

# TAX CHAT - Updates



Monthly Newsletter from SSJCO

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Date: 25<sup>th</sup> July, 2022

Dear Madam / Sir,

Namaste!

The Revenue Secretary has stated on 22<sup>nd</sup> July, 2022 that "Government is not considering extending July 31 deadline for filing income tax returns".

31<sup>st</sup> July, 2022 is a due date for filing non-audit returns for the year ended 31<sup>st</sup> March, 2022 (A.Y. 2022-23). The dates have been prescribed in the Act and there is no circumstances (as in earlier years) which requires extension of time and therefore, this statement of the Revenue Secretary is very appropriate. We as tax filers must understand our responsibility and comply with required provisions of the law. Admittedly, this is requiring more working hours of our Team Members in this month, but we are sure with the cooperation of the taxpayers, these due dates are achievable. If somebody is in the belief that the extension will come as a routine and, therefore, he/she should not prepare the data in time, then one needs to decide who is at fault.

With the help of technology, the department is making more and more information available by way of AIS, TIS and prefilled data along with Form 26AS. In the first year it is taking a little time in reconciliation. However, in time to come, it will be a part of check list.

As in the earlier months, in this edition of Tax Chat we are attempting to summarize some of these updates in direct taxes.

Rishabh has shared his thoughts on "Why Saving and Investing is important for a Good Future".

Trust you will find this edition useful and as in all these years, we will be happy to receive your valuable inputs for improvement.

Happy Reading!  
Stay Safe, Connected & Updated

With Regards,  
Team - S S Jhunhunwala & Co

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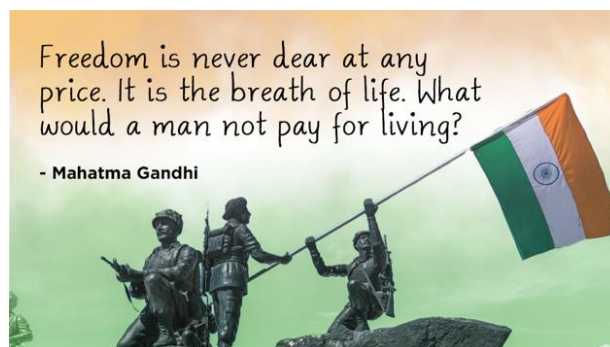
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## Circulars, Notifications and Others:

*(Compiled by: Ms Sonakshi Jhunjunwala)*

### 1. **Guidelines for removal of difficulties under sub-section (6) of Section 194S of the Act: Circular No. 13/2022 [F. No. 370142/29/2022-TPL (Part-I)], dated 22nd June, 2022:**

CBDT issues Guidelines under Section 194S of the Act i.e. for TDS on transfer of Virtual Digital Assets (VDA) introduced by the Finance Act, 2022 that comes into force on 01<sup>st</sup> July, 2022. The Guidelines provide clarity on the onus of TDS in multi-layered transactions involving exchanges and payment gateways apart from buyers and sellers by providing a mechanism of information exchange between the various parties involved in the transactions. It provides clarity on TDS liability where transaction takes place partly in cash and partly in kind or entirely in kind. It also clarifies on the possible overlap between Sections 194Q and 194S of the Act. The Guidelines also lays down the compliance required to be done by the VDA Exchange and persons specified under Section 194S of the Act. Lastly, the Guidelines clarify on computation of threshold for the purpose of applicability of Section 194S of the Act in the current financial year.

### 2. **OECD releases Tax Administration Report, published on 23rd June, 2022:**

OECD releases the tenth edition of Tax Administration Series (TAS 2022) providing internationally comparative data on various aspects of tax systems and their administration in 58 advanced and emerging economies including India. The Report takes into account performance-related data, ratios and other information for the fiscal years 2018, 2019 and 2020. The Report is intended to assist tax administrations in consideration of where further

improvements might be made, as well to enhance wider public understanding as to the scale and the changing nature of global tax administration. The Report shows that the 58 jurisdictions have collected a net revenue of EUR 12.70 trillion (2020), however highlights the impact of COVID-19 on tax administration and the net revenue collected decreased by EUR 620 Billion while the tax arrears increased by EUR 200 Billion. Likewise, the report shows decline in in-person visits by 55% and increase in digital contacts by 30% owing to the Pandemic. As per the Report, around 75% of administrations have a digital transformation strategy in place and as a result the ways tax administrations engage with taxpayers are evolving. The Report also identifies how tax administrations have further adapted their operating models for a post-pandemic workplace. It further highlights that many tax administrations adapt HR practices developed around office working to take account of a more extensive hybrid working model, helping to provide greater flexibility to their workforce whilst continuing to provide high-quality services to taxpayers.

