

JUNE, 2023

# NEWSLETTER

## TAX

- Income Tax
- Goods and Services Tax



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<b>Income Tax</b>		
<b>1. New Monetary Limits for Condonation of delay in filing Income Tax Return for cases involving Refund Claim and Claim of Carry forwarded Losses</b>		
<div style="text-align: right;">CBDT Circular No. 07/2023 dated 31.05.2023</div>		
<p>Vide this notification, CBDT has issued new monetary limits (as below) under section 119(2)b of the Income Tax Act for condonation of delay in filing of Income Tax Return for cases involving refund claim and claim of carry forward of losses:</p>		
<b>Condoning Authority</b>	<b>New Limits</b>	<b>Old Limits</b>
Commissioner of Income Tax/Principal Commissioner of Income Tax	Claim Up to Rs. 50 Lacs	Claim Up to Rs. 10 Lacs
Chief Commissioner of Income Tax	Claim Above Rs. 50 Lacs up to Rs. 2 Crores	Claim Above Rs.10 Lacs up to Rs. 50 Lacs
Principal Chief Commissioner of Income Tax	Claim Above Rs. 2 crore up to Rs. 3 crore	Claim Above Rs.10 Lacs up to Rs. 50 Lacs
Board (CBDT)	Claim Above Rs. 3 crores	Claim Above Rs. 50 Lacs
<a href="#">Circular No.07</a>		
<b>2. Provisional Registration under Section 80G</b>		
<div style="text-align: right;">CBDT Circular No. 34/2023 dated 30.05.2023</div>		
<p>Vide this notification, CBDT has amended rule 11AA. The amendment provides that in case of an application made for grant of provisional approval under section 80G, the provisional approval shall be effective from the assessment year relevant to the previous year in which such application is made.</p> <p>Earlier, Rule 11AA provided that approval for provisional registration would be effective from the date of provisional order.</p>		
<a href="#">Notification No. 34</a>		
<b>3. Rule 11UAC – Amendment (Valuation of equity shares)</b>		
<div style="text-align: right;">CBDT Notification No. 35/2023 dated 31.05.2023</div>		
<p>Vide this notification, CBDT has amended rule 11UAC to provide exemption from provisions of section 56(2)X in respect of acquisition of equity shares of the companies in the scheme of Strategic disinvestment, earlier the exemption was applicable only for acquisition of equity shares of public sector companies but now it is extended to equity shares of all companies.</p> <p>So exemption is provided from tax liability under section 56(2)X in case equity shares are acquired at a value which is less than Fair Market Value in the scheme of Strategic disinvestment.</p>		
<a href="#">Notification No.35</a>		
<b>4. Exemption to Specified Persons from Section 56(2)VIIIB</b>		
<div style="text-align: right;">CBDT Notification No. 29/2023 dated 30.05.2023</div>		
<p>Vide this notification, CBDT has exempted certain class of Persons to whom provisions of Section 56(2)ViiB shall not be applicable, Sec 56(2)ViiB provides that if consideration for issue of shares exceeds the Fair Market Value of the shares, then such excess consideration shall be chargeable to income-tax under the head 'Income from other sources'.</p> <p>List of exempted persons are as follows:</p> <ol style="list-style-type: none"> <li>1) Government and Government related investors such as central banks, sovereign wealth funds, international or multilateral organizations or agencies including entities controlled by the Government or where direct or indirect ownership of the Government is 75% or more.</li> </ol>		

- 2) Banks or Entities involved in Insurance Business where such entity is subject to applicable regulations in the country where it is established or incorporated or is a resident.
- 3) Any of the following entities, which is a resident of any country or specified territory listed in Annexure of the notification, and such entity is subject to applicable regulations in the country where it is established or incorporated or is a resident :
  - (a) entities registered with Securities and Exchange Board of India as Category-I Foreign Portfolio Investors
  - (b) endowment funds associated with a university, hospitals or charities
  - (c) pension funds created or established under the law of the foreign country or specified territory
  - (d) Broad Based Pooled Investment Vehicle or fund where the number of investors in such vehicle or fund is more than fifty and such fund is not a hedge fund or a fund which employs diverse or complex trading strategies

[Notification No. 29](#)

#### 5. Exemptions to Startups from Section 56(2)Viib

CBDT

Notification No. 30/2023 dated 30.05.2023

Vide this notification, CBDT has exempted certain Startups to whom provisions of Section 56(2)Viib shall not be applicable.

56(2)Viib provides that if consideration for issue of shares exceeds the Fair Market Value of the shares, then such excess consideration shall be chargeable to income-tax under the head 'Income from other sources'.

