

March 2024

NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax



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Income Tax

1. Relaxation to Trusts and Institutions which filed wrong Tax Audit Form for A.Y. 2023-24 (Form 10B in place of Form 10BB and vice versa)

CBDT

Circular No. 2/2024 dated 05.03.2024

Vide this circular, CBDT has allowed correct filing of Form 10B and Form 10BB for A.Y. 2023-24 up to 31st March 2024 in cases where these forms were filed interchangeably.

New Form 10B and Form 10BB were prescribed for A.Y. 2023-24 as follows:

- Form 10B to be filed where,
 - total income of the trust or institution, exceeds rupees five crores during the previous year **or**
 - such trust or institution has received any foreign contribution during the previous year **or**
 - such trust or institution applied any part of its income outside India during the previous year
- Form 10BB in all other cases

Prior to that, the prescribed form for audit report was Form No. 10BB for trust and institutions in the first regime and Form No. 10B for trust and institutions in the second regime.

CBDT has noticed that many Trusts and Institutions have filed Form 10 BB where Form 10B was required to be filed and vice versa.

CBDT has allowed such Trusts and Institutions to file correct Form up to 31st March 2024.

[Circular No.02](#)

2. Clarification regarding deductions to trust and institutions on providing donations to other trusts and institutions

CBDT

Circular No. 3/2024 dated 05.03.2024

Vide this circular, CBDT has clarified issues related to application of income when a trust or institution provides donation to other trusts or institutions.

- Finance Act, 2023 provided that eligible donations made by a trust or institution shall be treated as application for charitable or religious purposes only to the extent of 85% of such donations.
- CBDT received representations raising concern whether the balance 15% of donation to other trust / institution would be taxable or is eligible for 15% accumulation since the funds would not be available having been already disbursed
- Now, CBDT has clarified that 15% of such donations by the donor trust / institution shall **not** be required to be invested in specified modes under section 11(5) of the Act as 100 % amount has been donated to the other trust / institution and is accordingly eligible for exemption.

This is illustrated by the following example where Trust 1, Trust 2 and Trust 3 are trusts or institutions under any of the two regimes. Further, Trust1 is making eligible donation to Trust 2 and Trust 2 is further making eligible donation to Trust 3.

	Particulars	Trust 1		Trust 2		Trust 3	
A	Income	300		100		100	
B	Income which is required to be applied (85 % of A)		255		85		85
	Application of Income						
C	Donation to other trusts	100		100			

D	Amount to be considered as application (85% of C)		85		85		0
E	Balance income for application (A-C)	200		0		100	
F	Application other than C (85% of E)		170	0	0	0	85
G	Remaining income which may be accumulated without Form No. 10/9A (15% of E)		30		0		15
H	Funds required to be invested in section 11(5) modes (H = G)**		30		0		15
I	Exemption of Income (C+F+G)		300		100		100

[Circular No. 03](#)

3. Ex-post facto extension of due date for filing Form No. 26QE which was required to be filed during the period 01.07.2022 to 28.02.2023 (pertaining to F.Y. 2022-23)

CBDT

Circular No. 4/2024 dated 07.03.2024

Section 194S of the Income Tax Act which relates to TDS on sale of virtual digital assets was effective from 01.07.2022. Person deducting tax under section 194S was required to file such deduction in the challan cum statement Form 26QE electronically within 30 days from the end of month in which such deduction is made.

- It has come to the notice of CBDT that specified persons who deducted tax under section 194S of the Act during the period from 01.07.2022 to 31.01.2023, could not file Form No. 26QE and pay corresponding TDS on or before the due date, due to unavailability of Form No. 26QE. This has resulted in a consequential levy of late fees and Interest.
- Further, the specified persons who deducted tax under section 194S during the period from 01.02.2023 to 28.02.2023 had insufficient time to file Form No. 26QE and pay corresponding TDS thereon.
- To address the grievances of such specified persons, CBDT has decided to, ex-post facto, extend the due date of filing of Form No. 26QE for specified persons who deducted tax under section 194S but failed to file Form No. 26QE.
- Due date for such specified persons is hereby extended to 30.05.2023 in those cases where the tax was deducted by specified persons under section 194S of the Act during the period from 01.07.2022 to 28.02.2023 and Fee levied under section 234E and/or interest charged under section 201(1A) (ii) in such cases for the period up to 30.05.2023, shall be waived.