**3. CBDT issues guidelines for TDS under Sec. 194S where VDAs are transferred other than through Exchange: Circular No. 14 of 2022, dated 28th June, 2022:**

The Finance Act 2022 inserted a new Section 194S to require deduction of tax by any person who is responsible for paying consideration to a resident person in respect of the transfer of virtual digital assets (VDAs).

It is to be noted that the liability to deduct tax under Section 194S is on a person responsible for paying the consideration for the transfer of VDA. In peer-to-peer transactions, the payer and buyer of the VDAs are generally the same. However, in the case of transactions through an Exchange, the payment is routed from the buyer (either directly or through a broker) to the seller through the Exchange and it is very much possible that the buyer and seller may not know each other. Thus, to remove the practical difficulties where VDAs are transferred through an Exchange, the CBDT issued guidelines to clarify the deduction of tax at source in such cases vide Circular No. 13, dated 22.06.2022.

Now, the CBDT has issued another Circular No. 14, dated 28-06-2022 to clarify the deduction of tax under section 194S in the case of peer-to-peer transactions. The CBDT has clarified the following aspect in this circular:

**1. Who will be liable to deduct tax?**

In a peer-to-peer transaction, the buyer (i.e., the person paying the consideration) is required to deduct tax under section 194S.

If the buyer is a non-specified person, the tax shall be deposited as per existing TDS provisions and the statement shall be filed in Form 26Q. Whereas, if the buyer is a specified person, the tax shall be deposited and the statement shall be filed through a challan-cum-statement in Form 26QE.

## ***2. How to deduct tax if the consideration is in kind?***

Where the consideration for transfer of VDA is in kind or partly in kind and cash is not sufficient to meet the TDS liability, the person responsible for paying such consideration is required to ensure that the tax required to be deducted has been paid in respect of such consideration, before releasing the consideration.



The liability in such cases may be discharged either by the payer by grossing up and paying tax out of his pocket or by the payee himself.

The CBDT has clarified that where the payee (i.e., seller) himself pays tax, the buyer will release the consideration in kind after the seller provides proof of payment of such tax, i.e., challan details, etc. This would be then required to be reported in the TDS statement along with the challan number. Form 26Q and Form 26QE have included provisions for reporting such transactions.

## ***3. How to deduct tax in case of exchange of VDAs?***

In the case of exchange of VDAs, the transfer of VDAs shall happen from both sides, i.e., the buyer as well as the seller. Thus, in such cases, both buyer and seller shall be liable to deduct tax at source.

For instance, where VDA "A" is being exchanged with another VDA "B", both the persons are buyer as well as seller. One is buyer for "A" and seller for "B" and another is buyer for "B" and seller for "A".

Thus, both need to pay tax with respect to transfer of VDA and show the evidence to other so that VDAs can then be exchanged. This would then be required to be reported in TDS statement along with challan number. Form 26Q and Form 26QE have included provisions for reporting such transactions.

**4. Will the amount of consideration for transfer of VDA include GST?**

The CBDT has clarified that the TDS shall be on consideration for transfer of VDA less GST.

**5. Whether TDS under Section 194Q also be applicable on the transfer of VDA?**

The CBDT has clarified that once tax is deducted under section 194S, tax would not be required to be deducted under Section 194Q.

**4. Section 92C of the Act - Transfer Pricing - Computation of Arm's Length Price - Notified Tolerance Limit under third proviso to Sub-section (2) of Section 92C of the Act for Assessment Year 2019-20: Notification S.O. 2928(E)[No. 70/2022/F. No. 500/1/2014-APA-II], dated 28th June, 2022:**

Government retains tolerance range u/s.92C of the Act at 1% for wholesale traders and 3% for all other taxpayers for AY 2022-23. It states that ALP condition is satisfied where variation between ALP and transaction price does not exceed 1%/ 3% of price at which international transaction/ specified domestic transaction has been undertaken. It also clarifies that definition of wholesale trading remains unchanged inasmuch, a transaction of trading in goods where:

- (i) purchase cost of finished goods is 80% or more of the total cost pertaining to such trading activities and
- (ii) average monthly closing inventory of such goods is 10% or less of sales pertaining to such trading activities

**5. Income Tax (Twentieth Amendment) Rules, 2022 - Amendment in Rule 31A and Insertion of Form No. 26QF: Notification G.S.R. 482(E) [No. 73/2022/F. No.370142/29/2022-TPL(Part-I)], dated 30th June, 2022 as corrected by Notification G.S.R. 505(E) [No. 77/2022/F.No. 370142/29/2022-TPL(Part-I)], dated 01st July, 2022:**

CBDT amends Rule 31A to provide that where under the Guidelines issued under Section 194S of the Act, an Exchange agrees to pay tax in relation to transfer of a virtual digital asset owned by it as an alternative to TDS by the buyer, such Exchange shall file a quarterly statement of such transactions in Form No. 26QF. It further provides that the Exchange shall furnish particulars of account paid or credited on which tax was not deducted in accordance with the Guidelines. CBDT, thus, notifies Form 26QF for this purpose.

