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NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax



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Income Tax	
1. Income Tax form for claiming preliminary expenses deduction under section 35D of Income Tax.	
	CBDT Notification No. 54/2023 dated 01.08.2023
<p>Vide this notification, CBDT has notified Form 3AF, Form required to be furnished for claiming deduction of preliminary expenses under section 35D of Income Tax Act. Earlier no form was required to be filed for claiming deduction of Preliminary expenses.</p> <p>Details as under:</p> <ul style="list-style-type: none"> ➤ Form No. 3AF shall be furnished one month prior to the due date for furnishing the return of income as specified under sub-section (1) of section 139 of the Income Tax Act. (this appears to be the correct first sentence and should be before the previous sentence once it is clear what the statement is about) ➤ Form No. 3AF shall be furnished to the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, or any person authorized by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems). ➤ Form No. 3AF, shall be furnished electronically,— <ul style="list-style-type: none"> (i) Under digital signature, if the return of income is required to be furnished under digital signature; (ii) Through electronic verification code in a case not covered under clause (i) ➤ This notification shall come into force w.e.f 1st April, 2024 and will apply in relation to Income Tax filings for Financial Year 2023-24 onwards. <p>Notification No.54</p>	
2. New Zero Coupon bond notified	
	CBDT Notification No. 56/2023 dated 01.08.2023
<p>Vide this notification, CBDT has notified a new Zero Coupon Bond i.e. <i>Ten Year Zero Coupon Bond of REC Ltd.</i> under section 2(48) of The Income Tax Act.</p> <p>Bond Period, Discount and other details form part of the notification.</p> <p>Notification No. 56</p>	
3. Income-tax (Fifteenth Amendment) Rules, 2023	
	CBDT Notification No. 58/2023 dated 09.08.2023
<p>Vide this notification, CBDT has extended the applicability of Transfer Price Safe Harbour Rules till Assessment Year 2023-24 by amending Rule 10D of The Income Tax Rules. Earlier they were applicable for A.Y. 2020-21 to A.Y. 2022-23.</p> <p>Rule 10D pertains to the list of eligible international transactions in which the transfer price declared by the assessee is required to be accepted by the Income-tax Authorities.</p> <p>The notification is effective from 1st April 2023.</p> <p>Notification No. 58</p>	
4. Income Tax (Sixteenth Amendment), Rules, 2023	
	CBDT Notification No. 61/2023 dated 16.08.2023
<p>Vide this notification, CBDT has notified Rule 11UACA, This rule prescribes the method of computing income chargeable to tax under clause (xiii) of sub-section (2) of section 56.</p>	

Section 56(2)(xiii) provides that any sum received, including the amount allocated by way of bonus, at any time during a previous year under a life insurance policy, shall be chargeable to income-tax under the head "Income from other sources" if such sum is not exempt under section 10(10D) of the Income Tax Act.

Section 10(10D) of the Income Tax Act deals with taxation and exemption of the sums received on maturity of Life Insurance policies.

Method of Computation of income chargeable to tax under section 56(2)(xiii) :

- (i) where the sum is received for the first time under the life insurance policy during the previous year (hereinafter referred to as first previous year), the income chargeable to tax in the first previous year shall be computed in accordance with the formula,—

A-B

Where, A = the sum or aggregate of sum received under the life insurance policy during the first previous year.

B = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the first previous year that has not been claimed as deduction under any other provision of the Income Tax Act.

- (ii) where the sum is received under the life insurance policy during the previous year subsequent to the first previous year (hereinafter referred to as subsequent previous year), the income chargeable to tax in the subsequent previous year shall be computed in accordance to the formula,—

C-D

Where, C = the sum or aggregate of sum received under the life insurance policy during the subsequent previous year.

D = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the subsequent previous year not being premium which –

- (a) has been claimed as deduction under any other provision of the Act or
- (b) is included in amount 'B' or amount 'D' of this rule in any of the previous year or years

[Notification No. 61](#)

5. Currency exchange rate for the purpose of TDS on income payable in Foreign Currency

CBDT

Notification No. 64/2023 dated 18.07.2023

Vide this notification, CBDT has issued clarification with respect to the exchange rate to be taken for the purpose of deduction of Tax at Source on income payable in foreign Currency.

