



A Monthly E-Newsletter

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The Bottom Line

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KEY METRICS

Indices

BSE SENSEX	58,962	0.05% ▲
NSE NIFTY50	17,360	0.32% ▲
NASDAQ Composite	12,222	6.69% ▲
NIKKEI 225	28,041	6.69% ▲

Currency

USD/INR	82.16	0.58% ▲
EURO/INR	89.05	-1.89% ▼
GBP/INR	101.33	-2.01% ▼
JPY/INR	0.62	-2.11% ▼

Note: The month-on-month movement as on March 31, 2023 is represented in percentages
Source: Yahoo Finance, Investing.com



DIRECT TAX

Notifications/Circulars

Finance Bill, 2023 passed with amendments

The Finance Bill, 2023 was passed by the Parliament and has received the Presidential assent, with more than 60 changes. Some of the significant amendments include withdrawal of the Long Term Capital Gains benefit to specified Mutual Funds, increase of tax rate on royalty and Fee for Technical Services from 10 to 20% and marginal relief on opting for new tax scheme.

The Finance Bill, 2023- Presidential assent on March 31, 2023

Last date for linking of PAN – Aadhaar extended

The due date for linking PAN with Aadhaar has been further extended to June 30, 2023.

Press Release dated March 28, 2023

A mobile app ‘AIS for Taxpayer’ launched

The Income Tax Department has launched a Mobile app, namely, ‘AIS for Taxpayer’ to facilitate viewing of their information as available in the AIS / TIS. The app is aimed to provide a comprehensive view of these statements to the taxpayer which displays the information related to TDS/TCS, interest, dividends, share transactions, tax payments, tax refunds, other information viz. GST Data, Foreign Remittances, etc., as collected from various sources.

Press Release dated March 22, 2023

Due date extended for submitting electronic Form 10F by non-resident taxpayers

On considering the practical challenges faced by specified non-resident taxpayers in electronic filing

of Form 10F for the purpose of obtaining treaty benefits, CBDT has extended the due date for electronic filing of the Form for such taxpayers to September 30, 2023. Till such date, the Form may be continued to be issued manually.

Notification dated March 28, 2023

Judicial Rulings

Last date of panchnama relevant for determining ‘limitation period’ in block assessments

Apex Court held that relevant date for calculating limitation period of two years in case of block assessments shall be the last date on which the panchnama is drawn and not the date on which the authorization is issued. It further clarifies that the date of panchnama is relevant because the block assessment proceedings are initiated on the entire material seized during search operation recorded in the panchnama.

Anil Minda and Others [TS-138-SC-2023]

Exemption claimed on an amount cannot be denied merely because it is received from a foreign entity

It was held that exemption under section 10(23C)(vi) of the Income Tax Act cannot be denied on amount received by a Trust, merely because such amount was received from a foreign entity, especially where it was established that the trust was set up exclusively for educational purposes and not for earning profits and that there is no requirement to conduct transnational verification and examine law and practices of other countries to complete an assessment.

Laura Entwistle (Bombay High Court)

Finance Bill, 2023 receives Presidential assent, with amendments

Last date for linking of PAN – Aadhaar extended

‘Limitation period’ in block assessments to be based on last date of panchnama



Exemption under capital gains denied where object of the assessee was to defeat the provisions of law

The Income Tax Appellate Tribunal held that gifting a house to father just prior to sale of land was a camouflage to claim deduction under section 54F of the Act as the assessee owned two house properties and continued to stay in the same property along with his father. Section 54F exemption was accordingly denied.