Startups which fulfill conditions specified in **para 4** of notification number GSR 127( E), dated 19<sup>th</sup> Feb, 2019 issued by the Ministry of Commerce and Industry Department for Promotion of Industry and Internal Trade and files the declaration referred to in **para 5** of the said notification of the Department for Promotion of Industry and Internal Trade are eligible for the exemption from section 56(2)Viib

Effective date: 01 April 23

[Notification No. 30](#)

#### 6. Amendment in Advance ruling Scheme

CBDT

Notification No. 37& 38/2023 dated 12.06.2023

Vide these notifications, CBDT has notified changes in Advance ruling Scheme as below:

- Applicants seeking advance rulings can now choose between submitting physically signed or digitally signed applications to the **Secretary of the Board for Advance Rulings** via electronic mail. Previously, individuals who were required to digitally sign their income tax returns were also obligated to furnish their advance ruling applications under digital signature. However, with this amendment, the mandatory digital signing requirement has been dispensed with.
- If the Members of a Board for Advance Rulings differ in opinion on any point or points, the Board for Advance Rulings shall refer such point or points to the Principal Chief Commissioner of Income-tax (International Taxation), who shall nominate one Member from any other Board for Advance Rulings and such point or points shall be decided according to the opinion of the majority of the Members, such provision was not present earlier.

[Notification No. 37 & 38](#)

<b>7. Cost Inflation Index (CII) Financial Year 2023-24</b>	
	CBDT Notification No. 39/2023 dated 12.06.2023
<p>Vide this notification CBDT has notified CII for Financial Year 2023-24 as <b>348</b>. CII Financial Year 2022-23 is 331.</p> <p><a href="#">Notification No. 39</a></p>	
<b>8. Income-tax (Tenth Amendment) Rules, 2023</b>	
	CBDT Notification No. 43/2023 dated 21.06.2023
<p>Vide this notification CBDT has notified amendments related to taxability under the New Tax regime.</p> <ul style="list-style-type: none"> <li>➤ As per Income Tax rule 3(7)iii, Allowance in respect of Free Food and Non Alcoholic beverages is taxable above Rs. 50 per meal . However as per the amendment full value of Food or beverages is taxable under the New Tax Regime and the, Rs. 50 exemption is not provided.</li> <li>➤ Only following <b>four</b> allowance are applicable for the Assesses who are opting for New Tax regime: <ul style="list-style-type: none"> <li>• Any allowance granted to meet the cost of travel on tour or on transfer.</li> <li>• Any allowance, whether, granted on tour or for the period of journey in connection with transfer, to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty.</li> <li>• Any allowance granted to meet the expenditure incurred on conveyance in performance of duties of an office or employment of profit.</li> <li>• Transport allowance granted to an employee, who is blind [<i>or deaf and dumb</i>] or orthopedically handicapped with disability of lower extremities, to meet his expenditure for the purpose of commuting between the place of his residence and the place of his duty</li> </ul> </li> <li>➤ Form 10 IEA notified. Assesee having income from Business or profession has to file this form for opting for Old Tax Regime as New Tax Regime is the default tax regime now. Such Taxpayers can withdraw from old regime only once by again filing the prescribed Form 10-IEA. However, Taxpayers having no income from business/professions need not file Form 10 IEA. They can simply choose the old Tax regime option in the ITR Form.</li> <li>➤ Maximum depreciation claim allowed is restricted to 40% of the Written Down value under section 115BAC- <i>New tax regime</i> and Section 115BAD/115BAE – <i>For Co-operative societies</i>.</li> </ul> <p><a href="#">Notification No.43</a></p>	
<b>9. Accepted Variation in Arm Length Transactions</b>	
	CBDT Notification No. 46/2023 dated 21.06.2023
<p>Vide this notification, CBDT has notified that where the variation between the arm's length price determined under section 92C of the said Act and the price at which the international transaction or specified domestic transaction has actually been undertaken does not exceed</p> <ul style="list-style-type: none"> <li>- one per cent. of the latter in respect of wholesale trading and</li> <li>- three per cent. of the latter in all other cases,</li> </ul> <p>the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price for assessment year 2023-2024. The definition of whole sale trading also forms part of the notification.</p> <p><a href="#">Notification No.46</a></p>	

**10. Due date of submission of TDS/TCS statements of Quarter 1 F.Y. 2023-24 extended**

CBDT

Circular No.9/2023 dated 28.06.2023

Vide this notification, CBDT has extended due date of TDS and TCS returns as under:

TDS	Form 26Q - TDS on Payments to Residents (Other than Salary)	Q 1 FY 23-24	Due date: 31 July 23 Extended due date: 30 Sep 23
TDS	Form 27Q – TDS on Payments to Non Residents/Foreigners (Other than Salary)	Q 1 FY 23-24	Due date: 31 July 23 Extended due date: 30 Sep 23
TCS	Form 27EQ	Q 1 FY 23-24	Due date:15 July 23 Extended due date: 30 Sep 23

[Circular No. 9](#)**GST**

There are no important GST Circulars, Notifications issued in June'23.

**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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