**6. CBDT notifies Form 26QF for filing of statement of tax deposited u/s 194S by 'Exchange': Notification No. 73 of 2022, dated 30th June, 2022:**

The Central Board of Direct Taxes (CBDT) has amended Rule 31A of the Income-tax Rules, 1962 notifying Form 26QF for filing of TDS statement in respect of tax deducted under section 194S by 'Exchange'.

The board vide Circular no. 13 of 2022, dated 22-06-2022 has issued guidelines giving clarity on who is required to deduct tax under section 194S when the transfer of VDA is taking place on or through an Exchange.

Said guidelines cast responsibility on Exchange to deduct tax at source and furnish a quarterly statement in Form no. 26QF in the following situations:

a) There is a written agreement between the Exchange and the broker that the broker alone shall be deducting tax if payment between Exchange and Seller is done through a broker.

b) There is a written between Exchange with the buyer/broker that Exchange would be paying tax on the transfer of VDA that takes place on or through an Exchange and the VDA is owned by such Exchange.

The board has also inserted a new sub-rule 4E to provide that Exchange shall also be responsible to furnish particulars of account paid or credited on which tax was not deducted in accordance with guidelines.

**7. Gift vouchers, rewards points and website subscription is excluded from definition of VDA: CBDT: Notification No. 74 of 2022, dated 30th June, 2022:**

The meaning of virtual digital asset (VDA) has been defined by section 2(47A). It covers the following three classes of VDA:

- a) Information or code or number or token generated through cryptographic means;
- b) Non-fungible token (NFT); and
- c) Any other digital asset as may be notified by the Board.

The residuary clause mentioned in point (c) also gives power to the Central Govt. to exclude any other digital asset for the definition of virtual digital asset subject to prescribed conditions.

Exercising such power, the Central Government has notified the following virtual digital assets which shall be excluded from the definition of VDA:

- a) Gift card or vouchers, being a record that may be used to obtain goods or services or a discount on goods or services;
- b) Mileage points, reward points or loyalty card, being a record given without direct monetary consideration under an award, reward, benefit, loyalty, incentive, rebate or promotional program that may be used or redeemed only to obtain goods or services or a discount on goods or services; and
- c) Subscription to websites or platforms or applications.

**8. NFT whose transfer results in a transfer of ownership of an underlying tangible asset isn't VDA: CBDT: Notification No. 75 of 2022, dated 30th June, 2022:**

Clause (a) of Explanation to Section 2(47A) provides that all NFTs will not be considered VDAs, but only those will be considered as NFTs which are notified by the Govt.

Exercising such power, the Central Government has specified that an NFT, whose transfer results in the transfer of ownership of the underlying tangible asset and the transfer of ownership of such underlying tangible asset is legally enforceable, shall not be treated as VDA.



**Happy Rakshabandhan**

**9. Mauritius Revenue Authority Clarification on Tax Implication of Distribution made by Fiscally Transparent Entities: dated 01st July, 2022:**

Mauritius Revenue Authority clarifies that distributions made by foreign fiscally transparent entities to Mauritian residents would retain its initial character in Mauritius. Thus, any capital gains distributed by such entities to a Mauritian resident shall be treated as capital gains not subject to income tax in Mauritius.

**10. Netherlands issues new Transfer Pricing Decree on 01st July, 2022:**

The Kingdom of Netherlands issues new transfer pricing decree on 01<sup>st</sup> July, 2022 (named as "Transfer Pricing Decree 2022") that further defines the application of arm's-length principle, codified in the Netherlands in 2002 by the inclusion of Section 8b of the Corporation Tax Act 1969. The new decree replaces the decree of the State Secretary of Finance of 22<sup>nd</sup> April, 2018. It mirrors the recent development in the OECD TP guidelines and the impact of Covid-19 pandemic. The decree contains new sections on financial transactions (and new guidance on it affecting MNEs), changes to policy qua intra-group services, support measures from government in response to the pandemic and overall changes reflecting alignment towards the OECD TP Guidelines. The Decree urges the Dutch tax authorities to be flexible in their approach and not to require the taxpayer to set its transfer prices with an accuracy that is unrealistic given that it is not an exact science. It also briefly mentions the relationship and inter play between the Dutch TP law and the OECD TP Guidelines as well as the recommendations of the EU Joint Transfer Pricing Forum. Apart from highlighting the application of arm's length principle and its nuances, the decree also details out TP methods (cost-related, valuation methods), secondary adjustments, (in) tangible fixed assets and transactions related to them (including difficult to value intangibles), Group Services, Cost Contribution arrangement (CCA), Group Purchases, Financial transactions, Documentation obligation, early consultation on possible double taxation, etc. The Decree retains the option to opt for applying the simplified method for low-value added services ('low value-adding intra-group service' as per OECD TP guidelines), like the 2018 decree. It introduces a new section on Cash Pooling. It also introduces a new section on financial service entities and distinguishingly details the three situations for assessing the transfer pricing system of an entity having full control, no control or no control over credit risks and financial capacity. Apart from the usual CUP approach, it discusses application of cost of funds approach for interest and yield approach for guarantee respectively. It encourages taxpayers to strive for