Rachit V Shah (Hyderabad ITAT)

INDIRECT TAX

Circulars / Notifications / Press Releases

Amendments to the Finance Bill, 2023

The Finance Bill 2023 has been passed by Lok Sabha on March 24th with amendments. It has also received the Presidential assent on March 31st. The key amendments are:

- (i) The category of persons who may be exempted from obtaining registration, notwithstanding anything to the contrary contained in Sections 22(1) or 24 of the Central GST Act, 2017 shall be as notified by the Government.
- (ii) Time limit and manner for filing application seeking revocation of cancellation of GST registration to be as notified by Government and subject to conditions and restrictions as may be prescribed. This was earlier 30 days.
- (iii) Best judgement assessment Order shall be deemed to be withdrawn if the taxpayer files the returns within a period of 60 days of the service of said Order. The time limit can be further extended for 60 days subject to the payment of late fees of INR 100 per day.
- (iv) Transportation of goods, other than by way of mail or courier, to be taxed based on the location of recipient of services.
- (v) Detailed provisions brought in for constitution of benches of GST Appellate Tribunals and composition thereof.

Late fee for delay in filing Annual Return GSTR-9

The late fees payable in excess of INR 20,000 per return shall stand

waived, if filed within the period April 01, 2023 to June 30, 2023 for the FY 2017-18 to FY 2021-22. For FY 2022-23 onwards, the late fee shall be:

- (i) If aggregate turnover up to INR 50 million - INR 50 per day subject to maximum of 0.04% of turnover in State
- (ii) If aggregate turnover more than INR 50 million and up to INR 200 million – INR 100 per day subject to maximum of 0.04% of turnover in State
- (iii) If aggregate turnover of more than INR 200 million – INR 200 per day subject to maximum of 0.50% of turnover in State.

Notification No. 07/2023 – Central Tax dated March 31, 2023

Judicial Rulings

Proving genuineness of transaction necessary for ITC claim

For claiming ITC, genuineness of the transaction and actual physical movement of goods are the imperative conditions and the aforesaid can be proved only by furnishing the name and address of the seller, details of vehicle which has delivered the goods, tax invoice, payment particulars etc. Mere production of invoice and/or payment by cheque is not sufficient and cannot be said to be proving the genuineness of ITC claim. (Though this ruling pertains to erstwhile VAT regime in Karnataka, it may also impact transactions under GST)

M/s Ecom Gill Coffee Trading Pvt Ltd (Supreme Court of India)

Finance Bill, 2023 passed with amendments and receives Presidential assent; various notifications issued

Proving genuineness of transaction necessary for ITC claim

Technical defect not a valid ground for rejection of appeal

Eligibility of ITC

The purchaser shall not be allowed to take ITC where though the immediate seller had discharged the tax liability but the preceding seller had not done so.

M/s Vimal Alloys Pvt Ltd (AAR Punjab)

Rejection of refund application

The refund application cannot be rejected on account of alleged avilment of credit on fake invoices. It has to be established that the petitioner has not actually received the goods or paid for them..

M/s Balaji Exim (Delhi High Court)

Technical defect not a valid ground for rejection of appeal

The appeal filed by the petitioner cannot be rejected for non-submission of hard copy of the Order within seven days from the date of filing appeal as it is only a technical defect.

M/s PKV Agencies (Madras High Court)

CORPORATE & ALLIED LAWS

Circulars / Notifications

MCA notifies the Companies (Indian Accounting Standards) Amendment Rules, 2023

As per the notification various amendments, new insertions & definitions have been introduced related to:

- Ind AS 1 (Presentation of Financial Statements)
- Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)
- Ind AS 12 (Income Taxes)
- Ind AS 34 (Interim Financial Reporting)
- Ind AS 101 (First-time adoption of Indian Accounting Standards)
- Ind AS 102 (Share based payment)
- Ind AS 103 (Business Combinations)
- Ind AS 107 (Financial Instruments Disclosures)
- Ind AS 109 (Financial Instruments)
- Ind AS 115 (Revenue from Contracts with Customers)

The amendments and insertions shall be applicable from the financial year beginning on or after April 1, 2023

Notification dated 31.03.2023



Significant amendments to SEBI LODR Regulations to facilitate more comprehensive and timely disclosure

- (i) To bring transparency and ensure timely disclosure of material events, SEBI has introduced a quantitative threshold for determining 'materiality' of events/information. Disclosure of material event/information is as follows:

Particulars	Time period allowed for disclosure
For decisions taken in Board meeting	30 minutes
For decisions emanating from within the listed entity	12 hours

