

**N. D. KAPUR & CO.  
CHARTERED ACCOUNTANTS**

**Monthly Updates**

**NOVEMBER 2024**

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**(I) INDIRECT TAXATION**

**CBIC INTRODUCES RELAXATIONS FOR CUSTOMS CARGO SERVICE PROVIDERS**

1. The Central Board of Indirect Taxes and Customs (“**CBIC**”) has introduced key relaxations for Customs Cargo Service Providers (“**CCSPs**”). Key relaxations provided under Notifications dated 7<sup>th</sup> November 2024, and 8<sup>th</sup> November 2024 are:
2. Number of days for insurance of storage goods eased: CCSPs were required to insure goods stored in Customs areas for a period of 10 days in terms of Handling of Cargo in Customs Areas Regulations, 2009. It has been decided to reduce it to 5 days as a trade facilitation measure. This will enhance the cash flow for the entities by reducing the cost.
3. Licence Renewal Process withdrawn: In a move to acknowledge well-established and compliant business entities, Customs Cargo Service Providers (CCSPs) that meet international operational standards (AEO) will no longer be required to undergo the renewal process of their licenses for handling goods under the Handling of Cargo in Customs Areas Regulations, 2009. Their licenses have been made synchronous to their AEO authorisation. This will result in Ease of Doing Business for logistics operators working as CCSPs.
4. These measures aim to reduce operational costs and compliance burdens for CCSPs, that play a crucial role in handling of imported and exported goods. The changes are part of the Government’s ongoing efforts to reduce the cost and compliance burden, improve the efficiency of EXIM operations, and facilitate global trade.

**SUPREME COURT RECOGNIZES MOBILE TOWERS AND PFBS AS CAPITAL GOODS FOR CENVAT CREDIT**

The Supreme Court of India delivered a landmark judgment on November 20, 2024, in the case of *Bharti Airtel Ltd. Vs Commissioner of Central Excise (Civil Appeal Nos. 10409-10410 of 2014)*. The ruling addressed whether mobile towers and prefabricated buildings (PFBs), critical to telecom operations, qualify as “capital goods” eligible for CENVAT credit under the CENVAT Credit Rules.

The primary legal question revolved around the interpretation of Rule 2(a)(A) of the CENVAT Credit Rules, which defines “capital goods”. The Court examined whether mobile towers and PFBS, although not explicitly listed under specific tariff headings, could be deemed capital goods or accessories to such goods.

Bharti Airtel and other petitioners argued that mobile towers and PFBS, while not directly listed as capital goods, should qualify as accessories to Base Transceiver Stations (BTS) and antennas, which are considered capital goods under Chapter 85 of the Central Excise Tariff Act. Mobile towers were deemed essential for supporting antennas at optimal heights for signal transmission, while PFBS provided housing and stable power supply for telecom equipment.

The Revenue opposed this claim, asserting that mobile towers and PFBS were immovable structures and therefore could not be classified as capital goods or accessories under the CENVAT Rules.

The Court observed that under Rule 2(a)(A), goods eligible for CENVAT credit must be used for output services. The Court noted that while mobile towers and PFBs are not explicitly listed, Rule 2(a)(A)(iii) extends the definition to include "components, spares, and accessories" of capital goods. The Court relied on dictionary definitions of "accessory," emphasizing that an accessory need not form part of the main equipment but must enhance its functionality.

The Court considered prior rulings, including the Delhi High Court's judgment and the Tata Teleservices Ltd. case, which highlighted the integral role of towers in telecom operations. The Court also examined the alternative argument that mobile towers and PFBs qualify as "inputs" under Rule 2(k). It concurred that these items, being indispensable for telecom services, meet the criteria for CENVAT credit as inputs.

Accordingly, it was held that:

- **Mobile Towers:** Act as accessories by providing structural support to antennas, enabling effective signal transmission.
- **PFBs:** Enhance the functionality of BTS and antennas by offering housing and uninterrupted power supply.

Thus, Mobile towers and PFBs qualify as accessories to antennas and BTS under Rule 2(a)(A)(iii) of the CENVAT Credit Rules. These items are eligible for CENVAT credit as capital goods. Alternatively, the Court recognized their status as "inputs" under Rule 2(k).

