

TAX CHAT - Updates



Monthly Newsletter from SSJCO

Email: sunil@ssjco.in

Website: www.ssjco.in

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Dear Madam / Sir,
Namaste!

As the People of India solemnly resolve to constitute India into a SOVEREIGN DEMOCRATIC REPUBLIC, on 26 November 1949, the Constituent Assembly of India adopted to the Constitution of India. This is being known and celebrated as "Samvidhan Divas" - "Constitution Day". The Constitution came into effect two months later, on 26th January, 1950 - celebrated as Republic Day. We have a compilation of Preamble of Constitution of India in 22 languages of India. In case it is of any interest to you, do let us know, we will forward it to you.

We are proud of our Constitution.

The Government of Maharashtra has issued a revised order considering threat of new Covid Variant. I think now it's a high time that we accept this situation of up and down and focus on our work keeping in mind the discipline and the precautions which we all need to follow. We as a citizens have to behave responsibly for our own good.

At the same time let us complete required statutory compliances and focus on improving our current year in the remaining months of this financial year.

In this November 2021 edition of Tax Chat, we are attempting to summarize the direct tax updates in this month. Rishabh has contributed his article on a very important topic of "Major Reasons for Health Insurance claim rejection" in this edition. Trust you will find the same useful.

Happy Reading!
Stay Safe, Connected & Updated

With Regards,
Team - S S Jhunjunwala & Co

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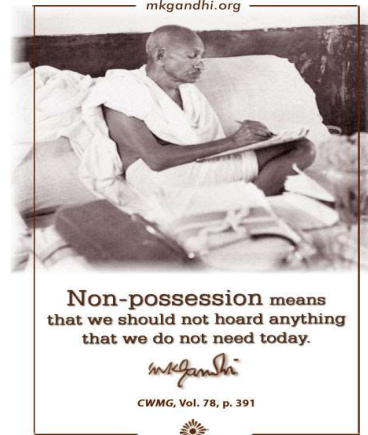
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Bombay Sarvodaya Mandal - Gandhi Research Foundation

Circulars, Notifications and Others:

(Compiled by: Ms Sonakshi Jhunjhunwala)

1. CBDT extends provisions of Rules 11UE & 11UF to Section 119 of Finance Act, 2012: Notification No. 120 of 2021, dated 13th October, 2021:

The Taxation Laws (Amendment) Act, 2021 (TLA, 2021) inserted three provisos (Fourth, Fifth, and Sixth Proviso) in Explanation 5 to Section 9(1)(i) of the Income Tax Act, 1961 to give relief to certain eligible entities impacted by the retrospective amendment made to Section 9 by the Finance Act, 2012.

All the pending assessments shall be disposed of by AO, and the demand raised in concluded assessments or rectification orders for indirect transfer of Indian assets made before 28-05-2012 shall be nullified on the fulfillment of specified conditions. The CBDT vide Notification No. GSR 713(E), dated 01-10-2021, has notified rules 11UE and 11UF prescribing such specified conditions.

It should be noted that section 119 of the Finance Act, 2012 had also inserted a validation clause to validate all demands raised/notices sent in connection with the indirect transfer of assets. It was provided that any decision of any Court, Tribunal, etc., including the decision of the Supreme Court in Vodafone's case, which has held such indirect transfer as not falling within the scope of section 9(1)(i) will be disregarded.

The TLA, 2021, has also brought a consequential amendment to the above provision by inserting a proviso to Section 119 of the Finance Act, 2012. It was

provided that Section 119 shall cease to apply to the person who fulfils certain conditions.

To specify such conditions, the Board has notified the relaxation of Validation (section 119 of the Finance Act, 2012) Rules, 2021. The said rules provide that form, manner of furnishing undertaking, and conditions to be satisfied by a person as prescribed by the Rules 11UE and 11UF shall mutatis mutandis apply to section 119 of the Finance Act, 2012.

2. Benefit of Sec. 36(1)(xvii) available even if sugarcane price fixed by State Government is more than price fixed by Central Government: Circular No. 18 of 2021, dated 25th October, 2021:

The deduction under section 36(1)(xvii) is allowed in respect of expenditure incurred by a cooperative society, which is engaged in the business of manufacture of sugar.

The deduction is allowed for the purchase of sugarcane at a price that is equal to or less than the 'price fixed or approved by the Government'. The deduction shall be lower of purchase price of the sugarcane or price fixed or approved by the Government.

