

TAX CHAT - Updates



Monthly Newsletter from SSJCO

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Dear Madam / Sir,

Namaste!

Today let's pray for the people of Assam who are badly hit by floods. Let's pray for the safety of all and also vegetation in the flood affected areas.

It takes years to build, but moments to destroy. With best of the advancements and technology we are helpless against the wrath of Nature. Deforestation and reckless use of natural resources are some of the reasons for Nature's ire.

May God bless the victims and give us the wisdom to respect mother Nature!

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 "Investing in Target Maturity Debt Funds with a return potential of 6%+ post tax".

On Page 16, we have given a table of due dates for filing return of income and submission of tax audit and/or transfer pricing report for A.Y. 2022-23. The first due date for filing Return of Income for non-audit taxpayers is 31st July, 2022. There is no extension of date as yet and there is no reason for any extension. At the same time, do we really need any extension this year? Let us try and complete expected compliances well within the time.

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 Jhunjunwala & Co

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**Circulars, Notifications and Others:**

(Compiled by: Ms Sonakshi Jhunjunwala)

- 1. Faceless Penalty (Amendment) Scheme, 2022 - Amendment in Paragraphs 4, 5, 8, 11 and 12, Omission of Paragraph 6 and Substitution of Paragraph 9: Notification No. S.O. 2425 (E), No. 54/2022/F.No.370142/51/2020-TPL (part iii), dated 27th May, 2022**

And

Section 274 of the Income Tax Act, 1961 - Penalty - Procedure for imposition of - directions for Faceless Penalty Scheme, 2021 - Amendment in Notification No. S.O. 118(E), dated 12-1-2021: Notification No. S.O. 2426 (E) [No. 55/2022/F. No. 370142/51/2020-TPL(part iii)], dated 27th May, 2022:

CBDT, notifies Faceless Penalty (Amendment) Scheme, 2022 to amend Faceless Penalty Scheme, 2021. CBDT also amends prior Notification No. 3/2021 dated 12th January, 2021, pursuant to amendments made in Section 144B by the Finance Act, 2022. CBDT provides that where a personal hearing is requested, a virtual hearing shall be allowed by the income-tax authority of relevant unit through National Faceless Penalty Centre. It omits the Regional Faceless Penalty Centre from the Faceless Penalty Scheme and provides that electronic record shall be authenticated by National Faceless Penalty Centre by way of an electronic communication instead of by affixing the digital signature whereas the penalty unit or review unit or technical unit or verification unit is required to affix the digital signature. As per the amended Scheme, the terms Penalty Units and Penalty Review Unit shall refer to an Assessing Officer having powers so assigned by the Board.

- 2. Section 143 of the Income Tax Act, 1961, read with Rule 12E of the Income Tax Rules, 1962 - Assessment - General - Prescribed Income Tax Authority for purpose of sub-section (2) of said section - Supersession of Notification S.O. 1437(E) [No. 25/2021/F. No. 187/3/2020-ITA-I], dated 31-3-2021: Notification S.O. 2432(E) [No. 56/2022/F.No. 225/91/2022/ITA-II], dated 28th May, 2022:**

CBDT notifies 'Assistant Commissioner of Income-tax/ Deputy Commissioner of Income-tax (International Taxation), Circle - 1(1)(1), Delhi' as Prescribed Income-tax Authority for the purpose of issuing notice under Section 143(2). The Notification is issued in supersession of Notification No. 25/2021 dated 31st March, 2021 wherein Assistant Commissioner of Income-tax/Deputy Commissioner of Income-tax (NaFAC) having headquarters at Delhi was authorized to act as the 'Prescribed Income-tax Authority' in exercise of powers under Section 143(2) read with Rule 12E.

- 3. CBDT notifies jurisdictional HC's procedure for filing appeals against BAR ruling F.No. 57/2022/F. No. 370142/31/2021-TPL(Part iii)], dated 31st May, 2022:**

CBDT notifies Rule 44FA that prescribes form and manner of filing appeal before High Court against ruling pronounced or order passed by the Board for Advance Rulings. As per the Rule, the form and manner of filing appeal shall be same as the procedure laid down by the jurisdictional High Court for filing an appeal.

