

A Monthly E-Newsletter

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# The Bottom Line

## WHAT'S INSIDE

Direct Taxes **2**

Indirect Taxes **3**

Corporate & Allied Laws **4**

CFO Watch **5**

M&A **5**

In the News **6**

Glossary **7**

About Us **8**

## KEY METRICS

### Indices

BSE SENSEX	63,100	3.87% ▲
NSE NIFTY50	18,758	4.14% ▲
NASDAQ Composite	11,468	4.37% ▲
NIKKEI 225	27,969	4.37% ▲

### Currency

USD/INR	81.37	1.69% ▲
EURO/INR	84.82	-3.68% ▼
GBP/INR	98.26	-3.51% ▼
JPY/INR	0.59	-6.40% ▼

Note: The month-on-month movement as on November 30, 2022 is represented in percentages  
Source: Yahoo Finance, Investing.com



# DIRECT TAX

## Notifications/Circulars

### Explanatory notes to Finance Act, 2022 released

CBDT releases explanatory notes to the provisions of the Finance Act, 2022. These explanatory notes describe the substance of the provisions/ amendments made by the Finance Act, 2022 relating to direct taxes..

*Circular No. 23 dated November 03, 2022*

### CBDT proposes common ITR

CBDT releases draft Common ITR to bring the compliance system in tandem with international practice, for ease of filing returns and to reduce the time for filing the ITR. The draft Common ITR merges all the ITRs. ITR-7, meant for charitable trusts, political parties and other specified persons is kept out of the ambit of Common ITR. ITR-1 (Sahaj return) and ITR-4 (Sugam return) shall continue as an option for the taxpayers. Stakeholders' inputs are sought by December 15, 2022.

*Communication F No 370133/16/2022-TPL dated November 01, 2022*

## Judicial Rulings

### Taxes to be deducted for LTC claims involving foreign travel

Supreme Court held that exemption on LTC is meant only for travel within India and the moment employees undertake travel with a foreign leg, it cannot be considered as travel within India even though the starting and destination points remain within India. Accordingly, the employer is liable to deduct tax in such cases.

*State Bank of India v. ACIT (SC)*

### In case of change of AO, proceedings be continued from stage at which they were left by earlier AO

Supreme Court held that a second notice issued by new AO, on transfer of an earlier AO, is to be considered as a continuation to the proceedings initiated earlier and does not constitute a fresh proceeding. Accordingly, subsequent notice cannot be said to be barred by limitation.

*DCIT v. Mastech Technologies (P.) Ltd. (SC)*

### CBDT proposes Common ITR

### Taxes to be deducted for LTC claims involving foreign travel

### Change in AO does not constitute fresh proceedings barred by limitation

### Investment made in construction of new house before sale of original asset is also eligible for relief under section 54F

High Court held that for the purpose of relief under section 54F, one must see when construction of residential house was completed and not when payment was made. Further, even if payment for purchase and construction of house was made before sale of original asset, relief under section 54F cannot be denied as spending for construction need not be from very sale consideration received from sale of original asset.

*Bindu Premanandh v. CIT (Kerala HC)*



# INDIRECT TAX

## Circulars / Notifications

### Refund related timelines

Clarifications have been issued in relation to refund of unutilized ITC where credit has been accumulated on account of IDS. These include:

- i. Vide Notification No. 14/2022-Central Tax dated July 05, 2022 amendment was made in the formulae of refund calculation. Accordingly, the refund application filed before July 05, 2022 will be dealt as per formulae as it existed before the amendment.
- ii. The restriction imposed vide Notification No. 09/2022-Central Tax (Rate) dated July 13, 2022 on refund of unutilized ITC on account of IDS, in case of specified goods falling under chapter 15 and 27, would apply in respect of all refund applications filed on or after July 18, 2022.

*Circular No. 181/13/2022-GST dated November 10, 2022*

### Verification of transitional credit

Guidelines have been issued to ensure uniformity in the implementation of the directions of the Hon'ble Supreme Court in the case of M/s Filco Trade Centre Pvt Ltd in relation to availment of transitional credit through TRAN-1 and TRAN-02 during the period October 01, 2022 to November 30, 2022.