Recently, the Central Board of Direct Taxes (CBDT) has noticed the issue of treatment of additional payment made by Cooperative society for purchase of sugarcane as an income distribution to farmer members. Thus, the CBDT has issued the clarification after examining the matter.

The CBDT has clarified that the phrase 'price fixed or approved by the Government' in section 36(1)(xvii) includes price fixation by State Government through State-level Acts/Orders or other legal instruments that regulate the purchase price for sugarcane. It also includes State Advised Price, which may be higher than the Statutory Minimum price/Fair and remuneration price fixed by Central Government.

3. Sec. 10(23FE) exemption is available only if source of investment in India is not from any borrowings: CBDT: Circular No. 19 of 2021, dated 26th October, 2021:

Section 10(23FE) provides an exemption to sovereign wealth funds and pension funds (specified fund) on their income like dividend, interest, and long-term capital gains arising from investment in infrastructure in India

made between 01.04.2020 and 31.03.2024 subject to fulfillment of certain conditions.

The Finance Act, 2021, inter alia, inserted the seventh proviso to section 10(23FE) to provide that in case the specified fund has loans or borrowings, directly or indirectly, for the purposes of making the investment in India, such fund shall be deemed to be not eligible for exemption.

Concerns have been raised with regards to the term 'indirectly' as same has not been defined. There was no clarity that if the specified fund or its holding entity or any other entity in the chain of holding or any associate thereof (group concern) has any loans or borrowings, the specified fund may be ineligible to get the exemption or not?

In order to remove such difficulties, CBDT has issued the following clarifications:

(a) If the loans and borrowings have been taken by the specified fund or any of its group concerns, specifically for the purposes of making an investment by the specified fund in India, such fund shall not be eligible for exemption; and

(b) If the loans and borrowings have been taken by the specified fund or any of its group concern, not specifically for the purposes of making investment in India, it shall not be presumed that the investment in India has been made out of such loans and borrowings. Accordingly, such specified fund shall be eligible for exemption under section 10(23FE), subject to the fulfilment of all other conditions. However, the source of the investment in India by such specified fund shall not be from such loans and borrowings.

4. Delhi High Court notifies rules for video conferencing; allows public to view court proceedings: Notification No. 348/Rules/Dhc, dated 26th October, 2021:

The Delhi High Court has notified 'High Court of Delhi Rules for Video Conferencing for Courts 2021'. Video conferencing facilities may be used at all stages of judicial proceedings and proceedings conducted by the Court. All proceedings conducted by a Court via video conferencing shall be judicial proceedings, and all the courtesies and protocols applicable to a physical Court shall apply to these virtual proceedings.

The rules also allow persons who are not parties to the case to view the proceedings. The Court shall endeavour to make sufficient links (consistent with available band width) available for accessing the proceedings.

5. Authorization to Specified Officer to upload information relating to Specified Source of Information, in respect of an assessee in designated portal: Order No. F. No. 225/155/2020/ITA-II, dated 26th October, 2021:

In exercise of powers conferred under section 285BB of the Income-tax Act, 1961 read with sub-rule (2) of Rule 114-I of the Income-tax Rules, 1962, the CBDT has authorized the Director General of Income-tax (Systems) to upload information relating to following sources, which is in her/his possession, in the Annual Information Statement in Form 26AS in the electronic filing account registered by the assessee in designated portal, within three months from the end of the month in which the information is received by her/him:

- i) Foreign remittance information reported in Form 15CC.
- ii) Information in Annexure II of the 24Q TDS Statement of the last quarter.
- iii) Information in ITR of other taxpayer;
- iv) Interest on Income Tax Refund;
- v) Information in Form 61/61A where PAN could be populated;
- vi) Off Market Transactions Reported by Depository/ Registrar and Transfer Agent (RTA);
- vii) Information about dividend of mutual fund reported by Registrar and Transfer Agent (RTA);
- viii) Information about purchase of mutual fund reported by Registrar and Transfer Agent (RTA)

The Director General of Income-Tax (Systems) shall specify the procedures, formats and standards for the purposes of uploading the information referred to in para above in Annual Information Statement in Form 26 AS.