Also, market rumours to be verified and confirmed, denied, or clarified by top 100 listed entities by market capitalization, effective from October 01, 2023, and by

MCA notifies key amendments to Ind AS

Significant amendments to SEBI LODR Regulations to facilitate more comprehensive and timely disclosure

- top 250 listed entities with effect from April 01, 2024.
- ii. In order to strengthen corporate governance at listed entities, SEBI introduced an approval from shareholders on a periodic basis for directors serving on the board of a listed entity, doing away with practice of permanent board seats.
- iii. The vacancy of directors, compliance officer, Chief Executive Officer and Chief Financial Officer needs to be filled by the listed companies within 3 months from the date of such vacancy.



CFO WATCH

ICAI issues implementation guide on reporting of Audit trail by the auditor

SEBI introduces BRSR Core reporting framework for ESG related disclosure and assurance requirements

ICAI issues implementation guide on reporting of Audit trail by the auditor

After the notification by MCA which mandated the auditors to evaluate the accounting software of an organization to assess the audit trail feature from FY 2023-24, AASB of ICAI has issued an implementation guide to provide detailed guidance on various aspects to enable auditors to discharge their duties more efficiently and effectively. It prescribes management and auditor's responsibility, applicability of the rule and audit approach to be applied, illustrative wordings for the auditor's report and management representation letter.

SEBI introduces BRSR Core reporting framework for ESG related disclosure and assurance requirements

SEBI introduces a regulatory framework on ESG disclosures by listed entities, ESG ratings in the securities market, and ESG investing to facilitate a balance between transparency, simplification, and ease of doing business in an evolving domain. The key features include:

- (i) BRSR Core reporting mandating 49 parameters for ESG report. Reasonable assurance on BRSR Core framework is required from FY 2023-24 for top 150 listed companies by market capitalization
- (ii) The Core reporting to be extended to top 250 listed entities on a comply-or-explain basis from FY 2024-25 for disclosure requirement and FY 2025-26 for assurance requirement.
- iii. ERP to consider India/emerging market parameters in ESG Ratings and are required to offer a separate category of ESG rating called as 'Core ESG Rating', which will be based on the assured parameters under BRSR Core.

SEBI has also approved a proposal to introduce a regulatory framework for ERPs in securities market by introducing a new chapter in the CRA Regulations.

MERGERS & ACQUISITIONS

Entry of foreign law firms may enable greater cross border M&A opportunities

Five years after the Supreme Court allowed foreign law firms and foreign lawyers to visit India on a temporary period for giving legal advice to their clients, the Bar Council of India has now framed Rules that allows them to open offices in India, subject to conditions and restrictions.

Now the foreign law firms are allowed to come into India and advise clients on international arbitration matters and international legal issues in India on the principle of reciprocity i.e., similar facility should be available for Indian lawyers/law firms in the country where the foreign law firm is primarily registered with. These foreign firms will be allowed to practice on transactional or corporate work areas such as joint ventures, merger and acquisitions, intellectual property matters, contract drafting and all non-contentious matters. The foreign law firms and lawyers will have to register themselves with the Bar Council, but they will not be permitted to appear before any Court, Tribunal or any statutory or regulatory authority nor will be permitted to advise on real estate matters.

This change is expected to increase competition and trigger consolidation, especially among law firms dealing in cross-border M&A. Additionally, it will also open up the market for senior, dual qualified Indian lawyers, who will be able to return to India and lead the foreign law practice initiatives for their overseas firms. Foreign investors looking to invest in India will derive more comfort if their legal firms are on the ground here and this is expected to not only increase cross-border work opportunities but also attract higher investments into India.





Events/Webinars

Power Summit 2023-14th March 2023

Ajay Sethi, Managing Partner, ASA addressed the Power Summit 2023 organised by Bombay Chartered Accountants Society, emphasizing on the need for leadership styles to evolve with the times and to embrace new technology. He further discussed how to overcome modern-day challenges by highlighting the importance of overcoming potential roadblocks and mind blocks.

