



A Monthly E-Newsletter

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KEY METRICS

Indices

BSE SENSEX	60,747	5.78% ▲
NSE NIFTY50	18,012	5.37% ▲
NASDAQ Composite	10,988	3.90% ▲
NIKKEI 225	27,587	6.36% ▲

Currency

USD/INR	82.77	-1.55% ▼
EURO/INR	81.80	-2.42% ▼
GBP/INR	94.93	-4.36% ▼
JPY/INR	0.56	1.17% ▲

Note: The month-on-month movement as on October 31, 2022 is represented in percentages
Source: Yahoo Finance, Investing.com



DIRECT TAX

Notifications/Circulars

Due date extended for furnishing ITR

In line with the extension given earlier of due date for various audit reports from September 30, 2022 to October 7, 2022, CBDT has now extended the due date of furnishing the ITRs due on October 31, 2022 to 07 November, 2022.

Circular No. 20 dated October 26, 2022

CBDT extends due date for filing of TDS return

On account of the revision of the format of Form 26Q and the consequent updating required for its filing, CBDT has extended the due date of filing of TDS statement for the second quarter of the financial year 2022-23 from October 31, 2022, to November 30, 2022.

Circular No. 21 dated October 27, 2022

Judicial Rulings

Tax deduction towards payment of employees' contribution to social security schemes

Supreme Court held that the meaning of due date for payment of employees' contribution to schemes like Provident Fund, Employees' State Insurance etc. for the purpose of claiming deduction shall be the statutory due date under the relevant statutes governing such schemes and not the due date of filing return of income.

Checkmate Services P. Ltd v. CIT(A) (SC)

Meaning of 'general public utility' for exemptions by charitable trusts

Supreme Court held that a person involved in trade, commerce or providing services over and above cost, would cease to be a charitable institution. However, when these services are provided on cost or at nominal rate, the same will not constitute trade or commerce and will qualify for tax exemption.

Ahmedabad Urban Development Authority v. ACIT (SC)

Equalization levy not applicable on advertisement services in specified cases

The Tribunal held that where the assessee merely helped non-resident advertisers to avail services of Google program and, as an intermediary, was channelizing funds from such advertisers to Google, the ultimate beneficiaries of advertisement services were non-resident advertisers. Since such advertisers had no business in India and their advertisements were also targeted to audience outside India, provisions of equalization levy did not apply.

Prakash Chandra Mishra v. DCIT (Jaipur Tribunal)

Due dates extended for furnishing ITR and TDS return

Meaning of 'general public utility' for exemptions by charitable trusts



INDIRECT TAX

Circulars / Notifications

Extension of due date

The due date of filing GSTR-3B return for the month of September 2022 has been extended till October 21, 2022.

Notification No. 21/2022 - Central Tax dated October 21, 2022

Clarification on time limit for compliances

Vide Notification No. 18/2022-Central Tax, the timelines of various compliances including availment of credit, rectification of returns and declaration of credit notes, has been extended and fixed as November 30th of the next financial year or furnishing of annual return, whichever is earlier. It is clarified that these extended timelines shall be applicable to the compliances from FY 2021-22 onwards. Further, no extension of due date of filing monthly return for the month of October (due in November) has been made vide aforesaid amendment.

Press release dated October 04, 2022

Enforcement action and issuance of recurring SCN

Following key guidelines have been issued:

- A taxpayer assigned to State Tax authorities is open to enforcement action by both the authorities i.e. Central and State. In case any authority initiates an enforcement action against an assessee then all the consequential actions relating to the case will lie with the said authority.
- Issuance of recurring SCNs does not involve any fresh investigation. Therefore, it is desirable that such further/

recurring SCNs are issued by the actual jurisdictional authority, administering the taxpayer.

Office Memorandum dated October 19, 2022

Pre-deposit for filing appeal

It has been clarified that payments through DRC-03 is not a valid mode of payment for making pre-deposits in relation to appeal matters of Excise and Service Tax. The dedicated CBIC-GST Integrated portal only should be used for making such pre-deposits.

Instruction No. CBIC-240137/14/2022-Service Tax Section-CBEC dated October 28, 2022

Judicial Rulings

Order must be based on discrepancies stated in Notice

The assessee was issued a Notice under Form ASMT-10 pointing out certain discrepancies. However, the Order was issued in Form GST DRC-07 on the basis of discrepancies which were completely different from those stated in the Notice. The Order

Guidelines issued for enforcement action and issue of SCN

Clarification issued on time limit for compliances

Order must be based on discrepancies stated in Notice

was set aside and the matter was remitted back to officer for redoing the assessment.