6. CBDT notifies tolerance limit under transfer pricing for Assessment Year 2021-22: Notification No. 124 of 2021, dated 29th October 2021:

CBDT has notified that the tolerance limit of 1 per cent for wholesale trading and 3 per cent in all other cases for ALP determination during the Assessment Year 2021-22. "Wholesale trading" means an international transaction or specified domestic transaction of trading in goods, which fulfils the following conditions:

(i) Purchase cost of finished goods is eighty percent or more of the total cost pertaining to such trading activities; and

(ii) Average monthly closing inventory of such goods is ten percent or less of sales pertaining to such trading activities.

7. CBDT rolls out Annual Information Statement (AIS) to provide details of taxpayer's financial info.: Press Release, dated 1st November, 2021:

The Finance Act, 2020 has inserted a new section 285BB to the Income-tax Act, to provide that income-tax authority or any other person authorized in this behalf shall make available an Annual Financial Statement (AIS) to the assessee containing information of various financial transactions made by him during the year.

This information includes interest income, dividend income, securities transactions, mutual fund transactions, foreign remittance information, etc., related to the assessee.

The Income-tax Department has rolled out the new AIS on the Compliance Portal, which provides a comprehensive view of information to a taxpayer with a facility to capture online feedback.

The new AIS can be accessed by clicking on the link "Annual Information Statement (AIS)" under the "Services" tab on the new Income tax e-filing portal.

If the taxpayer feels that the information is incorrect, relates to another person/year, duplicate, etc., a facility has been provided to submit online feedback. Taxpayers will be able to download AIS information in PDF, JSON, CSV formats.

If the taxpayer submits feedback on AIS, the derived information in TIS will be automatically updated in real-time. The derived information in TIS will be used for pre-filling of Return (pre-filling will be enabled in a phased manner).

The broad categories of Information in AIS summary view are as under:

1. Salary
2. Rent received
3. Dividend
4. Interest from savings bank
5. Interest from deposit
6. Interest from others
7. Interest from income tax refund
8. Rent on plant & machinery
9. Winnings from lottery or crossword puzzle u/s 115BB
10. Winnings from horse race u/s 115BB
11. Receipt of accumulated balance of PF from employer u/s 111
12. Interest from infrastructure debt fund u/s 115A(1)(a)(iia)
13. Interest from specified company by a non-resident u/s 115A(1)(a)(iiaa)
14. Interest on bonds and government securities
15. Income in respect of units of non-resident u/s 115A(1)(a)(iiab)
16. Income and long-term capital gain from units by an offshore fund u/s 115AB(1)(b)
17. Income and long-term capital gain from foreign currency bonds or shares of Indian companies' u/s 115AC
18. Income of foreign institutional investors from securities u/s 115AD(1)(i)
19. Insurance commission
20. Receipts from life insurance policy
21. Withdrawal of deposits under national savings scheme
22. Receipt of commission etc. on sale of lottery tickets
23. Income from investment in securitization trust
24. Income on account of repurchase of units by MF/UTI
25. Interest or dividend or other sums payable to government
26. Sale of land or building
27. Receipts for transfer of immovable property
28. Sale of vehicle
29. Sale of securities and units of mutual fund
30. Off market debit transactions
31. Off market credit transactions
32. Business receipts
33. Business expenses
34. Rent payment
35. Miscellaneous payment

36. Cash deposits
37. Cash withdrawals
38. Cash payments
39. Outward foreign remittance/ purchase of foreign currency
40. Receipt of foreign remittance
41. Payment to non-resident sportsmen or sports association u/s 115BBA
42. Foreign travel
43. Purchase of immovable property
44. Purchase of vehicle
45. Purchase of time deposits
46. Purchase of securities and units of mutual funds
47. Credit/Debit card
48. Balance in account
49. Income distributed by business trust
50. Income distributed by investment fund

8. CBDT notifies e-Settlement Scheme, 2021 for pending settlement applications: Notification No. 129/2021/ F. No. 370142/52/2021-TPL (Part IV)]; dated 1st November, 2021:

CBDT, vide Notification No. 129 of 2021, notifies e-Settlement Scheme, 2021 framed by the Central Government as per the powers contained u/s 245D(11)/(12). The Scheme is meant to deal with pending applications in respect of which the option u/s 245M has not been exercised and have been allotted or transferred by CBDT to the Interim Board. The Scheme provides that the Interim Board shall conduct an e-settlement in accordance with the procedure envisaged under the Scheme. PGDIT (Systems) or DGIT (Systems), shall with CBDT's approval devise a process to randomly allocate or transfer the pending applications to the Interim Boards. The Scheme also provides for the submission and verification of the additional facts. The proceedings under the Scheme shall not be public and the opportunity for hearing would be provided through video conferencing or video telephony. The Scheme does not provide for an appearance either personally or through an authorized representative before the Interim Board and CBDT will establish suitable facilities for video conferencing including telecommunication application software which supports video telephony for extending the benefit of the Scheme so that no applicant is denied the benefit merely due to lack of access to technology.

