



A Monthly E-Newsletter

Vol 05 Issue 11
November 2024

The Bottom Line

WHAT'S INSIDE

- Direct Taxes **2**
- Indirect Taxes **3**
- Corporate & Allied Laws **4**
- CFO Watch & M&A **5**
- In the News **6**
- Glossary **7**
- About Us **8**

KEY METRICS

Indices

BSE SENSEX	79,389	-5.83%	▼
NSE NIFTY50	24,205	-6.22%	▼
NASDAQ Composite	18,095	-0.52%	▼
NIKKEI 225	39,081	3.06%	▲

Currency

USD/INR	84.061	-0.37%	▼
Euro/INR	91.48	1.90%	▲
GBP/INR	108.42	3.18%	▲
JPY/INR	0.55	5.22%	▲

Note: The month-on-month movement as on October 31, 2024 is represented in percentages
Source: NSE.com, BSE.com, NASDAQ.com, NIKKEI.com, Investing.com



DIRECT TAX

Circulars/Notifications

Fresh guidelines issued for handling applications for condonation of delay of ROIs for refund and loss claims

Fresh guidelines have been issued regarding condonation of delay in filing of ROI claiming refund or claiming carry forward of loss and set off thereof. These pertain to applications filed on or after October 1, 2024, provided they are filed within five years from the end of relevant AY. Further, the powers of acceptance/rejection of the application as per prescribed monetary limits has been delegated to different level of authorities.

Circular no. 11/2024-25 dated October 1, 2024

Guidance note on VSV Scheme issued

The VSV Scheme aims to facilitate the settlement of income tax disputes under appeal. In this regard, the guidance note in the form of FAQs have been issued to solve various queries of stakeholders which were received in connection with certain provisions of VSV scheme such as the eligibility, amount of demand to be deposited, applicable forms, applicability of VSV is certain specific scenarios, etc. These FAQs serve to offer a more comprehensive understanding of the VSV Scheme, making the settlement process more accessible for stakeholders.

Circular no. 12/2024-25 dated October 15, 2024

Due date for ROI for FY 2023-24 extended

Due date for furnishing of ROI for the FY 2023-24 in case of assesseees

required to file the same by October 31, 2024, have now been extended to November 15, 2024.

Circular No. 13/2024 dated October 26, 2024

Tolerance band for TP cases, notified for AY 2024-25

It has been notified that where the variation between ALP & the price at which international transaction took place during AY 2024-25 does not exceed 1 per cent in respect of wholesale trading and 3 per cent in all other cases, the price at which transaction took place shall be deemed to be ALP. The same has been retained in lines with previous years.

Notification No. 116 dated October 18, 2024

Judicial Rulings

Tribunal rejects taxability of sales promotion expenses as FTS

The Tribunal ruled in favour of the assessee holding that sales & marketing services do not fall within the ambit of FTS as it does not come within the nature of managerial, technical and consultancy services. Further the Tribunal also deleted disallowance related to non-deduction of tax at source on sales commission paid by assessee to its subsidiary and other Associated Enterprises. The Tribunal relied on previous rulings as well while concluding this decision.

Algonomy Software Pvt Ltd (Bangalore ITAT)

Mere use of expression 'Yes, I am satisfied' not to be considered as valid approval for re-assessment

Due date for ROI for FY 2023-24 extended

Tolerance band for TP cases, notified for AY 2024-25

Mere use of expression 'Yes, I am satisfied' not to be considered as valid approval for re-assessment

The High Court quashed the reassessment by stating that the approval of the Principal Commissioner for reopening of assessment was mechanical and lacked independent consideration. The Court found "Yes, I am satisfied" endorsement insufficient, as it showed no material evidence of reviewing the Assessing Officer's reasons, underscoring the need for genuine application of mind in such cases.