*Circular No. 182/14/2022-GST dated November 10, 2022*

### CCI to handle anti-profiteering cases

The NAA has now been replaced with CCI to examine whether input tax credit benefit availed by a

registered person or any reduction in the tax rate, has resulted in commensurate reduction in price of goods or services supplied.

*Notification No. 23/2022 & No 24/2022- Central Tax dated November 23, 2022*

## Judicial Rulings

### Rejection of refund application on technical grounds

While filing GSTR-1 return, the petitioner inadvertently selected exports 'with payment of tax' option instead of 'export without payment of tax'. As a result of said error, the GST portal did not permit petitioner to file refund application under the head 'export of services without payment of tax'. Thus, the petitioner was constrained to file the application under head 'any other'. The officer rejected the said application stating that the application has been filed under the incorrect head. However, the High Court set aside the rejection Order stating that an otherwise allowable refund cannot be rejected on technical grounds.

*M/s ABI EGG Traders (Madras High Court)*

### Payment of tax

Mere deposit of cash in ECL does not amount to payment of tax under GST law. As per scheme of the Act, payment of tax cannot be made prior to filing of GSTR-3B return, though such deposits may be made or are lying in ECL. Tax liability gets discharged only upon filing of GSTR-3B return.

*M/s RSB Transmissions India Ltd (Jharkhand High Court)*

Clarifications issued in relation to refund related timelines

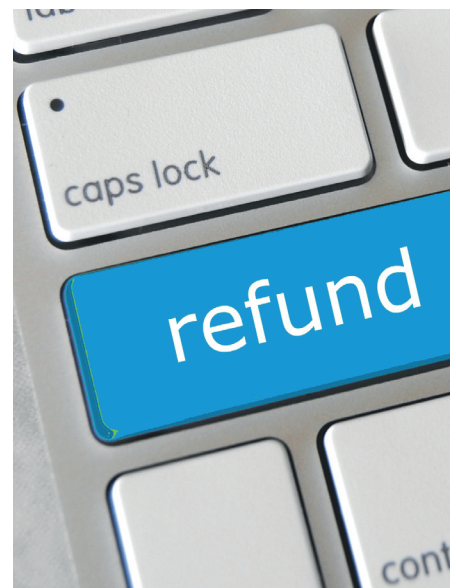
Refund cannot be rejected merely on technical grounds

CCI replaces NAA to handle Anti-profiteering disputes

### Intermediary services

The petitioner is engaged by a foreign entity, for providing a host of services collectively referred as BPO services to its customers located in India as well as outside India. Now, the petitioner would be held responsible for all risk related to performance of services which would be akin to services provided on 'its own account'. Hence, petitioner does not qualify the definition of intermediary as defined under GST law.

*M/s Genpact India Pvt Ltd (Punjab & Haryana High Court)*



# CORPORATE & ALLIED LAWS

## Circulars / Notifications

### Companies (Registered Valuers and Valuation) Amendment Rules, 2022

The Companies (Registered Valuers and Valuation) Amendment Rules, 2022 have been notified on November 21, 2022. Further clarity has been provided to the functions of registered valuers and registered valuer organisations, especially in connection with partners and partnership entities, directors and companies already registered or looking to be registered as registered valuers. The key changes brought in are:

- 1) Eligibility qualification and experience conditions laid down for registration as a registered valuer
- 2) Changes in personal details and / or change in composition

of governing board of the registered valuer organisation to be intimated to authority

- 3) Fees related to various changes in the particulars of the registered valuer also laid down
- 4) Explanation has been inserted to clarify that a member functioning as a whole-time director of a company registered as a valuer shall not be considered "employment" and hence not a ground for the temporary suspension.

*MCA Notification dated November 21, 2022*

### RBI includes GSTN as Financial Information Provider

GSTN has been included in the

list of Financial Information Providers from whom account aggregators operating under RBI's account aggregator framework, can collect financial information about MSME's and pass on the information to banks in order to facilitate cashflow based lending. The monthly GST returns will constitute financial information. Department of Revenue, Ministry of Finance, shall be the regulator for this limited purpose.