9. Tax Dept. sets up 'Taxpayer's Lounge' in India International Trade Fair, 2021 at Pragati Maidan: Press Release, dated 14th November, 2021:

The Income-tax Department has set up a Taxpayers' Lounge in India International Trade Fair, 2021 at Pragati Maidan, New Delhi. The Lounge shall be available from 14-27 November 2021 and will provide various activities for taxpayers like assistance in e-Filing and Form 26AS (tax-credit) related queries, assistance in application for PAN/e-PAN, Aadhaar-PAN linking and PAN related queries, etc.

The lounge will also be utilized for obtaining feedback about the problems being faced by the taxpayers.

10. OECD releases MAP Statistics for 2020; India resolves 48% of TP MAP cases via domestic remedy: Dated 24th November, 2021:

OECD releases the 2020 Mutual Agreement Procedure (MAP) Statistics, reported by jurisdictions that are part of OECD/G20 Inclusive Framework on BEPS under a new agreed reporting framework in line with their commitment to Action 14 on BEPS. The statistics indicate that the average time taken for settling Transfer Pricing (TP) cases was 35 months, whereas for other cases it was 18.5 months. India reported a caseload of 405 TP cases and 68 other cases at the beginning of 2020, out of which 70 TP cases and 11 other cases were closed during the period. The statistics for India further state that 48% of the MAP outcomes for the TP cases was via domestic remedy and there was no instance of denial of MAP access and 33% of the Other cases were closed on account of being withdrawn by the taxpayers. Switzerland reported 162 cases under TP as well as Other Cases at the beginning of 2020 out of which 63 TP cases were closed, whereas 102 of the other cases were closed. Cayman Islands reported no MAP cases, whereas Mauritius reported only 1 TP case at the beginning of 2020 which remained unresolved by the end of the year.

11. India and USA agree on transitional approach on equalization levy on e-commerce operators: Finance Minister: Press Release, dated 24th November, 2021:

On October 21, 2021, the United States and Austria, France, Italy, Spain, and the United Kingdom reached an agreement on a transitional approach to existing Unilateral Measures while implementing Pillar 1. The agreement is reflected in the joint statement that was issued by those six countries on that date (October 21 Joint Statement).

India and United States have now agreed that the same terms that apply under the October 21 Joint Statement shall apply between the United States

and India with respect to India's charge of 2% equalization levy on e-commerce supply of services and the United States' trade action regarding the said Equalisation Levy. The interim period will be applicable from 1st April 2022 till the implementation of Pillar One or 31st March 2024, whichever is earlier.

Accordingly, India will drop the levy of equalization levy by implementing Pillar One or 31st March 2024, whichever is earlier. Similarly, the USA will terminate its trade tariff actions announced in response to the equalization levy and will not take any further action against India.

12. CBDT issues more clarifications on deduction and collection of tax at source under sections 194-O, 194Q & 206C(1H): Circular 20 of 2021, dated 25th November, 2021:

The Finance Act, 2020 and the Finance Act, 2021 have sections 194-O, 194Q, and 206C (1H) to the Income-tax Act mandating deduction and collection of tax at source on certain transactions. These sections also empower the CBDT to issue guidelines for removing any difficulties and provide clarity to taxpayers on any provision of sections.

The CBDT had already issued Circular 17 of 2020, dated 29-09-2020, and Circular 13 of 2021, dated 30-06-2021, providing such guidelines. In continuance of this, the CBDT has issued another set of guidelines for the taxpayers.

1. Applicability of TDS provisions under Section 194-O

1.1 E-auction services carried out through an electronic portal

In case of purchase of goods through the digital or electronic facility or platform, every e-commerce operator, facilitating the sale of goods or provision of services of an e-commerce participant through its digital or electronic facility or platform, is required to deduct tax at source under Section 194-O.