- 4. Clarification regarding Form No. 10AC issued till the date of this Circular: Circular No. 11/2022 [F. No. 370142/4/2021-TPL], dated 3rd June, 2022:**

CBDT clarifies that conditions contained in Form No. 10AC, issued between 01st April, 2021 till 03rd June, 2022 shall stand substituted as per the Annexures to the Circular. The Circular is issued to align the conditions with amendments made by Finance Act, 2022 subject to which the registration/approval or provisional registration/ provisional approval was granted to trusts and institutions. The Circular covers Form No. 10AC issued under:

- a. Section 12AB(1)(a)
- b. Section 12AB(1)(c)
- c. Clause (i) of second proviso to Section 10(23C)

- d. Clause (iii) of second proviso to Section 10(23C)
- e. Clause (i) of second proviso to Section 80G(5) and
- f. Clause (iii) of second proviso to Section 80G(5);

5. Section 9A of the Income Tax Act, 1961 - Investment Fund - Certain activities not to constitute Business Connection in India - Specified conditions under section 9A(3) and 9A(4) that shall not apply or shall apply with such modifications to an Eligible Investment Fund and Eligible Fund manager if Eligible Fund Manager is located in an IFSC: Notification S.O. 2602(E)[No. 59/2022/F. No. 370142/11/2022-TPL], dated 6th June, 2022:

CBDT notifies the conditions specified by the Central Government under Section 9A(8A). As per the Notification, clause (e), (f) and (g) of Section 9A(3) shall not apply to an eligible investment fund referred in Section 9A(8A). The Notification modifies clause (k) in Section 9A(3) to provide that *“the fund shall not carry on, or participate in, the day to day operations of any person in India and for this purpose the monitoring mechanism to protect the investment in such person including the right to appoint directors or executive director shall not be considered as participation in day to day operations of such person in India.”* CBDT also modifies the condition specified in clause (b) of Section 9A(4) applicable to eligible fund manager referred to in Section 9A(8A) so as to specify that *“the person is registered as a portfolio manager or an investment advisor in accordance with the International Financial Services Centres Authority (Capital Market Intermediaries) Regulation 2021 as notified under the International Financial Services Centres Authority Act, 2019 (50 of 2019) or such other regulations made under the International Financial Services Centres Authority Act, 2019 (50 of 2019).”*

6. Order under Para 4 of the Faceless Penalty Scheme, 2021 for directing National Faceless Assessment Centre/Assessment Unit/Review Unit to act as National Faceless Penalty Centre/Penalty Unit/Penalty Review Unit under the scheme: Order F. No. 187/4/2021-ITA-I, dated 10th June, 2022:

In pursuance to sub-para 4 of Paragraph 4 of the Faceless Penalty Scheme, 2021 (the Scheme) as amended by Faceless Penalty (Amendment) Scheme, 2022 and in supersession of Order of even number, dated 20th January, 2021, the CBDT directs that, until the date on which National Faceless Penalty Centre/Penalty Units/Penalty Review Units under the Scheme are set up, the National Faceless Assessment Centre/Assessment Units/Review Units (read as NaFAC/AUs/RUs), set up under the sub-section (3) of section 144B of the

Income-tax Act, 1961 will also act as the National Faceless Penalty Centre/Penalty Units/Penalty Review Units respectively.

The Income-tax Authorities of the NaFAC/AUs/RUs i.e. Pr.CCIT/CIT/ Addl.CIT/Jt.CIT/DCIT/ACIT/ITO shall act as and perform the functions of the corresponding Income-tax authorities of the National Faceless Penalty Centre/Penalty Units/Penalty Review Units respectively.