elimination of possible double taxation in transfer pricing cases by adopting early consultation via the MAP route. It clarifies that the possibilities of avoiding possible double taxation by exchanging information or jointly performing audit procedures will depend on the legal possibilities and the willingness of other countries to cooperate in such a procedure.

**11. Income Tax (Twenty First Amendment) Rules, 2022 - Insertion of Rule 21AL: Notification G.S.R 524(E)[No. 80/2022/F. No. 370142/11/2022-TPL], dated 8th July, 2022:**

CBDT notifies Income Tax (21st Amendment) Rules, 2022, inserting Rule 21AL. The Rule specifies 'other conditions' to be satisfied by Original Fund for the purpose of Section 47(viiad) of the Act as provided in Explanation (a)(iv) thereto. The Rule provides that in a case where a capital asset is transferred to a Resultant Fund being a Category III Alternative Investment Fund, the Original Fund shall fulfil the condition that the aggregate participation or investment in the Original Fund, directly or indirectly, by persons resident in India shall not exceed 5% of the corpus of such fund at the time of such transfer.

**12. Standardizing process of filing application for Approval/ Renewal of an Electoral Trust under Section 2 (22AAA) of the Act: Circular F.No. 173/62/2022-ITA-1, dated 11th July, 2022:**

An electoral trust is a trust approved by CBDT in accordance with Electoral Trusts Scheme, 2013. Any voluntary contribution received by the electoral trust shall be included in its income except where 95% of the contribution is distributed to the eligible political parties.



As per clause 5(1)(a) of the Electoral Trust Scheme, 2013, an application for approval is to be made in duplicate in Form A. To avoid procedural delay in processing these applications, the applicants are advised to file along with the application in Form A, the duly filled in and signed check-list accompanied with documents required therein.

In supersession of the Order issued in F.No.173/1S8/2013-ITA- 1 dated 10<sup>th</sup> December, 2013, CBDT has issued the new format of the checklist. The revised checklist seeks the following additional details from Electoral Trust:

- a. For Electoral Trusts previously approved by CBDT under Section 2(22AAA), whether the contribution report(s) is/are submitted before the ECI within the stipulated time as per guidelines issued by the Election Commission of India on 06.06.2014.
- b. For Electoral Trusts previously approved by CBDT under Section 2(22AAA), acknowledged true copies of the contribution reports submitted to the ECI may be enclosed.

**13. Income Tax (Twenty Second Amendment) Rules, 2022 - Amendment in Rule 16 (Renumbered as 15A) and Form No. 8, Insertion of new Rule 16 and Form No. 8A: Notification G.S.R. 537(E) [No. 83/2022/ F. No. 370142/30/2022-TPL], dated 12th July, 2022:**

The Finance Act, 2022 has inserted a new Section 158AB of the Act which provides that in a case of an assessee wherein the question of law arising from an order of Commissioner (Appeals) or the ITAT for a particular assessment year is identical to a question of law that is pending before jurisdictional High Court or the Supreme Court in:

- a. assessee's own case for any other assessment year; or
- b. any other assessee's case for any assessment year,

Then to avoid duplicity of appeal before judicial forums, based on the communication from Principal Commissioner or Commissioner, the assessing officer shall not file an appeal before the jurisdictional High Court or the ITAT. The Assessing Officer (AO) shall instead file an application to the jurisdictional High Court or the ITAT that the appeal on the question of law in the assessee's case may be filed when the decision on such question of law, in the other case, becomes final.

To notify form for making such application by the AO, CBDT has made the amendments to the Income Tax Rules 1962 vide Income Tax (22nd Amendment) Rules, 2022.

CBDT has renumbered the existing Rule 16 as Rule 15A and inserted a new Rule 16. The new Rule 16 provides that the application, referred to in section

158AB required to be made before the ITAT/High Court, shall be made in Form No. 8A by the AO.

Form 8A seeks the following details from the Assessing Officer:

Appellant's Personal Information;

(b) Respondent's Personal Information;

(c) Case Details, such as Assessment Year, total income declared, details of order against which appeal is deferred, etc.;

d) Questions of Law for which appeal is deferred;

(e) Details of other cases on the basis of which appeal is deferred; and

(f) Due date for filing of application as per section 158AB(2).