In an e-auction, the e-auctioneer is only responsible for the price discovery, and the transaction of purchase/sale is carried out directly by the purchase & seller. Further, the price so discovered can be negotiated between parties without the knowledge of the e-auctioneer. Thus, the CBDT has clarified that

section 194-O shall not apply in relation to e-auction activities carried out by e-auctioneers if the prescribed conditions have been satisfied.

2. Applicability of TDS provisions under Section 194Q:

2.1 TDS on the component of indirect taxes other than GST

Any buyer who is responsible for paying any sum to any resident seller for the purchase of any goods of the value or aggregate of such value exceeding Rs. Fifty lakhs in any previous year shall be liable for deduction of tax under Section 194Q.

The CBDT vide Circular 13 of 2021, dated 30-06-2021, has clarified that in case GST component has been indicated separately in the invoice, tax is to be deducted under section 194Q only on the amount credited in account of seller without including GST. However, Circular 13 of 2021 is silent on other non-GST levies such as VAT, excise duty, CST, etc.

Now, the CBDT has clarified that if the component of VAT, sales tax, excise duty, CST, etc., have been indicated separately in the invoice, then TDS under section 194Q is to be deducted without including such amounts.

2.2 TDS if exemption is provided under section 206C(1A):

Section 206C (1H) provides the collection of tax (TCS) by a seller from the amount received as consideration for the sale of goods if it exceeds Rs. 50 lakhs in any previous year. Said section also provides that no tax shall be collected in respect of goods which are covered by sub-section (1), (1F), or (1G).

Further, section 206C(1A) provides that the seller is not required to TCS from the resident buyer if such buyer has filed a declaration that goods are purchased for manufacturing, processing, or producing articles or things or for generation of power and not for trading purpose.

Considering the above, it has been represented that goods that are covered under sub-section (1) but exempted under sub-section (1A), no TCS would be collectible as section 206C(1H) categorically exclude the goods which are covered under sub-section (1). The stakeholders requested to clarify whether the provisions of section 194Q will be applicable in such a case?

The provisions of section 194Q don't apply to those transactions where tax is collectible under section 206C except sub-section (1H) thereof. Since by virtue of section 206(1A), tax is not required to be collected for goods covered under sub-section (1), the CBDT has clarified that the provisions of section 194Q will apply, and the buyer shall be liable to deduct tax if specified conditions are fulfilled.

2.3 TDS in case of department of Government other than PSU or Corporation

A government department that is not carrying out any business or commercial activity is not regarded as a 'buyer' for section 194Q. Thus, such organizations are not required to deduct TDS on goods purchased by them

The issue has been raised with regards to whether the dept. of Government will be considered 'Seller' for deduction of TDS under section 194Q.

The CBDT has clarified that the Central Government or State Government shall not be considered as 'seller'. No tax is to be deducted under section 194Q if the seller of goods is Central Government or State Government.

It is also clarified that no such exemption is provided to Public Sector Undertaking (PSU) or Corporation established under the Central or State Act or any other body, authority or entity. They are required to comply with the provisions of section 194Q.

13. Netherlands, Qatar deposit notifications extending MLI to more bilateral treaties; Belgium deposits additional notification on treaty with Netherlands: dated 25th November, 2021:

Belgium, Estonia, the Netherlands and Qatar have deposited new notifications under the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (Multilateral Convention or MLI) subsequent to their ratification:

- Estonia has notified, in relation to Article 35(7)(a)(i) of the MLI, the completion of its internal procedures for the entry into effect of the provisions of the MLI with respect to its treaties with Austria, Cyprus, Finland, Latvia, Poland, Slovak Republic and Ukraine in accordance with Article 35(7)(b) of the MLI; and
- The Netherlands and Qatar have notified additional bilateral treaties to which the MLI can apply and made additional notifications with respect to provisions of

the MLI. Belgium made an additional notification with respect to its treaty with the Netherlands.

The MLI entered into force for Belgium on 1 October 2019, for Estonia on 1 May 2021, for the Netherlands on 1 July 2019 and for Qatar on 1 April 2020. The new notifications made by those jurisdictions will take effect in accordance with Articles 29 and 35 of the MLI.

