

TAX CHAT - Updates



Monthly Newsletter from SSJCO

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Dear Madam / Sir,

We are in the mids of celebrating festival of Diyas.....Deepawali.

On this auspicious day, let's pray that the light of knowledge/wisdom illuminates our inner being.

Let's pray that light of Love and compassion fill every human heart.

Let's pray that light of faith inspires our devotion to God.

May God make this Deepawali a special one for everyone!

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

On the income tax front comparatively, there are not much of a compliance in this month. So, let us devote time in achieving work life balance as discussed in detail in our last months' Tax Chat.

Rishabh is enlightening us in his article on "Do you use the great BNPL Scheme?".

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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**Circulars, Notifications and Others:**

(Compiled by: Ms Sonakshi Jhunjhunwala)

1. [Premature closure clause won't trigger on account of death of holder of 'Senior Citizens Savings Scheme': FinMin: Press Release, dated 29th September, 2022:](#)

The Senior Citizen Saving Scheme (SCSS) is a Central Government sponsored program for senior citizens and retired persons. The amount deposited under the scheme is considered for tax deduction under Section 80C. The deposit under this scheme earns interest at the rate of 7.4% (7.6% with effect from 1st October, 2022)

The deposit under this scheme shall be made for a period of 5 years. However, the account holder may extend the account for a further period of 3 years by making an application.

Account holders also have the option to close the account prematurely at any time by making an application in Form-2. If the account is closed within one year, interest paid on the deposit is recovered from the sum payable to the account holder. However, if it is closed after 1 year, a recovery of 1% to 1.5% of the deposit shall be made from the account holder.

The Ministry of Finance (FinMin) has noticed that in a few cases of the death of the account holder, operating agencies are closing the SCSS account by treating it as premature closure.

Thus FinMin has clarified that the premature closure clause of the Senior Citizens Savings Scheme does not trigger on account of the demise of its account holder. The premature closure of the account is applicable only when the SCSS account holder requests for closure of his account before the maturity period. Accordingly, the penalty of premature closure shall be applicable.

Further, in case of the death of the account holder and the account is being closed on request of the nominee/legal heir, the rate of interest as applicable on the SCSS scheme shall be paid till the date of demise of the account holder. Thereafter, the interest rate applicable on Post Office Savings Account shall be paid from the date of demise of the account holder till the date of final closure of the account.

2. Government increases interest rates for a few small saving schemes for 3rd quarter of FY 2022-23: Office Memorandum F.no. 1/4/2019-NS, dated 29th September, 2022:

The Govt. has notified rates of interest on various Small Saving Schemes for the third quarter of the Financial Year 2022-23, i.e., 1st October, 2022 to 31st December, 2022. The Govt. has increased interest rates for a few schemes. The revised office memorandum issued by the Govt. provides as follows:

- a) The interest rate of '2 Year Time Deposit' & '3 Year Time Deposit' increased from the existing 5.5% to 5.7% & 5.8% respectively.
- b) The interest rate of deposits made in the 'Senior Citizen Saving Scheme' increased from the existing 7.4% to 7.6%.
- c) The interest rate of the 'Monthly Income Account Scheme' increased from the existing 6.6% to 6.7%.
- d) The interest rate on 'Kisan Vikas Patra' is increased from the existing 6.9% to 7.0% which has resulted in a reduction in tenure from the existing 124 months to 123 months.
- e) The interest rate of all other saving schemes shall remain unchanged from the current rate applicable.

3. Extension of timeline for filing of various reports of audit for the Assessment Year 2022-23: Circular No. 19 of 2022: Dated 30th September, 2022:

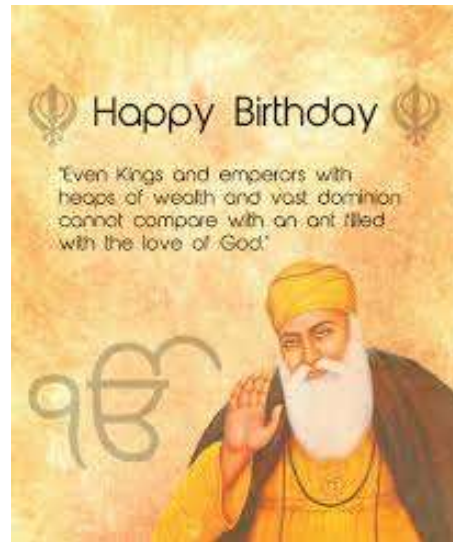
The Central Board of Direct Taxes (CBDT), extended the due date of furnishing of report of audit under any provision of the Act for the Previous Year 2021-22, which was 30th September 2022 in the case of assessee referred in clause (a) of Explanation 2 to sub-section (1) of section 139 of the Act, to **07th October, 2022**.

