

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

Monthly Updates

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(I) CORPORATE LAW

COMPANIES (ADJUDICATION OF PENALTIES) SECOND AMENDMENT RULES, 2024

In exercise of the powers conferred by section 454 read with section 469 of the Companies Act, 2013, the Central Government hereby makes the rules further to amend the Companies (Adjudication of Penalties) Rules, 2014 (“**Rules**”). These rules may be called the Companies (Adjudication of Penalties) Second Amendment Rules, 2024 (“**Second Amendment Rules**”). By the virtue of Second Amendment Rules, the following proviso has been inserted in sub-rule (1) of rule 3A of the Rules:

“Provided that the proceedings pending before the Adjudicating Officer or Regional Director on the date of such commencement shall continue as per provisions of these rules existing prior to such commencement.”.

(II) INDIRECT TAXATION

NEW WAREHOUSE MODULE ON THE INDIAN CUSTOM ELECTRONIC GATEWAY

The Central Board of Indirect Taxes and Customs (“**CBIC**”) has launched a new “Warehouse Module” on the Indian Customs Electronic Gateway (“**ICEGATE**”). This module introduces a streamlined, digital framework for various warehouse-related activities, aiming to reduce paperwork, enhance transparency, and promote efficiency. Key features include online filing for warehouse licenses, submission of transfer requests, and uploading of monthly returns. This article provides an overview of the newly introduced processes. The new Warehouse Module on ICEGATE is designed to facilitate three primary functions:

1. **Online Application for Warehouse Licensing:** Applicants can now apply for a Customs Bonded Warehouse license digitally, replacing the need for physical paperwork. The Warehouse Licensing Regulations of 2016, which cover public, private, and special warehouses under Sections 57, 58, and 58A of the Customs Act, are fully integrated into this online module. Authorized signatories can log in to ICEGATE and submit their application along with the necessary documents.

Once the application is submitted, it is routed to the appropriate Customs officer based on the jurisdiction. The system allows the officer to raise queries, which can be addressed by the applicant directly through the portal. Upon acceptance, the warehouse license is issued online, and a warehouse code is generated. This digital shift significantly reduces manual intervention and expedites the licensing process.

2. **Online Transfer of Warehoused Goods:** The module also facilitates the seamless transfer of goods between warehouses or ownership changes. This can occur in three scenarios: (i) change in ownership without a change in warehouse, (ii) change in warehouse without a change in ownership, and (iii) change in both warehouse and ownership.
3. **Uploading Monthly Returns:** Regulation 11 of the Warehouse (Custody and Handling of Goods) Regulations, 2016 requires warehouse licensees to submit monthly returns.

AMENDMENT TO FOURTH SCHEDULE TO CENTRAL EXCISE ACT

The Department of Revenue vide notification no. 26/ 2024 – Central Excise, dated 23rd October 2024, has issued an amendment relating to ‘Mineral Products’ category in Chapter 27 of the Central Excise Act, 1944 (the “**Act**”). It substitutes the existing supplementary notes, emphasizing that references to Bureau of Indian Standards must point to the most recently published versions. The notification also clarifies the definition of “Blended Aviation turbine fuel” as any aviation fuel comprising 70% or more by weight of petroleum oils or oils derived from bituminous minerals, blended with synthesized hydrocarbons according to the IS 17081:2019 specifications. A new tariff for Blended Aviation turbine fuel has been introduced, subject to a 14% excise duty.

“ANY PROPERTY” TO BE CHANGED TO “ANY IMMOVABLE PROPERTY”

On October 22, 2024, the Ministry of Finance (Department of Revenue), issued a corrigendum regarding Notification No. 09/2024-Union Territory Tax (Rate) dated October 8, 2024. This corrigendum addresses a typographical error found in the notification published in the Gazette of India. Specifically, in the table under serial number 5AB, the term “any property” has been corrected to “any immovable property” in column (2), line 13. This amendment aims to provide accurate information related to the Union Territory Tax rates.