7. Updated Mutual Agreement Procedure (MAP) Guidance: Notification F No. 500/09/2016-APA-I, dated 10th June, 2022:

CBDT releases updated Guidance on Mutual Agreement Procedure (MAP) to address stakeholders' queries pursuant to the issuance of MAP Guidance dated 07th August, 2020. The Updated Guidance brings clarity on interplay between Vivad se Vishwas Scheme and MAP. It emphasizes on Applicants' responsibility towards True and Complete Disclosure since the basis of MAP is trust and good faith between the taxpayers and the authorities. The Updated Guidance contains 'Part E - Applicant's Responsibilities' which requires providing all the facts that can materially affect the negotiation process in 'Item (k)' of Form 34F and also updating the information on all material changes. It clarifies that if any element of the MAP Guidance comes in conflict with the domestic legislation, rules, instructions, and circulars in India or with the DTAAAs entered into by India, the provisions of such domestic legislation, rules, instructions, and circulars or the DTAAAs, as the case may be, shall prevail.

8. Section 120, read with Section 144B of the Income Tax Act, 1961 - Income Tax Authorities - Jurisdiction of Income Tax Authorities of Regional Faceless Assessment Centre shall exercise powers and functions of Assessing Officer to facilitate conduct of Faceless Assessment Proceedings in territory of India - Supersession of Notification S.O. 1435(E) [No. 23/2021/F. No. 187/3/2020-ITA-I], dated 31st March, 2021: Notification S.O. 2693(E) [No. 61/2022/F. No. 187/3/2020-ITA-I], dated 10th June, 2022:

CBDT issues Notification dated 10th June, 2022, in supersession of Notification No. 23/2021 dated 31st March, 2021, to facilitate the conduct of faceless assessment proceedings under Section 144B. The Notification provides for income-tax authorities for assessment, review and verification units across the country and is deemed to come into force on 6th June, 2022. Exception to the expanse of the Notification are things done or omitted to be done before the supersession of prior Notification. The Notification applies in respect of all

persons or class of persons, or incomes or class of incomes, or cases or class of cases across the country, excluding the persons or class of persons, or incomes or class of incomes, or cases or class of cases covered by the Notification No. 57/2014 dated 3rd November, 2014 or by Notification No. 70/2014 dated Nov 13th November, 2014.

9. Cost Inflation Index for FY 22-23: Notification S.O. 2735(E) dated 14th June, 2022:

Cost Inflation Index for computing capital gains for the financial year 2022- 23 is notified at 331.

10. Section 47: Notification No. 63/2022/F. No. 370142/21/2022-TPL(Part 3), dated 15th June, 2022:

Exercising power conferred in section 47(viaaf), CBDT has notified that the transfer of capital asset from NTPC Ltd. to NTPC Green Energy Ltd., under the plan approved by the Central Govt. on 21st March, 2022 shall not be treated as transfer.

11. Guidelines for removal of difficulties under sub-section (2) of section 194R of the Income-tax Act, 1961: Circular No 12 of 2022, dated 16th June, 2022:



Jagannath Rath Yatra - 1st July, 2022

The Finance Act, 2022 had inserted a new section 194R to the Income-tax Act, 1962 providing for deduction of tax at source (TDS) on benefit or perquisite in respect of business or profession. TDS under section 194R is applicable with effect from 01-07-2022.

To remove difficulties in implementing the provisions of section 194R, the Central Board of Direct Taxes (CBDT) has issued guidelines framing 10 questions and answers to give clarity on deduction of tax. The key take away from the guidelines are provided below:

1) No need to check if amount is taxable under section 28

Section 194R casts an obligation on the person responsible for providing any benefit or perquisite to a resident, to deduct tax at source. There is no further requirement to check whether the amount is taxable in the hands of the recipient or under which section it is taxable.

2) Provision applicable even if benefit or perquisite is paid in cash

There is no requirement that the benefit or perquisite must be in kind for section 194R to operate. The provisions of section 194R attract even in the situation where the benefit of or perquisite is paid wholly in cash.

3) Capital assets also covered

Many courts have held that benefits or perquisites are taxable even though they are in the nature of capital asset. Accordingly, capital asset like cars, land, etc. given as benefit or perquisite would be covered within the ambit of deduction of tax at source under section 194R.

4) Sales discount, cash discount, and rebates

No tax is required to be deducted under section 194R on sales discounts, cash discounts, and rebates allowed to customers.

5) Govt. entities are exempt

The provision of section 194R shall not apply if the benefit or perquisite is being provided to a Government entity that is not carrying on business or profession.