#### **ADVISORY FOR WAIVER SCHEME UNDER SECTION 128A**

The GST Council has recommended waiving interest and penalties on demand notices/orders under Section 73 of the CGST Act for FY 2017-18, 2018-19, and 2019-20, provided no fraud, suppression, or willful misstatement is involved.

For availing the said benefit, taxpayers must file an application in FORM GST SPL-01 or FORM GST SPL-02 by 31 March 2025. These forms are expected to be available on the common portal by January 2025.

In the meantime, taxpayers should pay the demanded tax by 31<sup>st</sup> March 2025 to qualify for the waiver. Payments can be made via the "Payment towards Demand" facility or Form GST DRC-03. If payment was already made using DRC-03, it must be linked to the demand order through Form GST DRC-03A, available on the portal.

#### **ADVISORY ISSUED ON THE TIME LIMIT FOR REPORTING E-INVOICES ON THE IRP PORTAL-THRESHOLD LOWERED TO AATO INR 100 MILLION AND ABOVE.**

The threshold for the 30-day time limit for reporting e-invoices on IRP portals for taxpayers with an AATO of INR 100 crores and above has now been lowered to include taxpayers with an AATO of INR 10 crores and above.

Therefore, from 1st April 2025, taxpayers with an AATO of 10 crores and above would not be allowed to report e-Invoices older than 30 days from the date of reporting on IRP portals.

This restriction would apply to all document types (Invoices/Credit Notes/Debit Notes) for which an IRN is to be generated.

It is further clarified that there would be no such reporting restriction on taxpayers with an AATO of less than 10 crores as of now.

### **ADVISORY FOR FORM GST DRC-03A**

GSTN has developed the new Form GST DRC-03A on the GST portal, which is available now to adjust the paid amount through DRC-03 against the corresponding demand order. For a detailed process, taxpayers can refer to detailed Advisory and may refer to FAQs.

### **ADVISORY RELATED TO 'OTHER TERRITORY' APPLICATIONS**

The applicant applying for a new registration application and selecting the category of 'Other Territory' in the tab of State/UT in Part-A of the GST registration form has been advised to select centre jurisdiction based on classification provided in the advisory, i.e., Commissionerate located Mumbai South and Chennai North.

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### **ADVISORY REGARDING IMS DURING THE INITIAL PHASE OF ITS IMPLEMENTATION**

The Invoice Management System (IMS) is an optional feature that allows recipients to accept, reject, or keep invoices/records pending, which are saved or furnished by the supplier in GSTR-1, GSTR-1A, or IFF. Based on the actions taken by the recipient on the IMS, the system will generate the recipient's GSTR-2B on the fourteenth of the following month. Any record marked as "rejected" will not be available for input tax credit (ITC) in the recipient's GSTR-2B. However, the recipient can edit these auto-populated details in GSTR-3B before filing.

Despite this flexibility, there may be cases where the recipient cannot correct their action on IMS in the initial implementation phase, leading to incorrect ITC autopopulation in GSTR-3B. During this initial phase of IMS implementation, taxpayers are advised that if incorrect ITC or liability is auto-populated in GSTR-3B due to inadvertent errors in IMS actions, they should edit the details in their GSTR-3B before filing.

#### Advisory on IMS on Supplier View

The Supplier View of the Invoice Management System (IMS) shall allow the suppliers to see the actions taken by recipients on invoices in GSTR-1, GSTR-1A, or IFF. It is further clarified that records such as non-eligible ITC documents and RCM Supplies are visible in the Supplier View but with the status 'No Action Taken'.

Additionally, it is informed that the recipients can change their actions until GSTR3B is filed. After changes, they must click the GSTR-2B recompute button to update GSTR-2B.

#### **ADVISORY FOR REPORTING TDS DEDUCTED BY SCRAP DEALERS IN OCTOBER 2024**

A new requirement under Notification No. 25/2024-Central Tax (effective from 10 October 2024) mandates registered persons receiving supplies of metal scrap (Chapters 72-81 of the Customs Tariff Act) to deduct TDS under Section 51 of the CGST Act, 2017.

It was reported that taxpayers who were granted GST registration in November 2024 but deducted TDS in October 2024 were unable to file their October returns due to the system's restriction on filing returns before the registration month. To resolve this, taxpayers are advised to report the consolidated TDS deducted from 10 October to 30 November 2024 in their GSTR-7 return for November 2024.

