

April 2024

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Income Tax

- + Notification of ITR-7 for AY 2024-25:** The CBDT has notified ITR – 7 for the AY 2024-25. The ITR 7 is required to be filed by charitable trusts, political parties, research organizations, universities, colleges, news agencies etc.

Notification No. 24 of 2024 dated 01.03.2024
- + Revision of Form 3CD, Form 3CEB and Form No. 65:** The Finance Act 2023 amended the Income-tax Act, 1961, inter alia:

 - Amendments to provisions of section 115BAC; and
 - Insertion of section 115BAE.

The CBDT has now notified certain amendments to Form 3CD, Form 3CEB and Form No. 65 to factor the above amendments.

Notification No. 27 of 2024 dated 05.03.2024 & Notification No. 34 of 2024 dated 19.03.2024
- + Notification of exemption from TDS liability for certain payments to units in IFSC:** Section 80LA of the Act provides for tax exemption on specified incomes of specified units located in an International Financial Services Centre ('IFSC'). The CBDT has now issued a notification removing the requirement to deduct TDS on such incomes earned by the units of IFSC.

Notification No. 28 of 2024 dated 07.03.2024
- + Clarification on time-limit available for verification of e-filed ITRs:** The rules related to verification of the e-filed ITRs (either e-verification or ITR-V) were amended in July 2022 restricting the time available for verification after the filing the ITR to 30 days from the date of filing (as against 120 days available previously). The CBDT (Directorate of systems) has now issued a notification summarizing the changes made. It is to be noted that where the taxpayer fails to verify the return of income within 30 days from the date of filing the ITR, the actual date of verification would be considered as the date of filing the return of income and the provisions of the Act shall apply accordingly.

Notification No. 2 of 2024 dated 31.03.2024

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- + **Extension of time available to file the appropriate form 10B/10BB till 31.03.2024:** Charitable trusts and institutions claiming exemption of tax on incomes are required to file audit reports in Forms 10B and 10BB as applicable. Failure to file such forms results in denial of exemption. There were significant changes made to Forms 10B and 10BB effective AY 2023-24. CBDT upon noticing that stakeholders have filed Form 10B where Form 10BB was applicable and vice-versa, provided additional time till 31.03.2024 for the trusts / institutions that had filed Form 10B, where Form 10BB was applicable and vice-versa.

Circular No. 2 of 2024 dated 05.03.2024 & Press release dated 05.03.2024

- + **Clarification on donations made by trusts / institutions to other trusts / institutions and its treatment as application of income:** Finance Act 2023 provided that where a trust / institution claiming exemption of incomes donates to another such trust / institution, only 85% of the said donations would be treated as application of income. CBDT received representations from various stakeholders requesting for clarification on whether the balance 15% would be required to be invested in the specified modes, since the same would not be available for investment. The CBDT vide circular dated 06.03.2024 has clarified that while only 85% of the total donations by the trusts / institutions would be considered as the application of income, the balance 15% need not be invested in specified modes. The CBDT in the said circular has provided illustrations in this regard.

Circular No. 3 of 2024 & Press release dated 05.03.2024

- + **Extension of time available to file Form 26QE:** Any person responsible for paying to any resident person any sum as a consideration for transfer of a virtual digital asset, is required to deduct 1% TDS at the time of such deduction and transfer and pay and file details of such transfer within 30 days from the end of the month in which such asset was transferred. However, due to unavailability of the Form 26QE, persons who deducted tax between the period 01.07.2022 to 28.02.2023 could not file the form 26QE and pay the corresponding taxes. This has resulted in consequential levy of interest and penalties. Considering the above, the CBDT has provided a one-time relaxation to the specified persons who have deducted taxes between 01.07.2022 to 28.02.2023 where the due date for filing the returns for such period is extended to 30.05.2023. Further, any interest and fee charged in such cases upto 30.05.2023 stands waived.

Circular No. 4 of 2024 dated 07.03.2024

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- + **Extension of time-limit available for processing of the returns:** The CBDT has noticed that due to certain technical issues or other reasons not attributable to the taxpayers, validly filed ITRs for AY 2021-22 have not been processed by the IT department resulting in blocking of legitimate refunds of taxpayers. To mitigate this genuine hardship faced by the taxpayers, the CBDT has now relaxed the time frame available for processing the ITR of AY 2021-22 with valid refund claims till 30.04.2024. However, this relaxation shall not be applicable to the following:
- Returns selected in scrutiny;
 - returns remaining unprocessed, where either demand is shown as payable in the return or is likely to arise after processing it;
 - returns remaining unprocessed for any reason attributable to the assessee.