Capital Broadways Pvt Ltd (Delhi High Court)

TOLA overrides Income-tax Act to the extent of relaxing time limit for issue of reassessment notice

The Apex Court has upheld the validity of approximately 90,000 income tax reassessment notices issued beyond April 1, 2021, based on an extension granted under TOLA, which was found to override the Income Tax Act by extending the deadline for issuing reassessment notices, allowing cases due for completion between March 31, 2020 and March 31, 2021, to extend until June 30, 2021.

Rajeev Bansal (Supreme Court)

INDIRECT TAX

Circulars / Notifications / Press Releases

Appellate Tribunal to hear anti-profiteering cases

The Principal Bench of the Appellate Tribunal has been empowered to hear and examine Anti-profiteering matters.

Notification No. 18/2024-Central Tax dated September 30, 2024

Sunset date for anti-profiteering provisions

No case of anti-profiteering to be admitted after March 31, 2025.

Notification No. 19/2024-Central Tax dated September 30, 2024

Amnesty Scheme under GST

Section 128A has been inserted in the CGST Act with effect from November 01, 2024 to provide for waiver of interest or penalty or both, relating to demands under section 73 of the CGST Act pertaining to FYs 2017-18, 2018-19 and 2019-20, subject to conditions. On the request from the industry, clarifications have been issued for various doubts related to the said amnesty scheme.

Circular No. 238/32/2024-GST dated October 15, 2024

Scope of "as is where is basis" in relation to rate clarifications issued in various GST Circulars

In the context of GST, the phrase 'regularized on as is where is' basis means that the payment made at lower rate or exemption claimed by the taxpayer shall be accepted and no refund shall be made if tax has been paid at the higher rate.

Circular No. 236/30/2024-GST dated October 11, 2024

Reverse charge on renting of commercial immovable property

With effect from October 10, 2024, service by way of renting of any property other than residential dwelling, provided by any unregistered person to a registered recipient, shall be covered under reverse charge mechanism.

Notification No. 09/2024-Central Tax (Rate) dated October 08, 2024 & Corrigendum dated October 22, 2024

Time limit for filing returns

The taxpayers shall not be allowed file their GST returns after the expiry of three years from the due date of furnishing the said return. These changes are going to be implemented in the GST portal from early next year 2025.

Advisory dated October 29, 2024

Judicial Rulings

ITC eligibility on construction expense of immovable property

Clauses (c) and (d) of Section 17(5) of CGST Act, are constitutionally valid. If construction of a building was essential for carrying out activity of supplying services, building could be held to be a plant and then the ITC shall be eligible subject to fulfillment of other conditions of ITC availment. To decide whether a building is a 'plant', functionality test will have to be applied in each case, on facts.

Safari Retreats Pvt Ltd (Supreme Court of India)

Sunset date for anti-profiteering provisions

Functionality test critical for ITC eligibility on construction expense of immovable property

Clarifications issued for Amnesty Scheme

Advisory letters issued by department

Issuing advisory letters for voluntary tax payments without statutory Notices is impermissible. Such procedure is unknown to law and amounts to pressure tactics.

Shree Kunj Bihari Infracon Pvt Ltd (Allahabad High Court)

Secondment of employees

In terms of Circular No. 210/4/2024-GST dated June 26, 2024, where no invoice is raised by the related domestic entity in respect of services rendered by its foreign affiliate, the value of such services would be "deemed" to have been declared as 'Nil' and that 'Nil' value would be treated as the open market value. Since, in the present case, no invoices have been issued for secondment of employees, the value of service shall be treated as Nil.

Metal One Corporation India Pvt Ltd (Delhi High Court)

CORPORATE & ALLIED LAWS

Circulars / Notifications

Insider Trading prevention by SDD Compliance

BSE has issued SOP for listed companies under which it is mandatory for the listed and proposed-to-be-listed entities to maintain a SDD to track insider trading activities. Companies to whom Regulation 24A of SEBI's Listing Obligations and Disclosure Requirements applies, must confirm SDD compliance in their Annual Secretarial Compliance Report. Other companies must submit an SDD Compliance Certificate, certified by a practicing company secretary, within 60 days of the end of financial year. BSE will act against non-compliant entities within 30 days of missing the submission deadline, including displaying non-compliance status on the company's "Get Quote" page on the BSE website.