It has been clarified that for the purpose of deduction of tax at source on any income payable in foreign currency, the rate of exchange for calculation of the value in rupees of such income payable—

- (i) to an assessee outside India
- (ii) to a Unit located in an International Financial Services Centre
- (iii) by a Unit located in an International Financial Services Centre to an assessee in India

shall be the *telegraphic transfer buying rate of such currency as on the date on which the tax is required to be deducted at source* under the provisions of Chapter XVII B by the person responsible for paying such income.

[Notification No. 64](#)

6. Perquisite in case of Rent Free or Concessional Accommodation provided by Employers.

CBDT

Notification No. 65/2023 dated 18.08.2023

Vide this notification, CBDT has amended income tax rules for valuing perquisites of rent free or concessional accommodation provided by employers to employees.

The Finance Act, 2023, had brought in an amendment for the purposes of calculation of 'perquisite' with regard to the value of rent-free or concessional accommodation provided to an employee, by his employer. The rules for calculating perquisites have been notified now.

The categorization and the limits of cities and population have now been based on the 2011 census as against the 2001 census earlier.

S.No.	Circumstances	Where accommodation is unfurnished	Where accommodation is furnished
(1)	(2)	(3)	(4)
1	Where the accommodation is provided by the Central Government or any State Government	License fee determined by the Central Government or any State Government in respect of accommodation in accordance with the rules framed by such Government as reduced by the rent actually paid by the employee.	The value of perquisite as determined under column (3) and increased by 10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment) or if such furniture is hired from a third party, the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the employee during the previous year
2	Where the accommodation is provided by any other employer and—	10% of salary in cities having population exceeding 40 lakhs <i>Earlier 15% of salary in cities having population exceeding 25 lakhs</i>	The value of perquisite as determined under column (3) and increased by 10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment or other similar appliances or gadgets) or if such furniture is hired from a third party, by the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the employee during the previous year.
	(a) where the accommodation is owned by the employer	7.5% of salary in cities having population exceeding 15 lakhs but not exceeding 40 lakhs. <i>Earlier 10% of salary in cities having population exceeding 10 Lakhs but not exceeding 25 lakhs.</i>	
		5% of salary in other areas. i.e. cities with population less than 15 Lakhs. <i>Earlier 7.5 % of salary for other areas i.e. cities with population less than 10 Lakhs.</i>	

	(b) Where the accommodation is taken on lease or rent by the employer.	Actual amount of lease rental paid or payable by the employer or 10% of salary, whichever is lower, as reduced by the rent, if any, actually paid by the employee.	The value of perquisite as determined under column (3) and increased by 10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment or other similar appliances or gadgets) or if such furniture is hired from a third party, by the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the employee during the previous year.
3	Where the accommodation is provided by the employer specified in serial number (1) or (2) in a hotel (except where the employee is provided such accommodation for a period not exceeding in aggregate fifteen days on his transfer from one place to another).	Not applicable	24% of salary paid or payable for the previous year or the actual charges paid or payable to such hotel, which is lower, for the period during which such accommodation is provided as reduced by the rent, if any, actually paid or payable by the employee:

These rules do not apply to any accommodation temporarily provided to an employee working at a mining site or an on-shore oil exploration site or a project execution site, or a dam site or a power generation site or an off-shore site—

- (i) Which having plinth area not exceeding 1000 square feet, is located not less than eight kilometers away from the local limits of any municipality or a cantonment board.
- (ii) Which is located in a remote area.

The notification is effective from 1st September 2023 and will apply for AY 2024-25 onwards.

[Notification No. 65](#)

GST**1. Special procedure for E-commerce operators in respect of supply of goods by unregistered person.**

CBIC

Notification No. 37/2023 dated 04.08.2023

Vide this notification, CBIC has notified the special procedure to be followed by E-commerce operators in respect of supply of goods made through it by unregistered persons.

The special procedure for E-commerce operator is as below:

- The unregistered person shall be allowed to supply goods only after allotment of enrolment number on GST portal.
- E-commerce operator shall not allow inter-state supply of goods to unregistered person.
- E-commerce operator shall not collect any Tax at source (TCS) under Section 52 of CGST Act in relation to the supply of goods made through the unregistered person.
- E-commerce operator shall furnish all details of supplies made through unregistered person in the statement in **FORM GSTR-8** electronically on GST portal.

Further, it has been notified that where multiple E-commerce operators are involved in a single supply of goods through electronic commerce operator platform, “the electronic commerce operator” shall mean the electronic commerce operator who finally releases the payment to the unregistered supplier.

The Notification is effective from 1st October, 2023.