SUPPLY FOR GIFT CARDS & VOUCHERS TAXABILITY AND TIMINGS UNDER CGST ACT

In re Payline Technology Private Limited, an advance ruling dated 20th February 2024 issued by the Authority for Advance Ruling (“AAR”), holding that gift cards and prepaid vouchers supplied by Payline Technology were

taxable as goods, was challenged. Appellate Authority for Advance Ruling (“AAAR”) clarified that the supply of gift cards/ vouchers/ pre-paid vouchers are taxable as supply of goods and the time of supply shall be decided as per Section 12(4) of the Central Goods and Services Tax Act, 2017 (“CGST Act”).

AAAR held that the GST shall be applicable on the commission/discount earned in the trading of vouchers/coupons by the appellant and the time of supply will be the time when the vouchers/coupons are traded or sold. The value of service shall be the margin between the buying and selling price of the vouchers/coupons.

GOODS AND SERVICES TAX COUNCIL CLARIFIES THE SCOPE OF ‘AS IS/WHERE IS BASIS’

Vide Circular No. 236/30/2024-GST dated 11 October 2024, the Goods and Services Tax (GST) council clarified that the phrase ‘regularized on as is / as is, where is basis’ in the GST context 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. Thus, in cases where the matters have been regularized on ‘as is’ or ‘as is, where is basis’, in case of two competing rates and the GST is paid at lower of the two rates, or at nil rate where one of the competing rates was nil by some suppliers while other suppliers have paid at higher rate, payment at lower rate shall be treated as tax fully paid for the period that is regularized.

APPLICABILITY OF GOODS AND SERVICES TAX ON THE SERVICE OF AFFILIATION PROVIDED BY UNIVERSITIES TO COLLEGES

Vide Circular No. 234/28//2024, dated 11 October 2024, it was clarified that clarifies that the service of affiliation by universities to colleges is distinct from services related to the admission of students or the conduct of examinations, which are exempt under Notification No. 12/2017-CT(R) dated 28 June 2017. As such, the affiliation fee charged by universities to colleges does not fall under the exemption provided to educational institutions and is, therefore, taxable @18%.

GST ON AFFILIATION SERVICES BY EDUCATIONAL BOARDS TO SCHOOLS

Circular No. 234/28//2024, dated 11 October 2024 clarifies that the affiliation services provided by educational boards or councils to schools are taxable unless falling into the exempted entry vide Notification No. 8/2024-Central Tax (Rate) dated 8 October 2024. However, the payment of GST on the services of affiliation provided by the Central and State educational boards or Councils, or other similar bodies, to all schools is regularized on 'as is where is' basis for the period from 1 July 2017 to 17 June 2021 i.e., the date of issuance of Circular No. 151/07/2021-GST wherein accreditation services of boards were clarified to be taxable at the rate of 18%.

GST ON DGCA-APPROVED FLYING TRAINING COURSES

Circular No. 234/28//2024, dated 11 October 2024 clarified that that flying training courses approved by the Directorate General of Civil Aviation (DGCA) and conducted by Flying Training Organizations ('FTOs') are exempt from GST.

GOODS AND SERVICES TAX ON HELICOPTER PASSENGER TRANSPORT

It has been clarified that GST rate on transportation of passengers by helicopter on a seat share basis has been reduced to 5%, with effect from 10 October 2024 *vide* Notification No. 07/2024-Central Tax dated 8 October 2024. However, charter operations of helicopters will continue to attract an 18% GST rate. It has also been clarified on the recommendations of 54th GST Council meeting, that the payment of GST on transportation of passengers, with or without accompanied baggage, by air, in a helicopter on seat share basis is regularized on 'as is where is' basis for the period from 1 July 2017 to 9 October 2024.

GOODS AND SERVICES TAX ON INCIDENTAL SERVICES RELATED TO GOODS TRANSPORT BY ROAD

It has been clarified Circular No. 234/28//2024, dated 11 October 2024 that ancillary or incidental services provided Goods Transport Agency (GTA) in the course of transportation of goods by road, such as loading, unloading, packing, unpacking, transshipment and temporary warehousing etc. when provided in relation to transportation of goods by road, are considered part of the composite supply of transport of goods. The circular clarifies that these services should not be treated as separate supplies and thus should not attract a higher GST rate of 18%.