6) Valuation of benefit/perquisite

The board has clarified that the valuation of benefit/perquisite shall be based on fair market value of the benefit or perquisite. However, if deductor has purchased the benefit/perquisite before providing it to the recipient. In that case, the purchase price shall be the value for such benefit/perquisite.

Further, if the deductor manufactures such items then the price that it charges to its customers for such items shall be the value for such benefit/perquisite.

7) GST shall not be included in the valuation of benefit/perquisite

The CBDT has clarified that GST will not be included for the purposes of valuation of benefit/perquisite for TDS under section 194R.

8) TDS on reimbursement cost incurred by service provider

The board has said the expenses incurred by service provider while rendering service is part of his business expenditure and deductible while computing total income. Thus if any expenses incurred by service provider are met by service recipient then the same shall be treated as benefit or perquisite.

However, if the invoice has been obtained in name of service recipient and then the reimbursement made to service recipient will not be considered as benefit/perquisite for the purposes of section 194R.

9) Dealer conference - whether benefit/perquisite?

The following expenditure pertaining to dealer/business conference would be considered as benefit or perquisite:

- Expense attributable to leisure trip or leisure component, even if it is incidental to the dealer/business conference.
- Expenditure incurred for family members accompanying the person attending dealer/business conference.
- Expenditure on participants of dealer/business conference for days which are on account of prior stay or overstay beyond the dates of such conference.

10) How to compute threshold limit for FY 2022-23?

The provisions of section 194R are applicable with effect from 01-07-2022. The Board has clarified that threshold limit of Rs. 20,000 to trigger TDS under section 194R shall be counted from 01-04-2022.

Thus, if the aggregate value of the benefit or perquisite provided or likely to be provided exceeds Rs. 20,000 during the financial year 2022-23 (including the period up to 30th June 2022), the provision of section 194R shall apply. However, the benefit or perquisite which has been provided on or before 30-06-2022 would not be subjected to tax deduction under section 194R.

12. CBDT notifies 'other conditions' to be fulfilled by a Specified Fund referred to in Section 10(4D) : Notification No.64/2022/F. No. 370142/24/2022-TPL, dated 16th June, 2022:

CBDT notifies new Rule 21AIA for prescribing 'other conditions' required to be fulfilled by a specified fund for claiming exemption under Section 10(4D) as per the newly inserted proviso to Explanation (c)(i)(III) to Section 10(4D). Substitutes Form 10-IG and also amends Rules 21AI, 21AJ, 21AJA and 21AJAA to provide for filing of Forms 10-IG, 10-IH, 10-IK, 10-IL (as applicable) as a prerequisite for claiming exemption under Section 10(4D) or eligibility for tax rates under Section 115AD.

13. No Section 194-I TDS on payment of rent to a unit located in IFSC for lease of aircraft: Notification No. 65/2022/F. No. 275/30/2019-IT(B), dated 16th June, 2022:

Central Government in exercise of powers under Section 197A(1F) read with Section 80LA(2)(c) specifies that no deduction of tax at source shall be made under Section 194-I on lease rent or supplemental lease rent paid by a lessee to a unit located in IFSC for lease of an aircraft. It prescribes Form No. 1 as statement-cum-declaration to be furnished by IFSC Unit to the Lessee for this purpose.

14. Applicability of TP Safe Harbour Rules extended till AY 2022-23: CBDT: Notification No. 66 of 2022, dated 17th June, 2022:

The CBDT has extended the validity of provisions of Rule 10TD(1) & Rule 10(2A) till Assessment Year 2022-23. Rule 10TD(1) and Rule 10TD(2A) prescribe a list of eligible international transactions where transfer price declared by the assessee shall be required to be accepted by the Income-tax Authorities.



Happy Bakri Eid - 10th July, 2022

Sub-rule (3A) to Rule 10TD sets time limit for the application of the provision of sub-rules (1) and (2A). It provides that provisions shall apply for the Assessment Year 2017-18 and two Assessment Years immediately following that. In other words, the provisions applied for Assessment Years 2017-18 to 2019-20. Later the Board has inserted a new sub-rule 3B to the Rule 10TD(3B) to extend the applicability of provisions of sub-rules (1) and (2A) till Assessment Year 2021-22.