## **(II) DIRECT TAXATION**

### **INCOME TAX DEPARTMENT'S PERMANENT ACCOUNT NUMBER (PAN) 2.0 PROJECT**

The Cabinet Committee on Economic Affairs (CCEA) has approved the Income Tax Department's Permanent Account Number (PAN) 2.0 Project, enabling technology-driven transformation of taxpayer registration services. PAN-related services that are spread across three different platforms: the e-Filing Portal, UTIITSL Portal, and Protean e-Gov Portal will be consolidated and provided through one single portal.

All matters pertaining to PAN and TAN, including application, updates, corrections, Aadhaar-PAN linking, re-issuance requests, as well as online PAN validation, will be taken up through the portal. Existing PAN card holders are not required to apply for a new PAN under the upgraded system or change the existing PAN, except in case of any update or correction.

It has been clarified that the PAN itself will be used as the 'Common Business Identifier' mentioned in the union budget. Further, the QR code is not a new feature, and it has been incorporated in the PAN cards since 2017-18. PAN holders having an old PAN Card without QR code have an option to apply for a new card with QR code in the existing PAN 1.0 eco-system as well as in the PAN 2.0. In addition, in PAN 2.0, with the improved systems logic for identification of potential duplicate requests and centralized and enhanced mechanism, the instances of one person holding more than one PAN would minimize.

### **INCOME TAX RETURN DUE DATE EXTENDED TO 15TH DECEMBER 2024 FOR ASSESEE HAVING INTERNATIONAL TRANSACTIONS**

The Central Board of Direct Taxes (CBDT) has issued Circular No. 18/2024 on November 30, 2024, extending the due date for furnishing income tax returns for assessees, which are required to furnish report of Accountant under Section 92E of the Income Tax Act, 1961. Applicable for Assessment Year 2024-25, the original due date of 30th November 2024 has been extended to 15th December 2024. This extension is granted under Section 119 of the Income Tax Act, 1961 and applies specifically to taxpayers required to file reports under Section 92E of the said Act.

### **FIXING MONETARY LIMITS OF THE AUTHORITIES IN RESPECT OF REDUCTION OR WAIVER OF INTEREST PAID OR PAYABLE UNDER SECTION 220(2) OF THE INCOME-TAX ACT, 1961**

Section 220(2) of the Income Tax Act outlines the consequences for taxpayers who fail to pay the tax specified in a demand notice issued under Section 156. Taxpayers are required to pay simple interest at 1% per month or part thereof for the duration of the delay in payment.

Section 220(2A) provides the power to specific income tax authorities to reduce or waive the interest payable under Section 220(2). This discretion is granted to the authorities to address cases based on the circumstances specified in the section.

To ensure the proper administration of Section 220(2A), the CBDT vide circular dated November 4, 2024 has specified monetary limits for the waiver or reduction of interest based on the authority's designation:

Sr. No.	Income Tax Authority	Monetary Limit
1	Principal Commissioner (Pr. CIT) or Commissioner (CIT)	Up to Rs. 50 lakhs
2	Chief Commissioner (CCIT) or Director General of Income Tax (DGIT)	Above Rs. 50 lakhs to Rs. 1.5 crore
3	Principal Chief Commissioner (Pr. CCIT)	Above Rs. 1.5 crore

### **CBDT NOTIFICATION ON ELECTRONIC FILING OF CERTAIN FORMS**

CBDT, through Notification No. 06/2024 dated November 19, 2024, has mandated electronic filing for certain forms under Rule 131 of the Income Tax Rules, 1962. With the approval of the Board, the Director General of Income Tax (Systems) specified that Forms 42, 43, and 44 must be filed electronically and verified as per sub-rule (1) of Rule 131.

- **Form 42:** Appeal against refusal or withdrawal of recognition for a provident fund.
- **Form 43:** Appeal against refusal or withdrawal of approval for a superannuation fund.
- **Form 44:** Appeal against refusal or withdrawal of approval for a gratuity fund.

The Notification will take effect from November 22, 2024, and aims to streamline the process by ensuring electronic submission and verification of these forms.

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