REGULARIZING PAYMENT OF GST ON IMPORT OF SERVICES BY AN ESTABLISHMENT OF A FOREIGN AIRLINES

It has been notified vide Notification No. 08/2024-Integrated Tax (Rate) dated 8 October 2024, effective from 10 October 2024, that there will be an exemption for airline establishment of foreign company in India regarding the import of services from related person or its establishment outside India when made without consideration.

GOODS AND SERVICES TAX ON PREFERENTIAL LOCATION CHARGES

It has been clarified that Preferential Location Charges collected with the consideration for construction services forms part of the composite supply of construction services. Therefore, they attract GST at the same rate as the main supply of construction services.

GOODS AND SERVICES TAX ON SERVICES BY ELECTRICITY TRANSMISSION OR DISTRIBUTION UTILITIES

It has been clarified that ancillary services provided by electricity transmission or distribution utilities are now exempt from GST vide Notification No. 08/2024-Central Tax (Rate) dated 8 October 2024 effective from 10 October 2024. These services include metering equipment rental, testing, and connection-related activities etc., which are integral to the main supply of electricity transmission and distribution. Further, it has been clarified that the payment of GST on services provided by an electricity transmission or distribution utility which are incidental or ancillary to the supply of transmission and distribution of electricity by such utility has been regularized on 'as is where is' basis from 1 July 2017 to 9 October 2024.

GST ON SERVICES OF FILM DISTRIBUTORS OR SUB-DISTRIBUTORS

GST payment on transactions between film distributors and exhibitors for granting theatrical rights has been regularized on an 'as is where is' basis from 1 July 2017 to 30 September 2021, vide Circular No. 234/28/2024, dated 11 October 2024. It is to be noted that prior to 1 October 2021, GST at the rate of 18% was leviable on 'Motion Picture, videotape and television programme distribution services' under Heading 9996 whereas 12% rate of GST was leviable on "temporary or permanent transfer or permitting the use or enjoyment of intellectual property right in respect of goods other than IT technology software" under Heading 9973.

AMNESTY SCHEME REGARDING WAIVER OF INTEREST OR PENALTY OR BOTH RELATING TO DEMANDS RAISED FOR CERTAIN TAX PERIODS UNDER SECTION OF THE CGST ACT

The Central Board of Indirect Taxes and Customs ("CBIC") has issued a Circular No. 238/32/2024-GST dated **15 October 2024** ('Circular No. 238') clarifying, amongst others, certain areas to implement the provision of Section 128A relating to waiver of interest or penalty or both, which are discussed hereunder:

- a. Where the payment of the tax required to be made in respect of any order is paid through GST DRC-03 instead of debit to Electronic Liability Register, then the date of payment made through DRC-03 shall be considered for the purpose of date notified under Section 128A (i.e., 31 March 2025), even when an adjustment in respect of such tax paid is made vide making an application through DRC-03A at later date. A separate application shall be required to be filed in case multiple notices/orders have been issued pertaining to the specified period. Reduction of demand with respect to denial of input tax credit solely on the grounds of Section 16(4) and not for any other

grounds will be admissible in pursuance of retrospective insertion of Section 16(5) and 16(6) of the CGST Act. No rectification application is required to be filed under special procedure notified under Section 148 of the CGST Act. under special procedure notified under Section 148 of the CGST Act.