4. OECD releases fifth annual peer review report of BEPS Action 13 CbCR; Covers 134 jurisdictions: Date 4th October, 2022:

OECD releases fifth annual peer review report of BEPS Action 13 Country-by-Country (CbC) reporting, covering 134 jurisdictions which provided legislation and/or information relating to their implementation of CbCR. It clarifies that it does not cover jurisdictions joining the Inclusive Framework after October 1, 2021 (which will be included in the next peer review process). The report highlighted that in this peer review, 28 jurisdictions have received general recommendation to put in place or finalize their domestic legal or administrative framework while 27 jurisdictions received one or more recommendations for improvements to specific areas of their framework. States that a large number of recommendations made in the last four peer review phases have now been addressed and removed. It brings out that over 100 jurisdictions have now introduced an obligation for relevant MNE Groups to file a CbCR in their domestic legal framework. Commenting on the delay caused in CbCR implementation or in the filing and exchange of CbC reports due to COVID-19 pandemic, the review states that as these concern issues beyond the control of tax administrations, they are not highlighted in each jurisdiction's peer review and no recommendation is made. However, the report clarifies that if delays continue into periods covered by future peer reviews, they will be considered in the context of the global situation at that time. In context of India, review recommends (in place since 2017/2018 peer review) that it amend or otherwise clarify that the annual consolidated group revenue threshold calculation rule applies in a manner consistent with OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent Entity is located in a jurisdiction other than India. Also recommends that India shall amend its legislation or take steps to ensure that local filing only occurs in the circumstances permitted under the minimum standard. Informs that since the peer review of BEPS Action 13 is an annual process, *“Work will continue to monitor the implementation and operation of CbC reporting by members of the Inclusive Framework and to highlight progress made by jurisdictions to address recommendations that have been made”*

5. IT Department releases FAQs for e-filing Form 27C related to TCS: Date 6th October, 2022:

Income Tax Department publishes FAQs on filing of Form 27C under Rule 37C {Declaration for no collection of tax at source by buyer for goods covered under Section 206C(1)}. The FAQs specify the procedure for filing the Form 27C on e-filing portal by the seller. It clarifies that the buyer, however, is required to manually fill Part-I of form 27C and submit it to the seller by declaring that the goods purchased will not be utilized for trading purposes.



It provides a checklist of documents/details required to file Form 27C. It apprises that the Form 27C should be filed by the seller on or before 7th day of the next following month in which the declaration is furnished by the buyer.

6. CBDT amends definition of 'non-reporting financial institution' for purpose of reporting under FATCA: Notification no. 112 of 2022, dated 7th October, 2022:

The Central Board of Direct Taxes (CBDT) has amended the definition of 'non-reporting financial institution' as defined under Rule 114F. Section 285BA talks about reporting requirements by a "non-reporting financial institution" that is responsible for registering, and maintaining books of account or other documents containing a record of any reportable account.

The definition of 'non-reporting financial institution' has been amended to provide that

- a) a financial institution with a local client base;
- b) a local bank; and
- c) a financial institution with only low-value accounts.

shall be termed as a non-reporting financial institution only in case of any U.S. reportable account.

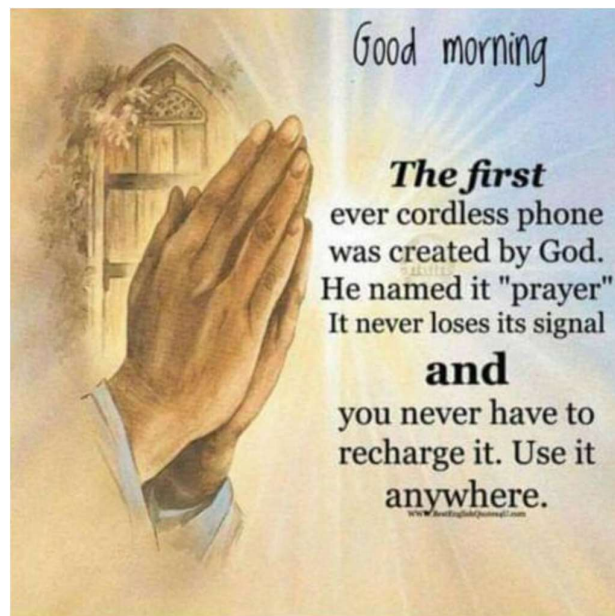
Further, the Board has also amended the definition of 'Treaty Qualified Retirement Fund' to make it USA country-specific.