Misc. communication dated 01.03.2024

- + **Opportunity to file the modified return of income by successor companies in a scheme of business reorganization:** Section 170A introduced with effect from 01.04.2022 requires that a modified return of Income be filed by successor companies in a case of business reorganization. However, for orders passed on or before 31.03.2022, the provisions of section 170A did not apply and consequently, such successor companies could not file a modified return. On consideration of the above, the CBDT has now provided opportunity to furnish the return with modified particulars for the relevant AYs in accordance with and limited to the said order by using the functionality in the e-filing portal ***“u/s 119(2)(b) – after condonation of delay / court order or sanction order of business reorganization of the competent authority issued prior to 01.04.2022”***.

This would entail a three-step process before filing such modified return summarized as below:

Step	Action	Time-line
First	Communication by the taxpayer to the Jurisdictional Assessing Officer (JAO) as per the proforma, for enablement of electronic filing of the return. (A)	Up to 30.04.2024.
Second	Completion of verification by the JAO as to whether the return is resulting from and limited to the order of the competent authority & enablement through ITBA, information about which will be received by taxpayer on its e-filing portal.	Preferably, within 30 days of the receipt of (A).
Third	Electronic filing of the return for relevant assessment year(s) on the e-filing portal by the taxpayer.	Up to 30.06.2024.

Misc. communication dated 13.03.2024

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Goods and Services Tax (GST)**+ Guidelines issued for CGST officers engaging in investigation with regular taxpayers:**

CBIC has issued guidelines to be followed by the CGST officers while engaging in investigation as under:

- **“Principal Commissioner”** will be responsible for developing and approving any intelligence, conducting a search, and completing the investigation and the relevant subsequent action, including in the divisional formations;
- Any information gathered during the investigation pertaining to another jurisdiction, should be forwarded to the concerned jurisdiction or DGGI by the **“Principal Commissioner”**.
- Each investigation is to be initiated only upon approval of the **“Principal Commissioner”**;
- In certain cases, prior written approval of the **“Zonal Principal Chief Commissioner”** shall be required, specifically where:
 - Interpretation matters relating to the levy of tax/ duty on any sector/ commodity/ service for the first time, whether in Central Excise or GST; or
 - Big Industrial House and major multinational corporations; or
 - Sensitive matters or matters with National implications; or
 - Matters already pending before the GST Council.
- To initiate an inquiry on the **same subject matter** with respect **to the same taxpayer/GSTIN** by **another investigating authority or tax administration**, approval should be obtained.
- If the DGGI or State GST department is **simultaneously undertaking a record-based investigation** of the **same taxpayer on different subject matters**, the **“Principal Commissioner”** shall ensure that:
 - Only one of the offices pursues all of the subject matters;
 - Other offices to consolidate the material with that office.
 - If the outcome is not feasible, the reasons should be confirmed on file by the Principal Commissioner;
- Where an investigation is initiated of a **particular taxpayer** and the **issue is relevant to all GSTINs of the same taxpayer in multiple jurisdictions**, and such matters fall in the charter of DGGI, then the **“Principal Commissioner”** should expeditiously refer to **“Zonal Principal Chief Commissioner”** to request **“Principal of Directorate General of DGGI”** to take up the matter in accordance with DGGI guidelines.