**14. Specifying Forms, Returns, Statements, Reports, Orders, by whatever name called, prescribed in Appendix-II to be furnished electronically under sub-rule (1) and sub-rule (2) of Rule 131 of the Income Tax Rules, 1962: Notification No. 03/2022, dated 16th July, 2022:**

CBDT has mandated the electronic filing of certain forms, returns, statements, reports, and orders under the Income-tax Act. The Following are the forms that shall be furnished electronically and shall be verified in the manner prescribed under Rule 131(1):

- a. Form 3CEF
- b. Form 10F
- c. Form 10IA
- d. Form 3BB
- e. Form 10BC
- f. Form 3BC
- g. Form 10FC
- h. Form 28A
- i. Form 27C
- j. Form 58D
- k. Form 58C
- l. Form 68



## 15. **Income Tax Department releases Brief Note on “E-proceedings”:**

Income Tax Department releases brief note on e-proceedings (applicable to international tax and central charges) and faceless assessment. It states that e-proceedings facility has been developed to facilitate conduct of assessment proceedings electronically, emphasises on the seamless flow of letters, notices, questionnaires, orders etc. from Assessing Officer to assessee's e-Filing account, thus saving time and paper and also underscores the importance of digital trail and documents retention through e-proceedings. It lists out the situations in which a physical hearing/attendance may take place in e-proceedings:

- (i) books are to be examined,
- (ii) Section 131 is invoked,
- (iii) examination of witness by AO and
- (iv) show cause notice contemplating any adverse view is issued and assessee requests for personal hearing to explain the matter;

For faceless assessment, the note lists down the salient features of the scheme and details on the procedure to seek personal hearing. It specifies the following steps:

- (i) Log on to e-filing portal,
- (ii) Select “e-proceedings” under “Pending Actions” menu and select applicable tab - Self, other PAN/TAN or as authorised representative,
- (iii) Click on “View Notice” in respect of concerned AY wherein the details of proceedings, limitation date, closure date, etc would be visible,
- (iv) Click on “Seek Video Conferencing” against a particular notice and select appropriate reason from the drop down list and submit

It specifies that once VC is approved, a letter scheduling the VC shall be served on the email id of the Assessee which would contain details of scheduled Date & time and Video conferencing URL. It further states that the letter can also be downloaded from e-filing portal. It also details the procedure to seek adjournment of VC request.

**16. CBDT's FT&TR Division releases International Tax Bulletin for May 2022:**

CBDT's FT&TR Division publishes International Tax Bulletin for the month of May 2022. The Bulletin covers complexity of EU State Aid Rules and highlights recent case wherein the European General Court ruled against the UK in a state aid case involving tax incentives provided by the UK to domestic and foreign corporations to encourage them to do business in the UK and also discusses the case from the perspective of transfer pricing. The Bulletin also covers the OECD Report on "Taxing Wages 2022" as per which the average tax wedge (difference between cost to an employer and the net take-home wage of the employee) for OECD countries is 34.6%, expressed as a share of total labour costs, however "*there was considerable variation between countries, with Belgium's tax wedge being more than 52% of its labour costs, and Colombia's 0%.*". It further covers an interesting case on the issue of interplay between VAT fixed establishment (FE) and permanent establishment (PE) and also discusses PwC's report titled "New Era in Tax Transparency" analysing the public tax disclosures of Irish companies and finds that companies are embracing tax transparency even though tax disclosures are not mandatory in Ireland. On digital tax arena, the Bulletin reports that Argentina has expressed its support for development of measures aimed at including digital currencies, electronic money and crypto assets in the international mechanisms for automatic exchange of information led by the OECD. The Bulletin also covers the case of man engaged in Romance Fraud Scheme being sentenced for tax evasion, Intuit Inc's case of deceptive trade practices and conviction of professor by Chinese Government for false or fraudulent statement on a tax return.

**17. OECD releases OCED's Secretary - General Tax Report to G20 Finance Ministers and Central Bank Governors:**

OECD releases Secretary-General's Tax Report to G20 Finance Ministers and Central Bank Governors. It reveals that the members of Inclusive Framework have agreed on a new, more realistic timeline to deliver a Multilateral Convention (MLC) for the implementation of Amount A to optimise the chance for its ratification globally i.e., mid-2023 as the ultimate deadline for signing the MLC and 2024 for its entry into force. OECD also calls for public comments on progress report on Amount A of Pillar One, latest by Aug 19, 2022. The Secretary-General's Tax Report apprises that significant progress has been made on all aspects of the work, with the Pillar Two global minimum tax rules out and ready for implementation and key Pillar One rules released for public consultation. The Report suggests that the