[Circular No.04](#)

4. Income Tax Return Form ITR-7 has been notified for A.Y. 2024-25.

CBDT

Notification No. 24/2024 dated 01.03.2024

CBDT has notified Income Tax Return Form (ITR-7) for Assessment Year 2024-25.

ITR- 7 is to be filed by all Charitable /Religious trusts u/s 139 (4A), Political party u/s 139 (4B), Scientific research institutions u/s 139 (4C), University or Colleges or Institutions or Khadi and Village industries u/s 139 (4D).

[Notification No. 24](#)

5. Amendments in Form 3CD (Tax Audit Form) for A.Y. 2024-25.

CBDT

Notification No. 27/2024 dated 05.03.2024

CBDT has amended Form 3CD to incorporate following changes:

- **Section 115BAE of the Income Tax Act (New tax regime for co-operative societies- Finance Act 2023) :**
 - Clause 8a – Question on opting for taxation under concessional regime under section 115BAE has been added.
 - Clause 32(a) – Details relating to brought forward losses or depreciation, need to be provided.
- **Clause 12** – Whether presumptive taxation under section 44ADA of the Income Tax Act [relating to provision for computing profits and gains of profession on presumptive basis] has been opted and the amount thereof required to be disclosed.
- **Clause 18(ca)** - Adjustment to written down value in relation to depreciation allowance as provided under the proviso to section 115BAA(3) (for AY 2021-22 only) and second proviso to section 115BAC(3) (for AY 2024-25 only) required to be disclosed.
- **Clause 19** – Details of amounts debited to Profit and Loss account and amounts admissible under section 35ABA of the Income Tax Act [relating to amortization of expenditure for obtaining right to use spectrum for telecommunication services] and any other relevant section, required to be disclosed.
- **Clause 21** – Following details of amounts debited to Profit and Loss account and required to be disclosed, have been aligned with amendment to Explanation 3 of section 37 of the Income Tax Act vide Finance Act 2022.
 - Expenditure for any purpose which is an offence or is prohibited by law or expenditure by way of penalty or fine for violation of any law (enacted in India or outside India)
 - Expenditure incurred to compound an offence under any law for the time being in force, in India or outside India.
 - Expenditure incurred to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be, for the time being in force, governing the conduct of such person.
- **Clause 26** - Details with respect to sum payable to micro or small enterprise (MSE) beyond the time limit under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, required to be disclosed in line with amendment under section 43B (h) of the Income Tax Act [relating to deduction on actual payment basis for payments to be made to MSEs] vide Finance Act 2023.

[Notification No. 27](#)

6. Income-tax (Fifth Amendment) Rules, 2024

CBDT

Notification No. 37/2024 dated 27.03.2024

Vide this notification, CBDT has released a new Income Tax Return Verification form (ITR-V Form) and ITR Acknowledgement Form.

ITR-V Form needs to be submitted where Return of Income in Form ITR-1, ITR-2, ITR-3, ITR-4, ITR-5, ITR-7 filed but not verified electronically.

The newly notified ITR-V Form has added two instructions for the taxpayers which are as follows:

- Where ITR is filed electronically, and ITR-V is submitted within 30 days of ITR filing then in such cases the date of filing of ITR shall be considered as the date of furnishing of the return of income.
- Where ITR is filed electronically but ITR-V is submitted beyond the time limit of 30 days of ITR filing then in such cases the date of ITR-V submission shall be treated as the date of furnishing of the return of income and all consequences of late filing of return under the Income Tax Act shall follow.

[Notification No. 37](#)

Goods And Service Tax

No Circulars/Notifications issued during March 2024 by CBIC

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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