M/s Vadivel Pyrotech Pvt Ltd (Madras High Court)

Taxability of recoveries from employees

Recoveries made from employees towards notice pay, canteen facility, rei-issuance of ID card and forfeiture of surety bond for employees who leave the company without serving minimum contract period shall not be subject to GST as they are not a consideration for supply of any services. Similarly, liquidated damages and creditors write-off are also not subject to GST.

M/s Rites Ltd (AAR Haryana)



CORPORATE & ALLIED LAWS

Circulars / Notifications

RBI issues directions for unhedged foreign currency exposure

RBI has undertaken a comprehensive review of the existing guidelines which are applicable to all commercial banks effective January 1, 2023, regarding unhedged foreign currency exposures of entities which have borrowed from such commercial banks. All existing instructions including revisions and clarifications therein, have been consolidated in the Unhedged Foreign Currency Exposure Directions,

2022. Explanatory notes, providing background of such Directions, have also been provided.

Notification No.DOR.MRG.77/00-00-007/2022-23 dated October 11, 2022

Financial Statements – Presentation and Disclosures Directions, 2021

Commercial banks will now have to disclose details of divergence in asset classification and provisioning where such divergence assessed by the RBI exceeds certain specified thresholds. Accordingly, for the year ending March 31, 2023, the financial statements of commercial banks need to have suitable disclosures. The

RBI issues directions for unhedged foreign currency exposure

Divergence in asset classification and provisioning to be disclosed by commercial banks

Financial Statements – Presentation and Disclosures Directions, 2021 will need to be complied with.

RBI/2022-23/130 DOR. ACC. REC. No. 74/21.04.018/2022-23 dated October 11, 2022



CFO WATCH

Framework released for Governing Council of SSE

Reduction in denomination for debt securities and non-convertible redeemable preference shares

NFRA affirms recognition of principal and interest for NPA accounts

SEBI rolls out framework for Governing Council of SSE

Markets regulator SEBI has released a framework for the governing council of SSE. The Council is expected to provide oversight and guidance to facilitate the smooth functioning of the operations of the SSE, with regard to registration, fund raising and disclosures by Social Enterprises. The Council will have a balanced representation, drawing from various categories of stakeholders such as philanthropic, non-profit organizations, information repositories, social impact investors, social audit profession, capacity building fund and stock exchange.

SEBI amends provision pertaining to denomination of issuance and trading of non-convertible securities

As per the amendment, the face value of each debt security or non-convertible redeemable preference share issued on private placement basis shall be INR 1 lakh. This shall be applicable on all issues on or after January 01, 2023.

NFRA highlights non-accrual of interest on borrowings by the companies for NPA cases as violation of Ind AS

NFRA has asserted that all companies following Ind AS and their audit committees are required to recognize principal and interest even though borrowing has been declared NPA. The company's discontinuation of recognition of accrual of interest while calculating the authorised cost of borrowing was in violation of effective interest rate method and effective interest rate principles and concepts underpinning the amortised cost measurement. The auditors are also required to ensure strict compliance with the same while performing audits.

MERGERS & ACQUISITIONS

Embracing ESG in M&A

A powerful combination of ESG demand is driving private equity funds and corporations to urgently transform their core strategies. Globally, and in India, ESG is receiving much-deserved attention as a holistic and critical non-financial parameter to assess a target's bottom line and its long-term value proposition.

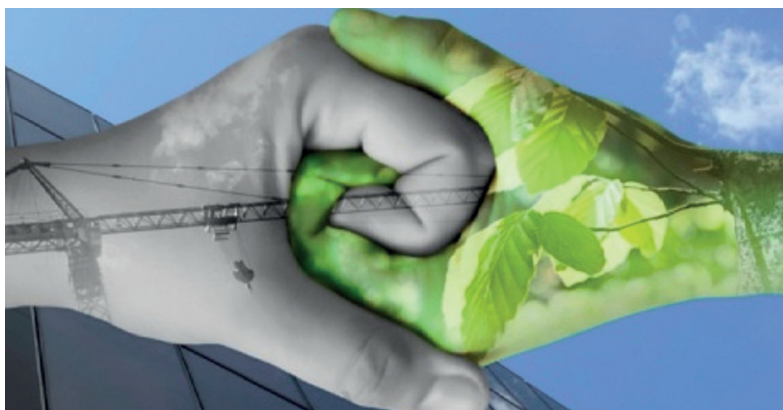
ESG investing refers to a set of standards for a company's behaviour, used by socially conscious investors to screen potential investments. It can also help portfolios avoid holding companies engaged in risky or unethical practices.