The MLI, which covers over 1700 bilateral tax treaties, underlines the strong commitment of the 96 jurisdictions that have already joined it to prevent the abuse of tax treaties and address base erosion and profit shifting (BEPS) by multinational enterprises. The MLI has already started to impact the bilateral treaties of 67 jurisdictions that have ratified it. From 1 January 2022, it is expected to impact over 850 treaties concluded among those 67 jurisdictions, with an additional 900 treaties to become modified once the MLI is ratified by all Signatories.

14. Exemptions: Statutory Authority / Body / Commission: Notified Body or Authority: Section 10(46) of the Income Tax Act, 1961:

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)	(2)	(3)	(4)
1	Punjab State Electricity Regulatory Commission, Chandigarh (PAN-AAAGT0052L)	Notification S.O. 4263 (E) [NO. 121/2021/F. NO.300196/5/2021-ITA-I], dated 13 th October, 2021	Notification shall apply with respect to the financial years 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26.
2	Gujarat State Aids Control Society' (PAN AAATG3628A)	Notification S.O. 4526(E) [NO. 127/2021/F. NO. 300196/3/2021-ITA-I], dated 29 th October, 2021	This notification shall be deemed to have been applied for the period from 1-6-2020 to 31-3- 2021 in the financial year 2020-2021 and shall apply for the financial

			years 2021-2022, 2022-2023, 2023-2024 and 2024-2025.
3	Chandigarh Pollution Control Committee' (PAN AAATC6094L)	Notification S.O. 4523(E) [NO. 125 /2021/F. NO. 300196/35/2018-ITA-I], dated 29 th October, 2021	This notification shall be deemed to have been applied for the period from 1-6-2020 to 31-3-2021 in the financial year 2020-2021 and shall apply for the financial years 2021-2022, 2022-2023, 2023-2024 and 2024-2025.
4	Assam Building and Other Construction Workers Welfare Board' (PAN AAAJA2255M)	Notification S.O. 4637(E) [NO. 131/2021/F.NO.300 196/30/2021-ITA-I], dated 10 th November, 2021	The notification applies to the financial years 2021-2022, 2022-2023, 2023-2024, 2024-2025 and 2025-2026

The terms and conditions have been prescribed.



HAPPY CHRISTMAS

ARTICLE:

Major Reasons for Health Insurance claim rejection

(by CA Rishabh Adukia)

With increasing awareness about the need for an adequate health insurance, most individuals are opting to buy a new health insurance policy or increasing the existing sum assured on their policies. However the difficulty comes in when the family members get a shock of the claim being rejected/partly paid by the insurance company for reasons beyond understanding of the family as the policy documents are not read by an individual unless a need arises.

With increasing use of social media, and checking some of the health insurance company reviews online one can find tons of bad reviews for various insurance companies and policies that got rejected or their claims were not paid in full. Lot of times these incidents happen because customers are not aware of many rules and best practices of making claims. Let us understand some of the reasons for this rejection.

Major reasons for disputes & claim rejection in health insurance

1. Claiming beyond the amount insured:

There is a sum insured in your health insurance policy that is disclosed to you at the time of buying the policy. Either a family floater or an individual health cover, you'll get a sum insured which you can claim every year as per your policy. In a case where you have utilized the entire sum insured for that same year, there are chances that the following claims you make will get rejected by your insurer. If a part of your sum assured as per the policy is intact, you might get reimbursement by the insurer later. To be sure about all the terms and conditions of a health insurance policy, you must buy it from a credible insurer.

2. Period of policy:

The health insurance policy you buy is valid only for a specific time. You must bear in mind that your health insurance policy, if not renewed in time, will fail to get you a reimbursement. Make sure that your policies are renewed on time.

3. Not keeping a check on the exclusion:

In a health insurance policy, many diseases are not covered. These diseases are highlighted under the 'not-covered' section in the policy. You cannot file a claim for the list of these particular diseases. In a case where you claim an amount against the bills for not covered diseases, you may not get the claim. There are specific plans where some diseases are covered after a certain period. Your claim is bound to get rejected for any claim you make before the excluded waiting period.

4. Pre-existing diseases or symptoms:

The most common reason for many claims dispute is when your claim is rejected or partially paid because you didn't mention some past illness, surgery, issue which you had but never disclosed it. A lot of people feel that only some recent surgery or a big illness has to be disclosed while buying health insurance. But the truth is that even the smallest of details has to be shared. That small surgery 20 yrs. back, that 2 months of medication for hypertension which one went through long back, some illness which got cured long back - everything matters, because this all data is used by the insurance company to gauge the risk factor.