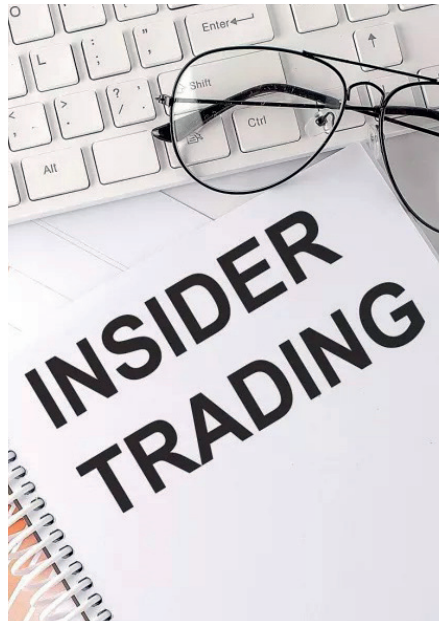
Bombay Stock Exchange Notice No. 20241018-44 dated October 18, 2024

RBI extends IES for exports

RBI has extended the IES for Pre and Post Shipment Rupee Export Credit. This extension, effective until December 31, 2024, follows a Trade Notice from the Government of India dated September 30, 2024. The key modifications made are:

- A cap on fiscal benefits for each MSME manufacturer exporter, set at 50 lakhs for the financial year 2024-25, applicable until the end of December 2024.
- MSMEs that have already claimed benefits amounting to 50 lakhs or more before September 30, 2024, will not be eligible for further benefits during the extended period.

All other terms and conditions from previous instructions remain unchanged.



RBI Circular No. RBI/2024-25/80 DOR. STR.REC.45/04.02.001/2024-25 dated October 9, 2024

SEBI relaxation on submission of hard copies of financial statements

Pursuant to MCA General Circular No. 09/2024, SEBI has extended the relaxation of sending physical copies of audited financial statements and other documents to shareholders for AGMs conducted till September 30, 2025. SEBI has also granted similar extension for sending of audited financial statements for AGMs and proxy forms for general meetings held in electronic mode held till September 30, 2024, in line with MCA General Circular No. 09/2023.

SEBI/HO/CFD/CFD-PoD-2/P/ CIR/2024/133 dated October 3, 2024

RBI issues guidelines on compounding FEMA contraventions

New guidelines have been issued by RBI for compounding contraventions under FEMA. These are based on the recently notified Foreign Exchange (Compounding Proceedings) Rules, 2024, in supersession of the compounding

BSE prescribes SOPs for listed companies for insider trading prevention

RBI's extends IES till December 31, 2024

RBI issues guidelines on compounding FEMA contraventions

rules established in 2000. The RBI may impose penalties for any failures in compliance. Additionally, specific contraventions will be compounded by the RBIs regional offices, and comprehensive details of compounding orders will be published on the RBI website. Payments for compounded amounts must be made within 15 days of the order, and failure to comply will void the application for compounding.

RBI Circular no. RBI/FED/2024-25/A.P. (DIR Series) Circular No. 17/2024-25 dated October 1, 2024



CFO WATCH

AASB issues new quality management standards

Guidelines issued for prevention of greenwashing

Reduction in listing timeline for debt securities and NCRPs

AASB issues new quality management standards

AASB has introduced two new standards focussing on quality management for audit firms. SQM 1 outlines the requirements for establishing a quality management system, detailing the responsibilities of audit firms in designing, implementing and operating this system. SQM 2 specifies criteria for engagement quality reviews, covering the appointment, qualifications, and responsibilities of reviewers. These will be recommendatory from April 1, 2025, and mandatory from April 1, 2026. The existing standard, SQC 1, will remain in effect until these new standards become applicable.