- b. Full amount of tax demand for the specified period as well as the period not covered under Section 128A of the CGST Act ('non-specified period') shall be required to be paid. However, waiver of interest or penalty or both shall only be granted for specified period.
- c. Thus, interest or penalty or both for non-specified period shall be required to be paid within three months from the date of issuance of an order under GST SPL-05 or GST SPL-06, as the case may be. In case of non-payment of interest or penalty for the non-specified period, the waiver of interest granted for the specified period shall be void. f. No appeal shall lie against the order issued in Form GST SPL-05 concluding the proceedings under Section 128A except for the case of rejection of application for waiver of interest or penalty or both. g. Demand for wrongly availed transitional credit during the specified period is also covered by the provision of Section 128A of the CGST Act. h. No partial waiver of interest or penalty or both is allowed under Section 128A of the CGST Act since the entire demand as specified under notice/order needs to be paid.
- d. If the notice/order covers the tax demands for specified periods as well as non-specified periods, then the waiver of interest or penalty or both cannot be availed for the specified period only. Notably, after granting of waiver of interest or penalty or both for the specified period, the interest or penalty or both for the non-specified period shall also be paid and if not, waiver granted shall be void.
- e. In the case where the department filed an appeal and the order by the Appellate Authority, Tribunal, Courts or Revisional Authority enhances the tax demands, then the conclusion of the proceedings can be considered only after making the payment of enhanced tax demands even though order under GST SPL-05 or GST SPL-06 has been issued prior to order of such authorities. If such enhanced demands are not paid within a specified period, then the waiver granted shall be void.

CLARIFICATION FOR GST ON CLASSIFICATION FOR ROOF-MOUNTED AIR CONDITIONERS FOR RAILWAYS

The GST Council vide circular no. 235/29/2024-GST dated 11th October 2024 has addressed representations regarding the classification of Roof Mounted Package Unit (RMPU) Air Conditioning Machines for Railways. It has been clarified that these units fall under HS 8415, which attracts a GST rate of 28%, as specified in S. No. 119 of Schedule IV of notification No. 01/2017-CT (Rate) and not under HS 8607, which includes parts for railway locomotives. It has been stated that Machines and apparatus of heading 8415, which include Air conditioning machines, are excluded from the ambit of 'parts' covered under heading 8607 as per Section note 2 of Section XVII of Customs Tari Act, 1975. Therefore, there is no ambiguity in the classification. However, to make it explicitly clear, it has been clarified that RMPU Air Conditioning Machines for Railways will be classified under HS 8415 and taxed at a higher rate of

28%. The Circular has provided clarity on the classification and GST rate applicable for seats used in four-wheeled cars and two-wheelers. Seats for Two-Wheelers: These seats

AMENDMENTS IN CGST RULES, 2017 (Notification No. 20/2024 dated 08.10.2024)

(i) Amendment in Rule 36 – Documentary requirements and conditions for claiming input tax credit

Sub-rule (3) of rule 36 lays down that no input tax credit shall be availed by the registered person where tax has been paid in pursuance of any order where demand has been confirmed on account of fraud, wilful misstatement, or suppression of facts. Sub-rule (3) has been amended to specify that said order shall be such where demand has been confirmed on account of fraud, wilful misstatement, or suppression of facts under section 74.

(Effective from 08.10.2024)

(ii) Amendment in Rule 46 - Tax invoice

Second proviso to rule 46 lays down that where an invoice is required to be issued under section 31(3)(f) of the CGST Act, 2017, a registered person may issue a consolidated invoice at the end of a month for supplies covered under section 9(4) of the CGST Act, 2017, the aggregate value of such supplies exceeds Rs.5,000 in a day from any or all the suppliers.

The said second proviso shall be omitted implying thereby that recipients notified under section 9(4) will no longer be able to issue consolidated invoice.

(Effective from 01.11.2024)

(iii) Insertion of Rule 47A-Time limit for issuing tax invoice in cases where recipient is required to issue invoice

The Finance (No. 2) Act, 2024 had amended section 31(3)(f) of the CGST Act, 2017 to incorporate an enabling provision for prescribing the time period for issuance of invoice by the recipient in case of reverse charge supplies. Consequently, new rule 47A has been inserted to provide time limit for issuing tax invoice under section 31(3)(f). The new rule lays down that a registered person who is liable to pay tax under reverse charge as per sections 9(3) and 9(4) of the CGST Act, 2017, shall issue tax invoice within a period of 30 days from the date of receipt of the supply of goods or/and services from unregistered persons.