[Notification No. 37/2023](#)

2. Special procedure for E-commerce operators in respect of supply of goods by composition dealers.

CBIC

Notification No. 36/2023 dated 04.08.2023

Vide this notification, CBIC has notified the special procedure to be followed by electronic commerce operators in respect of supply of goods made through it by persons registered under composition Scheme.

The special procedure for E-commerce operator is as below:

- E-commerce operator shall not allow inter-state supply of goods to Composition dealers.

- E-commerce operator shall not collect any Tax at source (TCS) under Section 52 of CGST Act in relation to the supply of goods made through composition dealers.
- E-commerce operator shall furnish all the details of supplies made through composition dealers in the statement in **FORM GSTR-8** electronically on GST portal.

The Notification is effective from 1st October, 2023.

[Notification No. 36/2023](#)

3. Central Goods and Services Tax (Second Amendment) Rules, 2023

CBIC

Notification No. 38/2023 dated 04.08.2023

Vide this notification, CBIC has notified the CGST (Second Amendment) Rules, 2023

Changes brought about by this notification are as below -

- **Amendment in CGST Rule 9-** Amendment in CGST Rule 9 to discontinue the requirement of physical verification of business premises to be *conducted in the presence of the registration applicant*.
- **Amendment in CGST Rule 10A-**Amendment in CGST Rule 10A to introduce a new deadline for submitting bank account details, to be furnished **within 30 days of grant of registration or before filing of statement of outwards supplies in FORM GSTR-1/ IFF, whichever is earlier**
Before the amendment it was required to furnish bank account information on GST portal **within 45 days of grant of registration or the due date of first GSTR 3B, whichever is earlier**
- **Amendments in CGST Rule 21A**
 - i) CGST rule 21A(2A) substituted to provide for system-based suspension of the registration of taxpayers who do not furnish valid bank account details as per timeline prescribed in CGST Rule 10A.
 - ii) Insertion of new/3rd proviso in CGST rule 21A(4) to provide for automatic revocation of system-based suspension upon compliance with provisions of CGST rule 10A regarding submission of valid bank account details.
- **Amendments in CGST Rule 23-** to allow extended period of 90 days (*in place of existing 30 days*) to apply for revocation of cancelled registrations, effective October 1, 2023. This extension grants taxpayers more flexibility and time to rectify issues that could lead to cancellation.
- **Amendment in CGST Rule 25-** to provide for physical verification of applicant in high risk cases, **even where Aadhaar has been authenticated**.
- **Amendments in CGST Rule 43-**Explanation 3 inserted in CGST Rule 43 effective October 1, 2023, which prescribes that value of supply of goods from Duty Free Shops (at arrival terminal in international airports to the incoming passengers) to be included in value of exempt supplies for the purpose of ITC reversal, effective October 1, 2023.
- **Amendments in CGST Rule 46-** Clause (f) of CGST rule 46 amended to provide for requirement of only '**name of the State of the recipient**', in place of existing requirement of '**name and full address of the recipient**', on the tax invoice, in cases of supply of taxable services by or through an ECO or by a supplier of OIDAR services to an unregistered recipient (B2C), to ease compliance burden of the taxpayers.
- **New Clauses (e) and (f) inserted in Rule 59(6)-** Clause (e) disallows a registered taxpayer, who has been served an intimation under sub-rule (1) of rule 88D for one or more tax periods, from providing details of outward supplies in FORM GSTR-1 or via the invoice furnishing facility for upcoming tax periods. This will be the case unless the tax payer has settled the excess input tax credit specified in the intimation or has given a justification for the unpaid amount of excess input tax credit per sub-rule (2) of rule 88D.

Clause (f) restricts a registered taxpayer from providing outward supply details under section 37 in FORM GSTR-1 or through the invoice furnishing facility if they have not supplied the bank account details in compliance with rule 10A.

- **New CGST Rule 88D-** The new rule 88D specifies how to handle discrepancies in input tax credit amounts as indicated in the automatically formulated(or populated) GSTR-2B statement versus the self-declared GSTR-3B return. If the registered taxpayer claims more credit than available according to GSTR-2B, the person will be notified through FORM GST DRC-01C on the GST Portal. GST assesses are directed to either compensate for the excess claim with the accrued interest via FORM GST DRC-03 or to provide reasons/justification for claiming excess ITC.

[Notification No. 38/2023](#)

Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month.
Instead, it is only a listing of some of the circulars/notifications that we considered important



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