The Board has now amended Rule 10TD(3B) to further extend the applicability of Safe Harbour Rules until Assessment Year 2022-23.

15. CBDT notifies challan-cum-statement Form 26QE for payment of tax deducted on VDAs: Notification No. 67 of 2022, dated 21st June, 2022:

The Central Board of Direct Taxes (CBDT) has notified Income-tax (19th Amendment) Rules, 2022 amending the Income-tax Rules, 1962 to incorporate changes introduced by the Finance Act, 2022 related to TDS.

The Board has amended existing Rules 30, 31 & 31A, annexure to Form No. 26Q, and Form Nos. 26QB, 26QC & 26QD. The board has also inserted new Form nos. 26QE and 16E as well.

The key changes introduced by the CBDT vide *Income-tax (19th Amendment) Rules, 2022* have been elaborated below:

1. Tax deducted on VDA to be deposited in challan-cum-statement in Form 26QE

A new sub-rule (2D) has been inserted in Rule 30 which provides for payment of tax deducted at source (TDS) under section 194S.

Section 194S provides that any person, responsible for paying to a resident any sum by way of consideration for the transfer of a virtual digital asset (VDA), shall deduct tax at the rate of 1% of such sum.

Sub-rule (2D) provides that tax deducted under section 194S shall be paid to credit of the Central Government within 30 days from the end of the month in which the deduction is made. Such payment shall be made by a challan-cum-statement in Form 26QE electronically.

2. Certificate of tax deducted at source on VDA to be issued in Form 16E

A new sub-rule (3D) has been inserted in Rule 31 which provides for furnishing of certificate of deduction of tax at source under section 194S.

A person responsible for deduction of tax under section 194S shall furnish the certificate of deduction of tax at source in Form 16E to the payee within 15 days from the due date for furnishing the challan-cum-statement in Form 26QE.

3. Separate reporting of tax payments made in accordance with Provisos to Sections 194B, 194R and 194S

Proviso to section 194B provides that if winnings in Lottery or Crossword Puzzles are partly in cash and partly in kind and the cash part isn't sufficient to pay the applicable taxes, the person responsible for paying such winning shall release the winning only after payment of applicable taxes to the credit of Central Government.

Similar provisions are incorporated in the provisions of section 194R(1) and section 194S(1). The Board has amended the Annexure to Form 26Q which seeks deductee/payee wise break up of TDS. In case wherein the proviso of Section 194B, 194R and 194S are applicable, the annexure seeks the following additional details from the deductor:

- Amount of tax deposited;
- BSR Code of bank;
- Date of payment; and
- Challan serial number.

16. DIT(Systems) prescribes Forms, Procedure and Guidelines for STT compliance: Notification No. 2 of 2022, dated 24th June, 2022 :

Directorate of Income Tax (Systems), vide Notification No. 2 of 2022, dt. June 24, 2022 prescribes forms, procedure and guidelines for furnishing securities transaction tax return; Prescribes Form No. 1, Form No. 2 and Form No. 2A under Securities Transaction Tax Rules, 2004 as amended vide Notification No. 9 of 2022 dt Jan 18, 2022, whereby Insurance Company was included in the class of eligible reporting institutions; Insurance company is obligated to

furnish the return in newly introduced Form No. 2A whereas Form No. 1 applies to the recognized stock exchange and Form No. 2 to Mutual Funds; The returns are required to be furnished on or before June 30, immediately following the financial year in which the transaction has been registered or recorded;

17. 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 | National Biodiversity Authority (PAN AAALN0331K) | Notification S.O. 2501(E) [No. 58/2022/F. No. 300196/12/2021-ITA-I], dated 31 st May, 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 |

18. OECD invites comments on public consultation over tax certainty on 'Framework' and 'Issues Related' to Amount A

OECD releases two consultation documents:

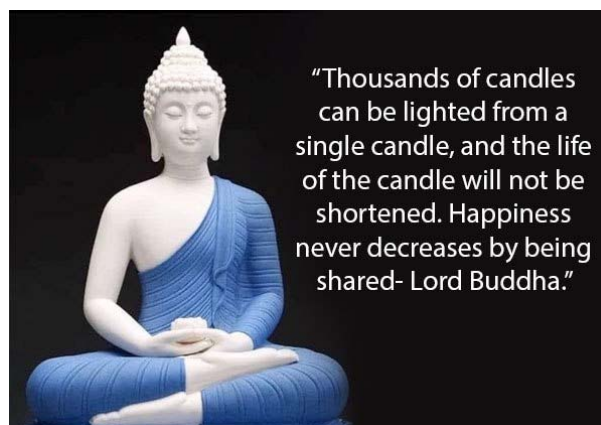
- (i) Tax Certainty Framework for Amount A and
- (ii) Tax Certainty for Issues Related to Amount A under Pillar One,

And invites public comments by Jun 10, 2022. It highlights that a central element of Amount A is an innovative Tax Certainty Framework which guarantees certainty for in-scope groups over all aspects of the new rules, including the elimination of double taxation. The consultation document contains a description of various elements designed to address different potential risks posed by the new rules:

- (i) A Scope Certainty Review
- (ii) An Advance Certainty Review and
- (iii) A Comprehensive Certainty Review

all of which are supported by a binding process to resolve disagreements. The framework also includes a possibility for tax administrations to participate in a voluntary process for certainty, apprises that a secretarial support function

is contemplated, to support the effective and efficient running of the Tax Certainty Framework and reduce the burden on tax administrations by undertaking administrative, clerical and coordination functions. It seeks specific comments on how tax certainty can be provided to groups in the initial years of applying rules on Amount A on identifying areas where groups have a particular need for greater certainty that are not addressed in the proposed Tax Certainty Framework or on improving the efficiency and effectiveness of elements of this Framework, noting the importance of all tax administrations affected by a group's application of Amount A having the opportunity to participate in a certainty process. As regards public consultation on tax certainty for Issues Related to Amount A, the document contains draft provisions on tax certainty for issues "related to Amount A", which set out a mandatory and binding mechanism that will be used to resolve transfer pricing and permanent establishment profit attribution disputes that Competent Authorities are unable to resolve through the mutual agreement procedure (MAP) within two years of the presentation of the MAP case to the Competent Authorities. The provisions are built on main features of dispute resolution mechanism described in report on Pillar One blueprint and BEPS MLI Part VI. The draft MLC provisions include basic structure of the mandatory binding dispute resolution mechanism, scope, appointment of dispute resolution panel members, confidentiality and communication of information with respect to the dispute resolution panel process, termination of dispute resolution panel, costs, rules on the interactions with existing mandatory binding dispute resolution mechanisms and elective binding dispute resolution panel mechanism for certain developing countries. It seeks specific comments where the stakeholders express need for additional guidance that would be needed to apply the rules, as well as input on areas where the rules are incomplete or unclear.



Happy Buddha Purnima - 13th July, 2022

ARTICLE:

Investing in Target Maturity Debt Funds with a return potential of 6%+ post tax

(by CA Rishabh Adukia)

With increasing awareness of mutual funds, rise and fall of interest rates on guaranteed savings products, many risk-averse investors who were used to conventional products like bank fixed deposits, PPFs, and NSCs, have moved towards debt funds for good reasons. Such investors find debt funds to be less volatile compared to the more popular equity funds and more tax-efficient than their fixed deposits, PPFs, and NSCs with the potential of offering better returns. However, investors are still prone to default risk i.e. risk of losing principal and interest payments, and interest rate risk i.e. price fluctuations due to changes in interest rates.

The major reasons which have led to volatility in interest rates in CY 2022 are:

- Higher than expected government borrowing for FY 2023 pegged at Rs. 14.95 lakh crore against the estimated figure of 12 lakh crore.
- Expectation of interest rate hike by US Fed.
- Repo rate was hiked by 40 bps to 4.40%, Standing Deposit Facility (SDF) rate stands adjusted to 4.15% and MSF & Bank Rate to 4.65%.
- The CRR was increased by 50 bps to 4.50% effective 21st May 2022 and further by 40 bps to 4.9% effective 08th June 2022.