You never know how all these medical issues are linked to each other. Don't skip it, else that will be used against you and the premium does not necessarily increase by mentioning every detail.

5. Misunderstanding the facts:

In many cases, the health insurance claim is rejected due to non-disclosures or false disclosure of necessary details like age, annual income, major ailments or pre-existing conditions. The coverage which is provided to you is based on the information which you give on the proposal form. Avoid any discrepancy and always state the reality when you are buying the insurance policy. There is no solution for a rejected claim because of the wrong information provided by you.

6. Not claiming in time:

You have to claim within a certain period for reimbursement when you have a health insurance policy. In emergency admission, the time you have in hand is 24 hours after the patient is admitted. For other issues, it depends on the policy you have opted. If you fail to apply for a claim within the stipulated time, your health insurance claim will be rejected.

7. Following the wrong process:

There is a fixed process as per the policy which is to be followed to make a claim. Your claim might get rejected if you do not follow the exact mentioned procedure. You may have to inform the insurer about the hospitalization, choosing a recognized hospital as per your policy, filling the policy form correctly etc. Failing to follow the procedure accurately can also land you in a situation of rejection.

8. Proportionate Deduction:

Proportion deduction happens when you choose a hospital room whose rent is higher than the one you are eligible for. In this case, all the other expenses (other than the room rent) also get the deduction in the same proportion and you can lose a lot of money.

For example, if you were eligible for a Rs 5,000 per day room, but if you choose a room of Rs 10,000 per day, then the proportionate deduction will be applied for your entire bill, not just the room rent part. So if the entire bill is for 10 lacs, you will be just paid 50% or 5 lacs in claims.

A lot of old policies or PSU policies still have a room rent limit. **Even corporate policies** have a fixed amount limit on their policies, so it's always suggested to check this before you choose the hospital room.

9. Reasonable and Customary Charges

Don't think that insurers will always settle any amount of bill which the hospital charges. There is a clause of "reasonable and customary charges" in health insurance, where the insurer will only pay if the hospital charge is reasonable and has an acceptable logic. That means that it should be close to what others hospitals of the same nature on average charge in a given location.

So if surgery is costing 2 lacs on average, the company will not pay if you go to a hospital that charges 10 lacs for it. It's your responsibility to make sure that you also put some thinking and effort into making sure that you are not overcharged just for the sake of it. Insurance is not a license to overspend or enjoy hospitalization at lavish hospitals.

A little deviation from the average cost is fine, but too much deviation will not be accepted and you may be getting a rude shock later. So better spend as if you are paying from your pocket.

10. No coverage for “Consumables”

Imagine you went to a restaurant for your dinner and in the bill, the restaurant also charges you for the AC, the food plate, rent for the chair you used apart from the food. Similarly, There are various small things that will be required for the medication/surgery etc. which shall be all part of the room rent or the surgery cost and shall not be charged separately (but hospitals still charge many of these separately).

Insurance companies don't pay for these consumables separately as they consider them as inclusive of the hospital package. Examples of these things are...

Masks	Cleaning kits	Spectacles	Hearing aids
Adhesive bandage	Crepe bandage	Cotton roll	X-ray Film
Surgical drill	Hair removal cream	Gloves	

Note that the consumables cost can form around 2% - 10% of the overall bill in general, but in COVID times, we have seen that the consumables themselves was forming around 15-25% of the hospital bills and they were not paid by the insurer.

There are some extra riders for consumables that one can buy while buying the health insurance policies (it will cost extra)

11. Unnecessary Hospitalization Case

Insurance companies won't pay for unnecessary hospitalizations unless there is an active line of treatment at the hospital which is really needed, it will not be considered a valid claim. Let's say that a 50 yr old person has chest pain and the family rushes to the hospital. The doctor checks up everything and tells you that you may want to just get admitted for 1 day so that they can monitor things to be on the safer side.

Now, this is not treatment. This is simply monitoring of things and it's really not required as such. It may be required in your world as you want to be safe and because it came as a doctor's suggestion, but from an insurance angle, this is not treatment. Most of you will also agree that hospitals do this simply to charge of a day and play out the fear factor. But the insurance companies will not consider this.