(Effective from 01.11.2024)

(iv) Insertion of Rule 164 - Procedure and conditions for closure of proceedings under section 128A in respect of demands issued under section 73

The Finance (No. 2) Act, 2024 had inserted a new section 128A in the CGST Act, 2017 to provide for conditional waiver of interest and/or penalty in respect of demand notices issued under section 73 of the

CGST Act, 2017 for the Financial Years 2017-18, 2018-19, 2019-20 if full tax liability is paid before a date to be notified. A new rule 164 has been inserted to provide the procedure and conditions for closure of proceedings under section 128A in respect of demands issued under section 73.

Some salient points of the rule are given hereunder:

- A person eligible for waiver of interest/ penalty in relation to a notice/statement under section 128A(1)(a) can file an application in FORM GST SPL-01 electronically. Details of the notice and payments made through FORM GST DRC-03 must be provided.
- For orders under section 128A(1)(b) or (c), the application must be filed in FORM GST SPL-02 electronically, providing details of the order and payments made. Payments must be made by crediting the Electronic Liability Register. If payment was made through FORM GST DRC-03, a separate application in FORM GST DRC-03A is required to transfer the amount to the Electronic Liability Register before filing FORM GST SPL-02.
- If the demand includes tax due to erroneous refund or relates to multiple periods, an application can only be filed after full payment of the demanded tax. The amount payable under this rule is the balance tax payable after deducting amounts as per section 16(5) or 16(6) from the total demanded tax.
- Applications for waiver must be filed within three months from the date notified under section 128A(1), with a six-month window for some specific cases involving re-determined tax amounts.
- Application must be accompanied by evidence showing withdrawal of any appeal/writ petition. If the withdrawal order has not been issued, the application for withdrawal must be submitted, and the order must be uploaded within one month of issuance.
- Proper officers will review the applications and issue an order either accepting or rejecting the request. If the proper officer is of the view that the applicant is not eligible for a waiver, he will issue a notice in FORM GST SPL-03 within three months. The applicant can respond via FORM GST SPL-04 within one month.
- If the officer accepts the application, an order is issued in FORM GST SPL-05 concluding the proceedings. If rejected, an order is issued in FORM GST SPL-07. If the proper officer fails to issue an order within the prescribed time, the application will be deemed approved.
- If no appeal is filed against a rejection, the original withdrawn appeal is restored. If an appeal is filed and upheld, the waiver is granted through FORM GST SPL- 06. If the rejection is confirmed, the original appeal is restored. Failure to pay additional taxes under Section 128A within the given time will make the waiver granted under FORM GST SPL-05/06 void.

(v) Amendment in various rules due to insertion of new section 74A

The Finance (No. 2) Act, 2024 had inserted a new section 74A in the CGST Act, 2017 to provide for determination of tax not paid/short paid/erroneously refunded or ITC wrongly availed/ utilised for both fraudulent and non-fraudulent reasons pertaining to the Financial Year 2024-25 onwards.

The new section shall become effective from 01.11.2024.

Date for payment of tax for waiver of interest, or penalty, or both, under section 128A(1) of CGST Act, 2017 notified (Notification No. 21/2024 dated 08.10.2024)

(i) Date of making payment in case of Registered persons to whom a notice or statement or order, referred to in clause (a) or clause (b) or clause (c) of section 128A, has been issued is **31.03.2025**.

(ii) In case of Registered persons to whom a notice has been issued under section 74(1), in respect of the period referred to in section 128A(1), and an order is passed or required to be passed by the proper officer in pursuance of the direction of the Appellate Authority, or Appellate Tribunal, or a court, in accordance with the provisions of section 75(2), for determination of the tax payable by such person, deeming as if the notice were issued under section 73(1) of the said Act, **date of making payment is date ending on completion of six months from the date of issuance of the order by the proper officer re-determining tax under section 73 of the said Act.**

Special procedure for rectification of demand orders issued for contravention of section 16(4) of the CGST Act, 2017 (Notification No. 22/2024 dated 08.10.2024)

A special procedure has been provided for rectification of orders issued under sections 73, 74, 107, 108 of the CGST Act, 2017 confirming demand for wrong availment of input tax credit (ITC) due to contravention of section 16(4), but where such ITC is now available under sections 16(5) or 16(6), and where appeal against the said order has not been filed.