There is a growing recognition that ESG considerations play a decisive role at every step of the M&A process, from target selection, valuation, due diligence and all the way through to post-merger integration. Earlier ESG issues were secondary considerations, often assessed as risks to be avoided rather than as factors in favour of a deal. That attitude is now changing.

ESG is getting regarded as a key lever of value and there are several ways in which ESG considerations can be factored into the valuation methodology. Companies with higher ESG scores tend to have less risk exposure, lowering required rate of return and, as a result, lowering the company's cost of capital which is likely to translate to a higher valuation.

ESG due diligence can look to understand the dangers and opportunities around resources, work conditions, waste, energy, and market access, all of which can be managed through careful integration and value creation. In deal documentation, ESG warranties ensuring adequate ESG policies, supply chain sustainability, absence of ESG incidents and workplace harassment, etc. may be included in addition to legal and tax warranties.

Given growing importance and impact of ESG in dealmaking, we expect the movement towards integrating sustainability considerations into corporate strategy to continue and be a top priority for years to come.



IN THE NEWS



Events/Webinars

Standards on Review Engagements

- October 12, 2022

Speaker: Nitin Gupta, Executive Partner, Assurance

Nitin was invited as a guest speaker for a webinar organized by the ICAI where he shared the panel with other esteemed dignitaries like CA (Dr.) Sanjeev Kr. Singhal, Chairman, AASB of ICAI, CA C.V. Chitale, Chairman, DTC of ICAI, and CA Vishal Doshi, Vice-Chairman, AASB of ICAI. In the session, Nitin shared his experience and perspective on SRE 2400(R) & 2410, which was very well appreciated by the industry members.



How to achieve everything you want to achieve

- October 14, 2022

Guest Speaker: CA Sunil Sukhija

ASA organized an interactive session with CA Sunil Sukhija on the work-life balance and competitive corporate world for employees. Sunil shared his experience around achieving milestones in the corporate journey and gave an understanding of managing work-life balance and studies while working as an article trainee. He concluded the session by giving tips on how to remain self-motivated and energetic at work.



GLOSSARY



AASB

Auditing & Assurance Standards Board

ICAI

Institute of Chartered Accountants of India

RBI

Reserve Bank of India

TDS

Tax Deducted at Source

CBDT

Central Board of Direct Taxes

ITR

Income Tax Return

SCN

Show Cause Notice

CIT(A)

Commissioner of Income Tax Appeal

M&A

Mergers & Acquisitions

SEBI

Securities and Exchange Board of India

DCIT

Deputy Commissioner of Income Tax

ITC

Input Tax Credit

SGC

Social Stock Exchange Governing Council

ESG

Environmental, Social & Governance

NFRA

National Financial Reporting Authority

SSE

Social Stock Exchange

NPA

Non-Performing Assets

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ASA Corporate Catalyst India

New Delhi (Corporate Office)

Aurobindo Tower
81/1 Third Floor Adchini
Aurobindo Marg
New Delhi 110 017 INDIA
T +91 11 4100 9999

Ahmedabad

306 - B, Pinnacle Business Park
Corporate Road, Prahlad Nagar
Ahmedabad, 380 015 INDIA
T + 91 79 4891 5409

Bengaluru

53/B, LOLS Citadel Level 2 & 3
1st Main Road, 3rd Phase
Sarakki Industrial Layout
J P Nagar, Bengaluru – 560078
T +91 80 4907 9600

Chennai

Unit No. 709 & 710,
7th Floor 'Beta Wing'
Raheja Towers, New Number 177
Anna Salai, Chennai 600 002 INDIA
T +91 44 4904 8200

Gurgaon

Times Square Fourth Floor
Block B, Sushant Lok 1
Gurgaon 122 002 INDIA
T +91 124 4333 100

Hyderabad

Vasavi's MPM Grand
11th Floor, Unit No 1204
Yella Reddy Guda Road, Ameerpet
Hyderabad Telangana 500 073 INDIA
T +91 40 2776 0423

Kochi

Pioneer Tower
207-208 Second Floor, Marine Drive
Kochi 682 031 INDIA
T +91 484 410 9999

Mumbai

Lotus Corporate Park
D-401, CTS No.185/A
Graham Firth Compound
Western Express Highway
Goregaon (East)
Mumbai 400 063 INDIA
T +91 22 4921 4000

National Affiliates

Bhubaneswar, Chandigarh, Pune and
Vishakhapatnam

International Affiliates

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