Guidelines issued for prevention of greenwashing

CCPA issues guidelines for the Prevention and Regulation of Greenwashing and Misleading Environmental Claims, effective October 15, 2024. Key features include applicability to all environmental claims, clear definitions, detailed disclosure requirements, and a prohibition on unsubstantiated claims without credible evidence, supported by guidance notes for compliance. Greenwashing refers to deceptive practices that mislead consumers about the environmental benefits of products or services, such as exaggerating claims or using misleading language.

Reduction in listing timeline for debt securities and NCRPs

SEBI issues circular to align the listing timeline for public issues of debt securities and NCRPS with that of NCS issued through private placement. The timeline for listing has been reduced from T+6 working days to T+3 working days. From November 1, 2024 to October 31, 2025, the T+3 timeline will be optional. If issuers choose it and fail to comply, application money will be refunded under Regulation 37(2) of NCS Regulations. The T+3 timeline will become mandatory for all public issues opening on or after November 1, 2025.

MERGERS & ACQUISITIONS

India leads APAC with \$12.2 billion raised through IPOs

The APAC market saw a notable surge in IPO activity in the first eight months of 2024, with 575 listings generating \$23.7 billion, a 15.6% increase in IPO proceeds over the same time in 2023.

India contributed significantly and emerged as a leader in the APAC region during the first eight months of 2024, with an impressive 227 IPO listings, raising \$12.2 billion, a nearly threefold increase from \$4.3 billion in the previous year. India's strong IPO performance has been driven by liberalization of trading rules, creating a more favorable environment for public listings.

The technology and communications market led the APAC IPO market with 105 transactions raising \$2.4 billion, while the construction sector followed with 68 transactions aggregating \$2.2 billion. Major deals included Bharti Hexacom's \$795 million and HD Hyundai Marine Solution's \$540 million offerings.

Besides India, the IPO markets in South Korea and Japan saw significant growth. Japan witnessed a 48.5% increase with 49 IPOs raising \$1.6 billion, while South Korea saw an 185.7% increase, with 60 IPOs raising a total of \$1.2 billion.

Despite global issues like inflation and geopolitical tensions, this upward trend is expected to continue, with India and other important countries like Japan demonstrating high growth potential.

IN THE NEWS

Representative council member of Indo Australia Chamber of Commerce

October 10, 2024

Himanshu Srivastava, ASA, joins the Indo-Australia Chamber of Commerce as a Representative Council Member, strengthening ASA's focus on fostering India-Australia ties. With his international business experience, he aims to drive partnerships, unlock opportunities and promote sustainable growth between the two nations.

Baker Tilly World Conference in Vienna

October 23, 2024

Rajiv Arya, ASA, shared best practices for delivering accounting and outsourcing services to multinationals in India at the 2024 Baker Tilly World Conference in Vienna.

Delhi High Court ruling on Transfer Pricing implications of AMP expenditure and forex losses

October 23, 2024

Authors: Ashwath S Pai, Sameer Jain and Surya S, ASA

This article deals with the tax intricacies based on the ruling of the Delhi High Court in the case of Samsung India Electronics Pvt. Ltd.. It had incurred certain AMP

expenditure but failed to disclose the same in Transfer Pricing report. The Transfer Pricing Officer had determined the Arm's Length Price of the transaction stating it as International Transaction with the help of Bright Line Test.

Incentives For SEZ Units in India -

October 29, 2024

Authors: Himanshu Srivastava & Shyam Ramakrishnan, ASA

SEZs represent designated duty-free areas governed by the SEZ Policy, offering a conducive environment for business activities by treating these zones as deemed foreign territories, despite their physical



location within India. Introduced as a development tool in April 2000, SEZs aim to attract foreign investment and boost exports by providing a competitive environment. This effort was formalized through the Special Economic Zones Act, 2005 and the SEZ Rules, 2006, both designed to streamline export-import processes and promote Foreign Direct Investment into the country.