7. Government asks for suggestions on direct & indirect taxes changes for Budget 2023-24 proposals: Notification F. No. 334/6/2022-TRU, dated 14th October, 2022:

The Ministry of Finance has invited suggestions from the Industry and Trade Associations for formulating the proposals for the Union Budget of 2023-24. The stakeholders may send suggestions for changes in the duty structure, rates, and broadening of the tax base on both direct and indirect taxes giving economic justification.

Stakeholders may also send suggestions for reducing compliances, providing tax certainty, and reducing litigations. It may be noted that GST-related issues are not examined as part of the Annual Budget. Thus, suggestions related to Customs and Central Excise may be forwarded.

Suggestions may be emailed to budget-cbec@nic.in and ustpl3@nic.in or in hard copies latest by 5th November, 2022.



ARTICLE:

Do you use the great BNPL scheme?

(by: CA Rishabh Adukia)

We are referring to the strategic, monumental Buy Now, Pay Later (BNPL) phenomenon that's taking your finances for a toss.

If you don't know what BNPL is, here's a starter

BNPL is the hottest revolution in the world of credit payments. It gives consumers access to instant credit lines to pay for products they want at their leisure. BNPL fuels, not just food delivery and e-commerce today. It pervades the world of travel, fashion, education, insurance, and anything and everything that allows digital payments.

In India alone, the BNPL market is estimated to grow at a CAGR of 24.2% from 2021 to 2028.

BNPL's rising opportunity in India



Did you know?

Over 49% of consumers spend more when using BNPL service than they would on a credit card (Source: Cardify.ai, a consumer spending data firm). Yes, the Buy Now, Pay Later service stimulates people to checkout with fuller carts loaded with luxury products compared to other payment forms.

Further the BNPL business model emerged out of a very low interest rate environment which enabled BNPL firms to raise funds at relatively low cost and offer point-of-sale loans to customers on online shopping websites.

There is a study that suggests that BNPL consumers are more likely (than non-BNPL consumers) to open a new credit card account within six months of BNPL loan origination. Also, the propensity to avail a personal loan also seems higher for BNPL consumers. Its similar to buying fancy products like mobiles, motor vehicle, watches,

etc. on no cost EMI basis which can be either paid in instalments over a period of time or a in a bullet form at a later point of time. Access to credit becomes easy for somebody struggling to meet their ends.

There are data-points that indicate that BNPL is serving as a gateway to credit cards for many consumers, while also giving credit card issuers more comfort on the borrower at the time of underwriting.

All such loans are sitting on NBFC or banks with full KYC and credit bureau reporting. 90% of BNPL in India is done like that. In rest of the world, a lot of pressure coming onto the space because unregulated and poor underwriting checks. In India, most BNPL products do full underwriting, KYC and bureau reporting and checking. Hence once you have availed any of such schemes, your credit score maybe affected unless paid timely. It will appear as a liability affecting your credit score.

BNPL lending is offered through two major channels -

1. **Mobile application or web-based lending:** In this channel, credit is usually offered through mobile applications and websites of BNPL providers. These providers are also embedded in web and mobile applications of merchants say e-commerce. Providers such as PayTM Postpaid, Simpl and ZestMoney make use of this channel.
2. **Card-based lending:** In this channel, customers access BNPL credit through a prepaid card backed by a credit line from an RE. Providers such as Slice, Uni and Dhani offer this product.

The charges that customers may pay the BNPL provider can be broadly divided into-

- *Charges at the time of availing the loan*, which include subscription fees, activation fees, electronic clearing service (ECS) mandate charges, and BNPL card-related charges. For instance, some providers charge subscription fees that gives customers a zero-interest rate credit line. Others charge a one-time activation fee for activating the credit line. Providers that offer card based BNPL credit charge customers for a variety of services, including card replacement, cash withdrawal, and charge slip retrieval. Providers may also charge interest and processing fees if customers opt for a longer repayment tenure through EMI.
- *Post-default charges*, which include late fees, prepayment charges, ECS bounce penalties, and interest. Late fees are levied when customers do not make timely

repayments. The quantum can differ across providers based on the amount due from the customer. Providers may also charge interest on the late fees for every day of default. Some providers levy prepayment charges if customers pay their dues before the scheduled period. Providers can also charge interest on the amounts due if the customer defaults on their repayment.

Therefore, even when BNPL is marketed as a zero-interest credit product, it can impose different kinds of costs on customers. Hence it is important to be extremely careful while making use of any such payment platforms.

Conclusion:

Like everything else in life, BNPL is a double-edged sword too. Though it fosters a win-win situation for both consumers and businesses, this short-term credit instrument presents a few risk factors. For example, consumers can run the risk of debts if they indulge in too much impulsive shopping. And e-commerce aggregator businesses may suffer from merchant fraud or credit risks if KYC and regulatory compliances are not adhered to.