Harnessing Digital Technology for Finance Function-15th March 2023

Speakers: Sakuntala Rao, Former Partner, Cognitive Process Services, IBM, Sid Banerjee, CEO, SG Analytics, Pinky Mehta, CFO, Aditya Birla Capital Ltd, Venkatraman G S, CFO, Maveric Systems and Sundeeep Gupta, Partner, Accounting & Business Support, ASA

We invited industry experts to join us for a webinar exploring the intersection of finance and technology, and how leveraging digital technology can help streamline financial operations and increase organizational efficiency. Our speakers provided valuable insights and advice on how to implement the latest digital technologies for maximum effectiveness. Attendees had the opportunity to ask questions and engage in a lively discussion of best practices.

Decoding the impact of automation on the audit industry and the evolving role of the auditors

30th March 2023

Parveen Kumar, National Head, Assurance, was invited to a panel discussion on 'Evolving Trends in Automation in Audit' organized by Economic Times Spotlight. The panel, which also included Ruchi Tushir, VP & GM of Wolters Kluwer, Global Growth Market (GGM India), discussed the latest tech-led disruptions in the audit industry and the opportunities they present for businesses and auditors. The panelists also highlighted the role of auditors in adding value and going beyond transactions to more meaningful reports.

Interview with ET CFO on Ind- AS implementation with 'Phase-out' option under ECL: An overdue & uncertain development for banks

10th March 2023

Parveen Kumar, National Head Assurance, ASA, in an interview with ET CFO on the subject, commented "there is also a lack of expertise to understand complexities e.g., which all buckets should be created, factors to be considered for the ECL model. And while it is all technology and software based, there is a lot of homework to be done for banks when we talk about account-wise provisioning" he commented.



Australia-India Economic Cooperation and Trade Agreement (AI ECTA) - 14th March 2023

ASA along with its Australian associate, Newland Global Group Australia, simplified the AI ECTA to explore opportunities, demystify complexities and consolidate partnerships.

Establishing a joint venture in India

7th March, 2023

Author: Himanshu Srivastava, Partner, Business Advisory, Shyam Ramakrishnan, Senior Manager, Business Advisory and Lea Parmentier, Assistant Manager, French desk

The article underlines the steps one should take to protect its interests in the case of a joint venture in India. It highlights the key points to be remembered to ensure the interests are protected in such an arrangement.

Indian labour laws and employment issues - 21st March, 2023

Author: Himanshu Srivastava, Partner, Business Advisory and Lea Parmentier, Assistant Manager, French desk

The article discusses employment issues and new labour codes in India. It explains the old laws, and how the 4 new codes are meant to provide balance, protection and growth.

One Person Company -

31st March 2023

Author: Mr Ramakrishnan Y, Associate Director, Taxation

This article, published in Taxmann, discusses "One Person Companies" and their differences from the sole proprietorship, tax implications, and advantages under the Companies Act.

GLOSSARY



AASB
Auditing and Assurance Standards Board

AIS
Annual Information Statement

BRSR
Business Responsibility and Sustainability Report

CBDT
Central Board of Direct Taxes

CRA
Credit Rating Agencies

ERP
ESG Rating Providers

ESG
Environmental, Social and Governance

FY
Financial Year

GST
Goods & Services Tax

ICAI
Institute of Chartered Accountants of India

Ind AS
Indian Accounting Standards

ITC
Input Tax Credit

LODR
Listing Obligations and Disclosure Requirements

M&A
Mergers & Acquisitions

MCA
Ministry of Corporate Affairs

PAN
Permanent Account Number

SEBI
Securities and Exchange Board of India

TCS
Tax Collected at Source

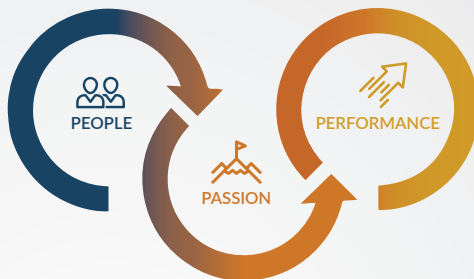
TDS
Tax Deducted at Source

TIS
Taxpayer Information Summary

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