*Notification No. RBI/2022-23/140 DOR.FIN.REC.82/03.10.123/2022-23 dated November 23, 2022*

Rules for Registered Valuers amended



## CFO WATCH

Operational guidelines on Scheme of arrangement issued by SEBI

Master circular on issuance of NOC for release of 1% of issue amount

### SEBI issues operational guidelines on ‘Scheme of Arrangement’ for entities with listed debt securities

Market regulator SEBI has put in place operational guidelines pertaining to scheme of arrangement by entities which have listed their debt securities – NCDs or NCRPs. The rules provide that such entities, which intend to undertake a scheme of arrangement or is involved in a scheme of arrangement, would file the draft scheme with stock exchanges for obtaining the no-objection letter, before filing such scheme with any court or tribunal. The circular also lays down the requirements that need to be complied with by listed entities which intend to undertake a scheme of arrangement or are involved in a scheme of arrangement and by listed entity/resultant entity post sanction of scheme of arrangement by NCLT.

### SEBI issues master circular on NOC related to public issue

SEBI has issued a master circular of the issuance of a NOC on the amount deposited by the issuer before the issuance. As per the circular, the issuer must deposit an amount equivalent to 1% of the size of the offering available for public subscription to the designated stock exchange before the open call list. This 1% amount will be released to the issuer after obtaining the NOC from the SEBI. The issuer must apply in the specified format two months after its last listing on a stock exchange where the listing is permitted.

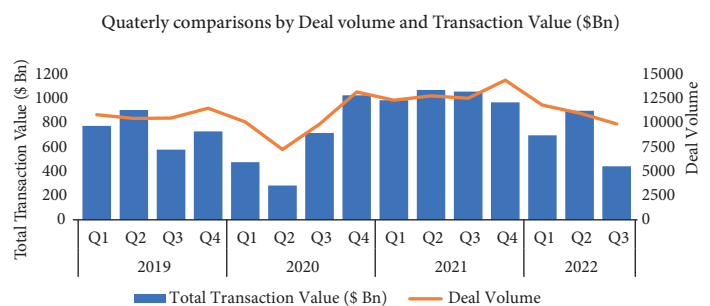
### RBI provides clarification on treatment of SDF under Liquidity Risk Management Framework

RBI has clarified that overnight balances held by them under the SDF will be eligible as ‘Level 1 High Quality Liquid Assets for computation of the Liquidity Coverage Ratio. This will enhance the ability of banks to achieve the coverage ratio.audits.

## MERGERS & ACQUISITIONS

Global M&A market normalising to pre-pandemic levels

The global M&A market witnessed a historic peak in 2021 owing to the easy access to capital, low interest rates, and a recovering global economy. However, the M&A activity in 2022 has come down to a more rationalised level as seen before the pandemic.



In 2022, while deal volume has declined, the industry has still seen many mega deals (deals with value exceeding \$10 billion) with 23 in the first half of 2022, compared with 50 during all of 2021 and 27 during all of 2020. As of September 2022, the following were few of mega deals which were announced:

- Microsoft’s acquisition of gaming company Activision Blizzard, valued at \$68.7 billion
- Unilever’s bid for GSK Consumer Healthcare (since withdrawn), valued at \$68.4 billion
- Broadcom’s \$61 billion bid for VMware
- HDFC Bank’s planned acquisition of its biggest shareholder, HDFC Ltd for \$40 billion

### Q3 2022

Despite the mega deals in 2022, the global M&A activity in Q3 2022 paint a more negative picture for Q4 and 2023. The aggregate deal value for the quarter was \$443B, a 50% decline compared to Q2 and a 58% decline compared to Q3 2021.

### Outlook

As we approach 2023, the outlook for M&A is likely to be described as “slow” and “uncertain”. The future remains uncertain owing to the geopolitical instability, spiking inflation, supply chain issues, skittish capital markets and regulatory changes. Hence, acquisitions and other investments are being approached by corporate decision makers with more caution, fearing that revenues will not keep up with rising costs.

## IN THE NEWS



### Events/Webinars

#### **CFO Roundtable Discussion 'Insights on the CFO's Role in Capability Building'**

- November 19, 2022

*Guests:* Akhilesh Thakur, National Head, Risk Advisory and Prateet Mittal, Partner, Assurance

Akhilesh and Prateet were invited as eminent guests for a high-level CFO Roundtable organized by CPA Australia on the sidelines of the 21st World Congress of Accountants in Mumbai where many esteemed dignitaries were invited like Ms. Monica Kennedy, Sr. Trade and Investment Commissioner, AUSTRALIA, Mr. Rakesh Tiwary, CFO, ADANI Airport, ADANI Group, Mr. Lalit Kasliwal, CFO, Tata International Limited, Mr. Hari Nagrani, CFO, Delhi International Airport Limited (GMR Group), Mr. Gobind Jain, CFO, IndusInd Bank.