This led to increase in the bond yields over the last 6 months and hence, Debt Funds have been delivering an annualized return of 3% against an expectation of 6%. Hence to provide more stability and predictability to a debt portfolio, one should consider looking at the below.

Target maturity funds (TMFs) help investors navigate the risks associated with debt funds better by aligning their portfolios with the maturity date of the fund. These are passive debt funds that track an underlying bond index with a specific maturity date. Thus, the portfolio of such funds comprises of bonds that are part of the underlying bond index, and these bonds have maturities hovering around the fund's stated maturity. The bonds in the portfolio are held to maturity and all interest

payments received during the holding period are reinvested in the fund. Thus, Target Maturity bond funds operate in an accrual mode like FMPs (Fixed Maturity Plans). However, unlike FMPs, TMFs are open-ended in nature and are offered either as target maturity debt index funds or target maturity bond ETFs. Thus, TMFs offer greater liquidity than FMPs.



TMFs have a homogenous portfolio as far as duration is concerned since all the bonds in the fund’s portfolio are held to maturity and they mature around the same time as the fund’s stated maturity. By holding the bonds to maturity, the duration of the fund keeps falling with time and hence investors are less prone to price fluctuations caused by interest rate changes.

TMFs are currently mandated to invest in government securities, PSU bonds, and SDLs (State Development Loans). Hence, they carry lower default risk compared

to other debt funds. Since these funds are open-ended, investors can choose to withdraw his/her investment in case of any adverse development around the bond issuers like likelihood of a default or a credit downgrade.

Despite their open-ended structure and promise for liquidity, Target Maturity Funds should ideally be held upto maturity as this provides some predictability of return, a factor important for investors shifting from traditional deposits to debt funds for the first time.

To conclude the benefits of TMFs are that they are open ended in nature, tax efficient, can be held till maturity, while the downside is that it has a less historical track record in the industry, risks associated with early exits and the fund being passive in nature. However while investing in this one must keep in mind that the interest are currently increasing and further rate hikes are expected and there may be an impact on these bonds, hence it is advisable to make a considered discussion after discussion with your financial advisor.

(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)

Action Points under Income Tax Act, 1961

For the Month of July 2022:

| | |
|-----------------------------|--|
| 7th July | TDS Payment for June |
| 31st July | Quarterly Return of TDS for the quarter April to June, 2022 |
| 31st July | Due date for filing Income Tax Return for non-audit cases for the Financial Year 2021-22 (Assessment Year 2022-23) |

Due dates for filing Return of Income for the Financial Year 2021-22 (Assessment Year 2022-23):

Section 139 of the Income Tax Act, 1961 (the Act) defines due dates for filing Return of Income.

Separate due dates have been specified for submission of Tax Audit Report u/s 44AB and Transfer Pricing Report u/s 92E of the Act and filing of the return of income of the Taxpayers who are required to file Tax Audit Report and/or Transfer Pricing Report. In case, such Taxpayer is a partnership, the due date for filing return of income of partners of such partnership will also be the same as that of the partnership.

The table of due dates are as under:

| Sr. No. | Category of Taxpayer | Due Date |
|----------------|--|-----------------------|
| 1 | All Taxpayers other than | 31/07/2022 |
| | a) corporate-taxpayers; or | Refer Sr. No. 3 below |
| | b) non-corporate taxpayers (whose books of account are required to be audited under Income Tax Act or any other Act) | Refer Sr. No. 4 below |
| | c) partner of a firm whose accounts are required to be audited; or | Refer Sr. No. 4 below |
| | d) a taxpayer who is required to furnish a report under section 92E (Transfer Pricing Report) | Refer Sr. No. 5 below |
| 2 | Submission of Tax Audit Report (Section 44AB) for taxpayers liable for audit under the Act. | 30/09/2022 |

| | | |
|---|--|------------|
| 3 | Taxpayers whose accounts are required to be audited under any law - LLP Act, Public Trust Act, Tax Audit under Income Tax Act, etc. | 31/10/2022 |
| 4 | Submission of Transfer Pricing Report (Section 92E) for taxpayers having transfer pricing and specified domestic transactions | 31/10/2022 |
| 5 | Taxpayers who is required to furnish a Transfer Pricing report in Form 3CEB under section 92E pertaining to international transactions and specified domestic transactions including partners of the firm who is required to furnish Transfer Pricing Report | 30/11/2022 |

There is no extension notified as yet for extending the due dates for filing return of income and/or submission of Tax Audit / Transfer Pricing Report. And there is no reason to do so.