technical work on Pillar Two is now close to complete and implementation now lies in the hands of Inclusive Framework (IF) members, with significant progress already made. It further updates that all G7 countries, the European Union, a number of G20 countries and many others have already scheduled changes in their domestic legislation to introduce the Model Rules and most are planning for an entry into force in 2024. It remarks that “In spite of some delays...., implementation of the global minimum corporate tax seems ineluctable...The likely 2024 implementation will also provide sufficient time to the Inclusive Framework to develop the Pillar Two Implementation Framework, designed to limit the risks of double taxation and facilitate good coordination between tax administrations.” It also apprises the progress on the Pillar Two Subject to Tax Rule (STTR) draft model rules and related Commentary as well as the draft multilateral instrument to facilitate the implementation of the STTR. In relation to Pillar One, it apprises that in addition to the work on Amount A, good progress has also been made on advancing the work on Amount B, to be delivered by year-end. It states that IF would seek feedback from stakeholders on the overall design of the Amount A rules, as well as specific building blocks, with a view to finalising the design of these innovative new rules in the coming months to ensure they last for decades to come, updates that the IF will meet for its first physical meeting in over two years to take stock of progress in October 2022. The progress report includes a consolidated version of the operative provisions on Amount A (presented in the form of domestic model rules), reflecting the technical work completed thus far but does not include the rules on the administration of the new taxing right, including the tax certainty-related provisions, which will be released in due course and before the Inclusive Framework meeting in October 2022. The Secretary General’s report also touches upon carbon mitigation approaches, Tax Inspectors Without Borders, Tax Transparency and also BEPS Implementation (Action 5 – Harmful Tax Practices, Action – 6 Tax Treaty abuse, Action - 13 CbCR and Action 14 MAP) and also updates that the Indonesian Presidency and the OECD are working on a G20/OECD Roadmap for Developing Countries and International Tax, to be presented at G20 October meeting.

**18. CBDT authorises Pr.CCIT/CCIT to condone delay upto 3 years in filing Forms 9A, 10 & 10BB, AY 2018-19 onwards: Circular Nos. 15 and 17 both dated 19th July, 2022:**

CBDT, vide Circular No.15/2022 dt. Jul 19, 2022, authorizes Pr.CCIT/CCIT to admit applications for condonation of delay of beyond 365 days up to three

years in filing Form Nos. 10BB [Audit Report for entities under Section 10(23C)(iv) to (via)].

Vide Circular No. 17/2022 dt. Jul 19, 2022, CBDT authorises Pr.CCIT/CCIT to admit applications for condonation of delay of beyond 365 days up to three years in filing –

- Form No. 9A (Application in case of shortfall in application of funds) and
- Form No. 10 (Statement for accumulation set apart by Trusts);

The Circulars operate for AY 2018-19 onwards and direct that Pr.CCIT/CCIT shall admit the applications for condonation of delay and decide on merits. It specifies that Pr. CCIT/CCIT shall satisfy themselves that the applicant was prevented by reasonable cause for filing such form, while entertaining applications for condonation. It further states that with respect to Form No. 10, Pr. CCIT/CCIT shall also satisfy themselves that the amount accumulated or set apart has been invested or deposited in modes specified under Section 11(5).

The Circulars provide that the applications shall be disposed of within three months from their receipt.

**19. CBDT specifies 'Prescribed Authority' for e-Verification Scheme, 2021: Order No. 282/04/2022-IT (Inv.V), Pt. II/ 136, dated 20th July, 2022:**

CBDT, vide Order No. F. No. 282/04/2022-IT (Inv.V), Pt. II/ 136, dt. Jul 20, 2022, authorizes officers of Directorate of Income-tax (Intelligence and Criminal Investigation) as 'Prescribed Authority' for the purpose of e-Verification Scheme, 2021;

The prescribed officers are Director General of Income-tax, Directors of Income-tax, Additional Directors of Income-tax, Joint Directors of Income-tax, Deputy Directors of Income-tax, Assistant Directors of Income-tax, Income Tax Officers and Inspectors of Income-tax.

**20. IT Dept. releases FAQs on Annual Information Statement**

Income Tax Department has released FAQs on Annual Information Statement (AIS) and highlights difference between Form 26AS and AIS. As per the FAQs, AIS is an extension of Form 26AS and additionally includes details of

savings account interest, dividend, rent received, purchase and sale transactions of securities/immovable properties, foreign remittances, interest on deposits, GST turnover etc.