BNPL became one of the popular credit instruments in the market. Several companies jumped into the BNPL business during 2021. Consumers finding it difficult to manage their spending after the Covid-19 setback used BNPLs for financial relief. It is advisable to carefully use BNPLs. Before using it, check the interest levied by the lender and the maximum interest-free credit period offered. BNPL should be used only for essential purchases. Be careful not to be enticed into avoidable debt. BNPLs will continue to rise in popularity. So, in the New Year, use them judiciously.

Wishing all our readers a very Healthy and Wealthy Diwali & Prosperous New Year!!!

(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 November 2022:

7th November	TDS Payment for October
30th November	Return for income from Companies and assesseees to whom Transfer Pricing is applicable for F.Y. 2021-22
30th November	Filing of Master File Report in Form 3CEAA

....**STORY FOR THE MONTH**....

There are four yugas widely accepted in Hinduism. They are:

1. Satya yug
2. Treta yug (Ramayana)
3. Dwapara yug (Mahabharata)
4. Kal yug (Present)

In Satya yug, the fight was between two worlds (Devalok & Asuralok). Asuralok being the evil, was a different **WORLD**.

In Treta yug, the fight was between Rama and Ravana. Both rulers from two different **COUNTRIES**.

In Dwapara yug, the fight was between Pandavas and Kauravas. Both good and evil from the **SAME FAMILY**.

Kindly note how the evil is getting closer. For example, from a **DIFFERENT WORLD** to a **DIFFERENT COUNTRY** to the **SAME FAMILY**.

Now, know where is the evil in Kaliyug???

It is inside us. Both **GOOD AND EVIL LIVE WITHIN**. The battle is within us. Who will we give victory to, our inner goodness or the evil within??

Think, identify and fight.

May the goodness in us win over the evil.

दिपावली पर क्यों होती है गणेश जी के साथ लक्ष्मी जी की पूजा !

शास्त्रों के अनुसार लक्ष्मी जी को धन और संब्रद्धि का प्रतीक माना गया है। जिसकी वजह से लक्ष्मी जी को इसका अभिमान हो जाता है। विष्णु जी इस अभिमान को खत्म करना चाहते थे इसलिए उन्होंने लक्ष्मी जी से कहा कि स्त्री तब तक पूर्ण नहीं होती है जब तक वह माँ ना बन जाये। लक्ष्मी जी के कोई पुत्र नहीं था, इसलिए यह सुन कर वे बहुत निराश हो गयीं। तब वे देवी पार्वती के पास गयी मदद मांगने के लिए।

पार्वती जी को दो पुत्र थे इसलिए लक्ष्मी जी ने उनसे एक पुत्र को गोद लेने को कहा। पार्वती जी जानती थी कि लक्ष्मी जी एक स्थान पर लंबे समय नहीं रहती हैं। इसलिए वे बच्चे की देख भाल नहीं कर पाएंगी। लेकिन उनके दर्द को समझते हुए उन्होंने अपने पुत्र गणेश को उन्हें सौंप दिया।

इससे लक्ष्मी जो बहुत प्रसन्न हुई और उन्होंने कहा कि वे गणेश का बहुत ध्यान रखेंगी। और जो सुख और समृद्धि के लिए लक्ष्मी जी का पूजन करते हैं उन्हें उनसे पहले गणेश जी की पूजा करनी पड़ेगी, तभी मेरी पूजा संपन्न होगी। तब से आज तक दीपावली पर लक्ष्मी जी की पूजा से पहले गणेश जी की पूजा की जाती है ।

हिंदु धर्म की परंपराओं के मुताबिक, ऋद्धि-सिद्धि के अधिपति गणपति और धन-संपत्ति की अधिष्ठात्री देवी मां लक्ष्मी हैं। इनकी अनुकंपा प्राप्त हो जाने पर संसार का सारा धान्य-सुख मिल जाता है। ऐसा माना जाता है कि ये किसी भक्त या एक स्थान पर अधिक समय तक नहीं टिकती हैं। इसलिए हर गृहस्थ दीपावली के दिन इनकी स्थापना ऐसे मुहूर्त में करना चाहता है, जिसकी वजह से भगवती लक्ष्मी उनके यहां स्थिर होकर रहें ।

मान्यता है कि माता लक्ष्मी उसी के पास टिकती हैं, जिसके पास बुद्धि होती है, वही लक्ष्मी अर्थात धन का संचय कर सकता है और गणपति बुद्धि के स्वामी हैं। यही वजह है कि लक्ष्मी एवं गणपति की एक साथ पूजा का विधान है जिससे धन और बुद्धि एक साथ मिले ।

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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