....THOUGHTS FOR THE MONTH....

Time Bank

A student studying in Switzerland writes :

While studying in Switzerland, I rented a house near the school.

The landlady Kristina was a 67-year-old single old lady who had worked as a teacher in a secondary school before she retired.

Switzerland's pension is very good, enough not to worry about food and shelter in her later years.

However, she actually found "work" - to take care of an 87-year-old single old man.

I asked if she was working for money.

Her answer surprised me:

"I do not work for money, but I put my time in the 'time bank', and when I cannot move in my old age, I can withdraw it."

The first time I heard about this concept of "time bank", I was very curious and asked the landlady more.

The original "Time Bank" was an old-age pension program developed by the Swiss Federal Ministry of Social Security. People save the 'time' taking care of the elderly when they are younger, and when they become old, ill or need care can withdraw it.

Applicants must be healthy, good at communicating and full of love. Everyday they have to look after the elderly who need help.

Their service hours will be deposited into the personal 'time' accounts of the social security system.

She went to work twice a week, spending two hours each time helping the elderly, shopping, cleaning their rooms, taking them out to sunbath, chatting with them.

*According to the agreement, after one year of her service, *"Time Bank"* will calculate her aggregate period she has worked and will issue her a "time bank card".*

And, when she needs someone to take care of her, she can use her "time bank card" to withdraw "time and time interest". After proper verification, "Time Bank" will assign other volunteers to take care of her at the hospital or at her home.

One day, I was in school and the landlady called and told that she fell off the stool when she was wiping the window.

I quickly took leave and sent her to the hospital for treatment.

The landlady had fracture in her ankle and needed to stay in bed for a few days.

While I was preparing to apply for a home to take care of her, the landlady told me that I need not worry about her.

She had already submitted a withdrawal request to the "Time Bank".

Sure enough, in less than two hours "Time Bank" sent a nursing worker to come and take care for the landlady.

The nursing worker took care of the landlady everyday, chatted with her and made delicious meals for her.

Under the meticulous care of the nursing worker, the landlady soon recovered her health.

After recovering, the landlady went back to "work". She said that she intends to save more time in the "time bank" while she is still healthy.

Today, in Switzerland, the use of "time bank" to support old age has become a common practice.

The Swiss government also passed legislation to support the "Time Bank" scheme.

What a Beautiful concept ! Hope it gets adopted all over the world too !!

शगुन का लिफाफा

On an auspicious occasion like a birthday, engagement or marriage, sometimes we prefer giving a "शगुन का लिफाफा" instead of a gift item. But the money we put in the envelope is never like Rs. 100, 500 or 1000; but it is always Rs. 101, 501 or 1001.

Have you ever thought why we add that extra one rupee in the शगुन का लिफाफा? Well, there are four age-old reasons for doing that:

1) "Zero" signifies an end, while "One" signifies a new beginning. That extra one rupee ensures that the receiver does not come across a zero.

2) Mathematically, the numbers 100, 500 and 1000 are divisible; but the numbers 101, 501 and 1001 are indivisible. शगुन is a blessing, and we simply want our good wishes and blessings to remain indivisible.

3) The added one rupee is a symbol of continuity, ahead of the basic amount. It strengthens the bond between the giver and the receiver. It simply means, "our good relationship will continue".

4) However, the added rupee must be a coin, and never a one rupee note. A coin is made of metal, which comes from Mother Earth ☐ and it is considered to be an अंश or a part of Goddess Lakshmi. While the bigger amount is an investment, the one rupee coin is the "seed" for further growth of that investment. Your good wishes and blessings are for the investment to grow in either cash, kind or karma.

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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