The Roundtable aimed for an eclectic mix of experts and thought leaders to deliberate, exchange ideas and contribute to the discourse addressing a wide array of topics such as Changing Roles of CFOs: How is technology transforming the role of a CFO and how CFOs are the Drivers of Sustainability as Strategic Leaders.

#### **Winglobally Global Meet**

November 18, 2022

*Speaker:* Ajay Sethi, Managing Partner, Sunil Arora, Partner, Taxation and Sundeep Gupta, Partner, Accounting and Business Support, Indirect Tax

As a part of Winglobally Global Meet, Ajay welcomed all the members to India for their Global Meet. Ajay gave the members an outlook on the Indian economy and the challenges faced by Accounting firms. In continuation, Sunil shared the overview and benefits of Expert Group Transfer Pricing and Sundeep introduced the Global Business Outsourcing services to all the members of Winglobally.

#### **Doing Business in India: Opportunities and Challenges of the Country**

- November 08, 2022

*Panelist:* Kim Collaco, Executive Director, International Affairs

Cambridge Cleantech organized a webinar on Doing Business in India in partnership with Bridge India, Department for International Trade, and UK Export Academy on 'Doing Business in India' in the UK. Where Kim shared the panel with other esteemed dignitaries Ms Leena Pishhe Thomas, Director and Principal Consultant, Global Business Inroads, and Mr Karthik Durgaprasad, Inward Investment Officer, Essex County

Council, Chairman at CCT Indian SIG. Along with other panelists, Kim shared the outlook for the Roadmap of India- setting the landscape, and FTAs for British companies, who are planning to enter the Indian market.

#### **Decoding National Logistics Policy**

- November 09, 2022

*Panelist:* Himanshu Srivastava, Partner, Business Advisory Services

ASA, in partnership with WTC, organized a knowledge session on the recently announced National Logistics Policy. Mr KM Harilal, Joint Director General of Foreign Trade Kochi, Himanshu Srivastava, and other panelists decoded the National Logistics Policy. They discussed how the policy will boost the logistics industry, and trade competitiveness, create more jobs and improve India's performance in global rankings.

#### **Key Considerations in Audit of Non- Profit Organizations**

- November 02, 2022

*Panelist:* Parveen Kumar, National Head, Assurance

Parveen was among the eminent speakers on the Webinar on Key Considerations in Audit of Non-Profit organizations. He shared his thought process with the audience on the challenges and issues faced by the auditors for Non-profit organizations.

# GLOSSARY



## AO

Assessing Officer

## BPO

Business Process Outsourcing

## CBDT

Central Board of Direct Taxes

## CCI

Competition Commission of India

## ECL

Electronic Cash Ledger

## GST

Goods & Services Tax

## GSTN

Goods and Services Tax Network

## IDS

Inverted Duty Structure

## ITC

Input Tax Credit

## ITR

Income Tax Return

## LTC

Leave Travel Concession

## M&A

Mergers & Acquisitions

## MCA

Ministry of Corporate Affairs

## NAA

National Anti-Profitteering Authority

## NCD

Non-Convertible Debentures

## NCLT

National Company Law Tribunal

## NCRPSF

Non-Convertible Redeemable Preference Shares

## NOC

No Objection Certificate

## RBI

Reserve Bank of India

## SDF

Standard Deposit Facility

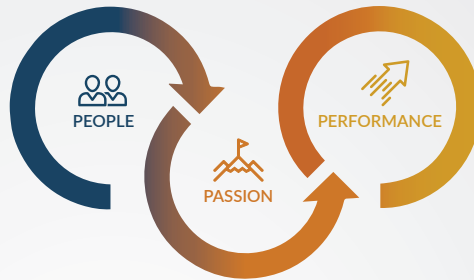
## SEBI

Securities and Exchange Board of India

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