The FAQs cover the procedure to access AIS through the Income Tax portal and also elucidate on the components of AIS:

(i) General Information - PAN, Aadhaar No., Date of Birth/incorporation and contact details

(ii) TDS/TCS Information - Information related to tax deducted/collected at source,

(iii) SFT Transactions - Display of information received from reporting entities under Statement of Financial transaction (SFT),

(iv) Payment of Taxes - Information relating to payment of taxes under different heads, such as Advance Tax and Self-Assessment Tax,

(v) Demand and Refund - Details of the demand raised and refund initiated (AY and amount) during a financial year and

(vi) Other information - Details of the information received from the other sources, such as data pertaining to Salary, Interest on refund, Outward Foreign Remittance/Purchase of Foreign Currency etc.;

**21. The Central Government hereby notifies following Sovereign Wealth Fund as eligible under section 10(23FE) of the Income Tax Act, 1961:**

<i>Sl. No</i>	<i>Name of the Entity</i>	<i>Notification No. and date</i>	<i>Period for which income is notified as exempt</i>
1	Seventy Second Investment Company LLC (PAN ABICS2676N)	Notification S.O. 2910(E) [No. 69/2022/ F. No. 500/SWF1/S10(23 FE)/FT&TR-II-PT. 3], dated 27 <sup>th</sup> June, 2022	In respect of the investment made by it in India on or after the date of publication of this Notification in the Official Gazette but on or before the 31st March, 2024



**22. The Central Government hereby notifies following entity as eligible under section 10(46) of the Income Tax Act, 1961:**

<i>Sl. No</i>	<i>Name of the Entity</i>	<i>Notification No. and date</i>	<i>Period for which income is notified as exempt</i>
1	Uttar Pradesh Electricity Regulatory Commission (PAN AAALU0227H)	Notification S.O. 3105(E) [No. 79/2022/F. No. 300196/38/2021-ITA-I], dated 06 <sup>th</sup> July, 2022	Notification shall deemed to have applied for financial year 2021-2022 and shall apply for financial years 2022-23, 2023-24, 2024-25 and 2025-26
2	Bihar Electricity Regulatory Commission (PAN AAALB1099E)	Notification S.O. 3142(E) [No. 81/2022/F. No. 300196/14/2021-ITA-I], dated 08 <sup>th</sup> July, 2022	Notification shall deemed to have applied for financial year 2021-2022 and shall apply for financial years 2022-23, 2023-24, 2024-25 and 2025-26



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**Padharo Shree Ganeshji**

# ARTICLE:

## Why Saving and Investing is important for a Good Future

(by: CA Rishabh Adukia)

We Indian's are brought up and continuously emphasized by our Parents and Grand parents to save money for an uncertain tomorrow. It starts an early age, when one starts getting pocket money. The emphasis is made to plan out and use only the required amount and keep some for contingency purpose. As a person grows the pocket money gets converted into self-earning income from the vocation a person is engaged. Once the income increases, so does the expense. The lifestyle of individuals keep improving depending on the income levels of a person. To maintain the lifestyle the expenses also increase leading to lower savings. While it should be the other way round where in the savings should increase at a higher rate with increase in income levels.



We deal with several individuals and have observed that not most investors consider savings as income less expenses, while it should be income less savings as expense. Most millennials today are not as futuristic as the need. There are a large number of people who are still struggling to manage their expenses and are dependent on loan from friends, credit card companies to meet their lifestyle. Individuals want to maintain their lifestyle and keep deferring their savings to a later date. It is important for people to understand that life is very dynamic i.e. things and situation change with time. A person may become jobless at short notice, there may be a medical emergency in the family for which one may need to be admitted in a hospital. Hence savings become very important for such times and having the right amount of savings can help an individual handle the situation in a better manner.

For most millennial's who do not think much about tomorrow, need to really understand one important thing that one day a person will stop earning. A salaried person will not get money all his life. Not enough efforts are made to save money. One has to realize that saving is very important and after saving ensuring that it is invested well to beat inflation. Procrastinating the plans for a later date may land a person at a place which may be difficult to get out.

When there are some kind of savings that a family may possess then it is something that they can fall back upon in difficult times. It gives a peace of mind to an individual to meet uncertain times. We all are living in uncertain times and need to plan enough for any kind of contingencies. I have come across several top notch employees who had to face layoff at a short notice and rely on their savings. After working for several years, all of us want to get out of this rat race /corporate life at some point of time to wonder only if I had enough savings to retire today.

An individual can plan to create enough savings for himself such that one does not have to depend on their salaries/ business income to meet their livelihood, we can have enough savings to create a passive income and be financially independent. With passage of time the salary income needs to be well utilized, keeping a balance between savings and expense. If one is able to start early, then one can definitely aim to create a substantial source of passive income.

Generally, individuals start with small amount of loans and gradually get into a debt trap. One starts buying a car on loan, house on loan, furniture on loan, appliance on loan and almost everything possible through loan and eventually piling up debt for which most part of EMI goes into paying interest than paying principal. All this happens because of low levels of loan gradually mounting up and hence arises a small part of savings also going into investments.

Investing your hard earned savings into an instrument for a definite goal can help you a build a corpus which can be beyond imagination. It is a matter of habit which one must get started with and the wealth gets built automatically with the benefit of compounding. A small form of Systematic savings can benefit in creation of a corpus in crores.