Another good example is a covid case. Just because one got Covid and his oxygen level is 90, does not mean that they rush to the hospital because things can still be treated at home. If one wants to play safe and wants to get admitted just to play safe,

that's his/her personal choice, but it's not payable (unless things go really bad and then there is a doctor recommended that hospitalization is unavoidable)

- **Bonus Tip - Don't forget the PRR**

At the time of making claims, many times people forget small things but always remember *the PRR principle*.

PRR means

- Prescription
- Receipt
- Report

Always ask the doctor to give a prescription for each test, surgery, medication.

Always ask the doctor to give a receipt, make sure its dated (pre-printed or stamped, but not handwritten)

Always obtain the report wherever applicable (mostly in tests)

A lot of times you will have to send these for getting a reimbursement (even in cashless, you may have to send documents to claim the pre & post-hospitalization reimbursements), and if you miss any of these then you will not be paid the money.

Health Insurance claim rejection conclusion:

In a nutshell, you must buy a policy after going through all the rules and regulations correctly. Disclose all the essential information in time to avoid discrepancies, leading to rejection of health insurance claims. When a situation occurs where you have to get yourself or your family member hospitalized, inform the insurer and claim in time to avoid rejections. Always renew your health insurance policy in time and keep a check on the amount you can claim. Health insurance policies can be beneficial in saving you from extreme financial liabilities in case of health emergencies only if you are wise in choosing and remembering all the instructions about your policies correctly.

(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 December 2021:

7 th December	TDS Payment for November 2021
15 th December	Third Installment of Advance Tax for all the Assesseees for AY 2022-23
31 st December	Furnishing of return of income for non-audit taxpayers (other than partners of firm/LLP whose accounts are subject to tax audit) for A.Y. 2021-22

The Charity Commissioner Maharashtra State has extended the due date for filing the Annual Accounts of Trusts of the Financial Year 2020-21 till 31st December, 2021 - Notification dated 26th November, 2021

....STORY TO REMEMBER....

When you go to temple, this is what you should do

A daughter went to her father and said...

"I won't be going to temple anymore.."

The father said:

"may I ask why?"

She said:

"When I go there all I see is people on their mobile phones during service & bhajan, some are gossiping, some just are not living with integrity, they are all just hypocrites..."

Father became silent, and then said:

"OK... can I ask you to do something for me before you make your final decision?"

She said:

"Yes.. what's that?"

He said:

"Plz take a glass of water and walk around the temple 2 times; but you mustn't let any water fall out the glass."

She said:

"Yes... I can definitely do that."

Then...

She came back and said

"It's done and here is the glass of water"

He asked her 3 questions:

- 1. Did you see anybody on their phone?*
- 2. Did you see anybody gossiping?*
- 3. Was anybody living without Integrity?*

She Said:

"How could I have seen anyone else?... I didn't see anything; All I was focused on was the glass and the water within it., making sure the water never dropped."

He told her,

"When you go to temple, this is what you should Do... you should be simply focusing, thinking and connecting on God, and how you can progress and help yourself to help others.. If is so than YOU don't ever FALL in life.

The Daughter thanked her father for helping her understand the inner learning of the essence of our focus with God.

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 Taxesutra websites and mails.

Compiled by:
S.S. Jhunjhunwala & Co.
204 & 306, Akruti Arcade, J.P. Road, Opp. Wadia School, Andheri (West),
Mumbai-400053
Tel: 61277474 / 61277475
Website: www.ssjco.in

Email:

Sunil Jhunjhunwala	sunil@ssjco.in
Hiten Shah	hiten@ssjco.in
Nirav Shah	nirav@ssjco.in
Swati Gupta	csswati@ssjco.in
Samiksha Adukia	samiksha@ssjco.in
Sonakshi Jhunjhunwala	sonakshi@ssjco.in

**SOONER
THE BETTER.**

FILE NOW!

1.9 CR+ INCOME TAX RETURNS

FOR AY 2021-22 HAVE ALREADY BEEN PROCESSED.
SO HURRY, FILE YOUR INCOME TAX RETURN NOW!

NO TIME TO LOSE. IT'S TIME TO FILE. www.incometax.gov.in

@IncomeTaxIndia | @incometaxindiaofficial | @IncomeTaxIndia
For help, contact: 1800 103 0025 | 1800 419 0025

Kindly ignore if you have already filed your Income Tax Return.

Please file your Return of Income for A.Y. 2021-22, if not yet filed