GLOSSARY

AASB

Auditing and Assurance Standards Board

AGM

Annual General Meeting

ALP

Arm's Length Price

AMP

Advertising, Marketing & Promotion

APAC

Asia-Pacific

AY

Assessment Year

BSE

Bombay Stock Exchange

CCPA

Central Consumer Protection Authority

FAQ

Frequently Asked Question

FEMA

Foreign Exchange Management Act, 1999

FTS

Fee for Technical Services

FY

Financial Year

GST

Goods & Services Tax

IES

Interest Equalization Scheme

IPO

Initial Public Offer

ITAT

Income Tax Appellate Tribunal

ITC

Input Tax Credit

MCA

Ministry of Corporate Affairs

MSME

Micro, Small, and Medium Enterprise

NCRPS

Non-Convertible Redeemable Preference Shares

NCS

Non-Convertible Securities

RBI

Reserve Bank of India

ROI

Return of Income

SDD

Structured Digital Database

SEBI

Securities and Exchange Board of India

SEZ

Special Economic Zones

SOP

Standard Operating Process

SQC

Standards on Quality Control

SQM

Standards on Quality Management

TOLA

Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020

VSV

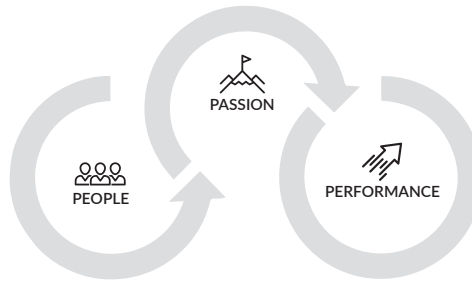
Scheme
Direct Tax Vivad Se Vishwas Scheme, 2024

We value your feedback.

Please send us your comments and suggestions at editorial@asa.in

ABOUT US

A full services firm of corporate strategists, accountants, tax advisory experts and financial and marketing analysts.



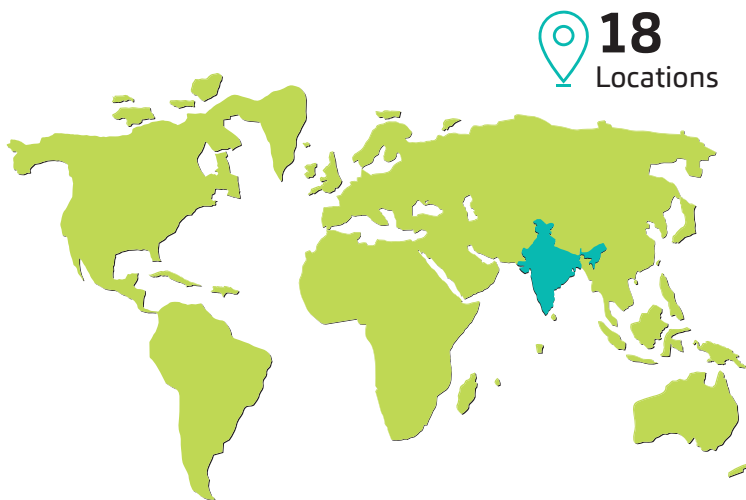
SERVICES

- Accounting and Business Support
- Assurance
- Business Advisory
- Digital Automation and Transformation
- Risk Advisory
- Taxation
- Transaction Advisory

Well structured teams with domain specialization are guided by leaders who possess expertise and experience and are present PAN India to ensure excellent client service.

PRESENTLY POSITIONED IN THE

TOP 10 ACCOUNTING & CONSULTING FIRMS



70 Partners/
Directors

6000+
Clients

1000+
In-house
Professionals

GLOBAL PRESENCE



43,000
Staff



658
Offices



141
Territories



\$5.2bn
Turnover



Disclaimer: This publication has been jointly prepared by ASA & Associates LLP and ASA Corporate Catalyst India Pvt Ltd. We have taken all steps to ensure that the information in this document has been obtained from reliable sources and is accurate. However, this document is not intended to give legal, tax, accounting or other professional guidance. We recommend appropriate advice be taken prior to initiating action on specific issues.

ASA
Going The Extra Mile

bakertilly
NETWORK MEMBER

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, INDIA
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

Time 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
G-1801 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