Most corporate employees are not satisfied with their jobs and keep exploring opportunities to do something by themselves, having enough savings to support in the form of passive income can help you take bold decisions in life. When a person is financially independent taking such decisions become easier.

A good financial life is not about just spending money, but saving money sensibly! The above suggestions are all general and may suit each individual differently.

(The author Rishabh Adukia is a Chartered Accountant and qualified professional advising on wealth management to individuals, millennial's, emerging HNIs including others and can be reached on [adukia.rishabh@gmail.com](mailto:adukia.rishabh@gmail.com))

## Action Points under Income Tax Act, 1961

### For the Month of August 2022:

7 <sup>th</sup> August	TDS Payment for July
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#### *.... THOUGHTS FOR THE MONTH....*

#### *\*DIGNITY IS NOT NEGOTIABLE*

*One morning at a Law College, when a new teacher for "Introduction to Rights" entered the classroom, the first thing he did was to ask the name of a student who was seated on the first bench: "What is your name?"*

*"My name is Juan, Sir."*

*"Leave the classroom and I don't want to ever see you in my class ever!" screamed the unpleasant teacher.*

*Juan was bewildered. When he got hold of his senses, he got up quickly, collected his belongings and left the classroom.*

*All were scared and angry; however nobody spoke anything.*

*"Well, let's start the class," said the new teacher. "What purpose do the enacted laws serve?"*

*We were afraid, but slowly gained confidence and we began to answer his questions.*

*"So that there is order in our society."*

*"No!" the teacher shouted.*

*"So that people pay for their wrong actions?"*

*"No! Doesn't anybody here have enough brains to know the answer to this question?!" asked the teacher, sarcastically.*

*"So that there is justice," said a girl timidly.*

*"At last! One person who is not a complete moron! That's correct.... so that there is justice. And now, what is the use of justice?"*

*All of us were extremely uneasy with his rude attitude. However, we continued trying to answer....*

*"To safeguard human rights."*

*"Well, what more?" asked the teacher.*

*"To differentiate right from wrong and to reward the good."*

*"Ok, that's not bad. However, answer this question: Did I act correctly when expelling Juan from the classroom?"*

*All were quiet, nobody answered.*

*"I want a decisive and unanimous answer!" he shouted.*

*"No!" we all replied in unison.*

*"Then could you say I committed an injustice?"*

*"Yes!"*

*Then his voice softened and he asked, "And why did nobody do anything in that respect? So why do we need rules and laws if we don't have the necessary will to practice them? Each one of you has an obligation to do something when you witness an injustice. ALL of you! Do not stay quiet, never again! Go and call Juan," he said staring at me.*

*On that day, I received the most practical lesson in my course of Law.*

*\*When we don't defend our rights, we lose our dignity, and dignity is not negotiable.\**

This Tax Chat is prepared only for information of our clients and colleagues in the office. In this Tax Chat an attempt has been made to summarize various changes / development in Direct Tax Law during previous months.

The information is of a general nature and is not intended to address specific facts and circumstances. Specific guidance may be obtained before acting on the same.

If you need full text of circular, notification, press release, etc., we will be happy to provide the same on hearing from you. We have compiled the information from Taxmann and Taxsutra websites and mails.

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— ARE YOU RUNNING A BUSINESS? —

**IS THE TOTAL SALES  
60 LAKH OR MORE  
IN FY 2021-22?**

IF YES, FILING ITR FOR  
— AY 2022-23 IS —  
**MANDATORY\***



\*Refer Section 139(1) of the Income-tax Act & Rule 12AB of Income-tax Rules for other conditions where ITR filing is mandatory.

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 Kindly ignore if already filed.



**JULY 31**


**DUE DATE IS  
ALMOST HERE!**

FILE YOUR INCOME TAX RETURN  
FOR AY 2022-23 BY  
**31<sup>ST</sup> JULY 2022.**

✔ We've pre-filled your details already.  
To crosscheck, keep these Documents handy.

- ▶ Form 16
- ▶ Bank Statement
- ▶ Interest certificate from bank
- ▶ Housing loan statement, if any
- ▶ Deduction details, if any
- ▶ Profit and loss statement of demat account, if any
- ▶ 26AS & Annual Information Statement (AIS)
- ▶ Details of tax challan paid, if any
- ▶ Receipts of donation made, if any
- ▶ Details of other income, if any

**CLICK HERE TO FILE**



— ARE YOU A PROFESSIONAL? —

**IS YOUR  
PROFESSIONAL EARNING  
₹10 LAKH  
OR MORE  
IN FY 2021-22?**

IF YES, FILING ITR FOR  
— AY 2022-23 IS —  
**MANDATORY\***



\*Refer Section 139(1) of the Income-tax Act & Rule 12AB of Income-tax Rules for other conditions where ITR filing is mandatory.

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