	Extended due date for Annual Compliances (Form – 05) for the year ended March 31, 2023
27	31-10-2023	MCA	MSME-1 in respect of outstanding payment by company to Micro and Small Enterprise as at September 30, 2023

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those who believe in the
beauty of their dreams** ”

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