The person against whom such orders have been issued shall file a rectification application therefor on the portal within 6 months from the date of issuance of notification. Alongwith the application, information as given in the proforma in Annexure A of Notification No. 22/2024-CT dt. 08.10.2024 shall also be uploaded.

The proper officer for carrying out rectification of the said order shall be the authority who had issued such order. The said authority shall take a decision on the said application and issue the rectified order, as far as possible, within a period of 3 months from the date of the said application in FORM GST DRC-08 (when order was issued under sections 73/74) or FORM GST APL-04 (when order was issued under sections 107/108).

Where such rectification adversely affects the said person, the principles of natural justices shall be followed by the authority carrying out such rectification.

TDS on supply of metal scrap (Notification No. 25/2024 dated 08.10.2024)

Notification No. 50/2018-CT dt. 13.09.2018 has been amended to provide that any registered person receiving supplies of metal scrap from other registered person shall deduct tax at source, as required under section 51 of the CGST Act. It has been further provided that TDS shall be deducted by the recipient on supply of metal scrap even when it is supplied between persons mentioned in clause (a), (b), (c) and (d) of section 51(1).

The above amendment shall come into force w.e.f. 10.10.2024.

Amendment in Reverse Charge for Goods (Notification No. 09/2024 dated 08.10.2024)

A registered person procuring services by way of renting of any property (other than residential dwelling) from an unregistered person is liable to pay GST under the RCM.

Amendment in Reverse Charge for Goods (Notification No. 06/2024 dated 08.10.2024)

Supply of metal scrap covered under Chapter / Heading 72, 73, 74, 75, 76, 77, 78, 79, 80 or 81, by unregistered person to a registered person shall be liable to GST under RCM.

SPECIAL PROCEDURE FOR RECTIFICATION OF ORDERS WHERE DEMAND HAS BEEN CONFIRMED ON GROUNDS OF CONTRAVENTION OF SECTION 16(4) OF THE CGST ACT

CBIC vide Circular No. 237/31/2024-GST dated **15th October 2024**, the CBIC has provided clarification with respect to the following issues in the implementation of the provisions of sub-section (5) and (6) of Section 16 of the CGST Act.

Scenarios with respect to the denial of ITC alleging contravention of provisions of Section 16(4)	Course of Action
Investigation/proceedings were initiated under Section 73 / 74 of the CGST Act, but no notice or statement has been issued (including the cases where an intimation in FORM DRC-01A has been issued for denial of ITC).	The proper officer shall take cognizance of Section 16(5) and (6) of the CGST Act before taking any further action.
A notice/statement under Section 73 / 74 of the CGST Act has been issued, but no order has been issued.	Adjudicating Authority shall take cognizance of Section 16(5) and (6) of the CGST Act before passing an appropriate order.
An appeal against the order under Section 73 / 74 of the CGST Act has been filed under Section 107 of the CGST Act, but no appellate order has been issued.	Appellate Authority shall take cognizance of Section 16(5) and (6) of the CGST Act before passing an appellate order.
The Revisional Authority has initiated proceedings under Section 108 of the CGST Act in respect of an order under Section 73 or 74 (supra), but no revisional order has been passed.	Revisional Authority shall take cognizance of Section 16(5) and (6) of the CGST Act before passing a revisional order.
An order under Section 73, 74, 107, or 108 has been issued, but no appeal against the said order has been filed.	The concerned taxpayer may apply for rectification of such order under the special procedure notified under Section

148 of the CGST Act, vide Notification No. 22/2024-Central Tax dated 8 October 2024, within a period of six months from the date of issuance of the said notification.

fall under HS 8714, which includes saddles (seats) for two-wheelers. The explanatory note for HS 8714 has a list of inclusions, which has mention of Saddles (seats). Consequently, they attract a GST rate of 28%, as specified in S. No. 174 of Schedule IV of notification No. 1/2017-Central Tax (Rate) dated 1 July 2017. Seats for Four-Wheeled Vehicles: Seats for cars are classified under HS 9401, which covers Seats, whether or not convertible into beds and parts thereof. The Explanatory Note for this specifically mentions that seats for vehicles are covered under the ambit of HS 9401. Further, the exclusion list under Chapter 94 does not cover seats meant for vehicles. Therefore, these seats fall under HS 9401 & attract GST @ 18% as per S. No. 435A of Schedule III. Thus, the seat assembly for 4-wheelers are classifiable under HS 9401 while seats for 2-2-wheelers are classifiable under HS 8714. To ensure parity with two-wheeler seats, vide Notification No. 05/2024-Central Tax (Rate) dated 8 October 2024, effective from 10 October 2024, the GST rate for car seats classifiable under HS 9401 has been increased to 28%, as indicated in S. No. 210A of Schedule IV. This change will be applicable prospectively.

(III) DIRECT TAXATION

CBDT RELAXES DEADLINE FOR FILING AUDIT REPORT IN FORM 10B FOR THOSE TRUSTS/ INSTITUTIONS/ FUNDS

The Central Board of Direct Taxes (“**CBDT**”) vide circular no. 02/2024 dated 7th October 2024 has announced relaxation of compliance burden for those trusts/institutions/funds, responsible to furnish audit report in **Form 10B**. It has been brought to the notice of the CBDT that in some cases, such trusts/institutions/funds, as mentioned above, could not file the audit report in the correct prescribed form. On consideration of the matter, with a view to avoiding genuine hardship to those trusts/institutions/funds, CBDT has allowed such trusts/institutions/funds to furnish such audit report in the applicable Form No. 10B/10BB on or before 10 November 2024.

CBDT RELEASES GUIDANCE NOTE ON VIVAD SE VISHWAS SCHEME

The Central Board of Direct Taxes (CBDT) has issued a Guidance Note No. 1/2024, dated 15th October 2024 in the form of Frequently Asked Questions (FAQs) on the Direct Tax Vivad Se Vishwas (DTVSV) Scheme, 2024. It is clarified that the DTVSV scheme is not applicable in following cases:

1. Relating to an assessment year in respect of which prosecution has been instituted on or before the date of filing of declaration.
2. Relating to any undisclosed income from a source located outside India or undisclosed asset located outside India.
3. Relating to an assessment or reassessment made on the basis of information received under an agreement, if it relates to any tax arrear.

BROKEN PERIOD CANNOT BE TREATED AS CAPITAL EXPENDITURE

The Supreme Court, in the matter of *Bank of Rajasthan Ltd v CIT* (Civil Appeal No. 3291-3294 of 2009), dated 16th October 2024, held that the interest on the broken period cannot be considered as capital expenditure and will have to be treated as revenue expenditure where the securities are treated as stock-in-trade.

The Apex Court held that the method of setting off and netting the amount of interest paid by it on the purchase of securities (i.e., interest for the broken period) against the interest recovered by it on the sale of securities and offering the net interest income to tax should be allowed as revenue expense as broken period interest incurred on securities treated as stock-in-trade and that income tax deduction could be allowed on the same.

EXTENSION OF DUE DATE FOR FURNISHING RETURN OF INCOME FOR THE ASSESSMENT YEAR 2024-25

The Central Board of Direct Taxes (“CBDT”) vide circular no. 13/2024, dated 26th October 2024, in exercise of its powers under section 119 of the Income Tax Act (“Act”), has extended the due date of furnishing of Return of Income under section 139(1) of the Act for the Assessment Year 2024-25, which is originally set for 31st October 2024. The extended due date is 15th November 2024.

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