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- Where an investigation is initiated of a ***particular taxpayer*** and the ***issue is relevant to all other taxpayers under the multiple PAN*** across ***multiple jurisdictions***, and such matters falls in the charter of DGGI, then ***“Principal Commissioner”*** within 30 days of initiation of investigation, should take either of the following two actions:
 - If the description of GSTINs or similar entity involved in multiple jurisdictions, then self-contained reference be shared with the concerned Zone or all Zones;
 - In any other case, the ***“Principal of the Directorate General”*** of DGGI shall be requested to issue suitable alert.
- Where there are issues arising from differing interpretations of tax laws, especially those affecting trade practices or with potential litigation implications, the ***“Principal Chief Commissioner”*** should refer the matter to the relevant policy wing of the Board or TRU for guidance.
- For an investigation of listed Company or PSU or Corporation or Govt. dept/agency or an Authority established by law, the seeking of information should be by way of ***“issuance of the letter”*** instead of ***“issuance of Summons”***. If there is any deviation in the initiation of the investigation, then the reason for the same is to be recorded in writing.
- In case of seeking information from regular taxpayers, the letter or summons should ***“disclose the specific nature”*** of the inquiry. ***Vague or general explanations*** such as “GST Enquiry”, “Evasion of GST” or “GST evasion” etc. ***must not be mentioned***. If ITC utilized is towards payment of GST on its outward supplies, it is not acceptable to seek via Summon or letters such as ***“please clarify whether ITC availed and utilized was proper”***.
- Information available digitally or online on the GST portal should not be called for under letters/summons from Taxpayers.
- Summons must not convey requests outside the scope of Section 70 of the CGST/SGST Act, 2017;
- Summons should be issued with prior reasoned approval not below the rank of Deputy/Assistant Commissioner level.
- Where prior written approval cannot be obtained for ***strictly operational reasons, verbal approval*** can be obtained. However, this must be confirmed in writing at the earliest opportunity.

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- Before issuance of a summons for any documents or information from regular taxpayers, the relevancy and propriety of what is being sought **must be recorded on e-file**.
- **Statement** recorded under Summons should be **uploaded in the same e-file**. Outcome of Search/inspection conducted including panchnama to be uploaded in E-file;
- The investigation initiated must be **concluded within 1 year** from the initiation of investigation.
- Show Cause Notice should not be delayed after conclusion of investigation.
- The closure report upon payment of GST dues by the Tax payers should not be delayed.

Instruction No. 01/2023-24-GST (Inv.) dated 30.03.2024

+ GST News and Advisory

- **Advisory: Introduction of New Table No.14A and 15A of GSTR-1/ IFF in GST portal – reporting of Amendment to supplies made through e-commerce operators (ECOs):** In line with Notification No. 26/2022 – Central Tax dated 26th December 2022, the GST portal has now introduced two new tables, Table 14A and Table 15A, in the GSTR-1 form, aimed at capturing **amendment details for supplies made through e-commerce operators (ECOs)**. Table 14A and Table 15A allow suppliers to amend details of original supplies reported in Table 14 and 15, respectively of earlier tax periods from February 2024. GST News and Updates dated 12.03.2024
- **Advisory: Integration of E-Waybill system with New IRP Portals:** GSTN has announced the integration of E-Waybill services with four additional IRP (Invoice Registration Portal) portals via the National Informatics Centre (NIC). This integration enables taxpayers to generate E-Waybills alongside E-Invoicing on these four IRPs. GST News and Updates dated 08.03.2024

Foreign Trade Policy (FTP)

- + **Exemption from applicability of mandatory Quality Control Orders (QCOs) for imports made by Advance Authorisation Holders, EOUs and units located in SEZs:** DGFT has inserted a new para into Foreign Trade Policy i.e., Para 2.03A, to provide for import of goods by Advance Authorisation (AA) Holders, Export Oriented Units (EOUs) and units located in Special Economic Zones (SEZ), without having to comply with mandatory Quality Control Orders (QCOs). The conditions precedent to ensure exemption from applicability of mandatory QCOs is tabulated as below:

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Type of importer	Conditions to remain exempted from mandatory QCOs
AA Holders	<ul style="list-style-type: none"> • Every import made by AA Holders, will be subjected to pre-import condition; • Inputs imported shall be utilized in manufacturing of export product (subject to normal allowance of wastage) and such export shall be under same AA, under which inputs were imported; • Exemption from mandatory QCOs shall be specifically endorsed in the AA, upon request from the AA Holder; • Any imports without specific endorsement shall be subjected to compliance of mandatory QCOs; • Any unutilized imports or products manufactured with inputs imported under AA without complying with mandatory QCOs, will not be allowed to be transferred to DTA, even after regularization of default in fulfillment of Export Obligation (EO); • Further, such unutilized imports shall be destroyed in presence of jurisdictional GST/Customs authorities, who shall certify the destruction of goods or same may be re-exported; • Additionally, such unutilized imports shall be subjected to payment of effective duty on Most Favoured Nation (MFN) basis along with interest on such material (the said duty is to be remitted before custom authorities). Further, composition fee equal to 10% of CIF value of unutilized imports will have to be remitted before DGFT; • Note that, exemption from QCO will be available only against physical exports and therefore such exemption will not be available for deemed exports made under AA. • AA holder claiming exemption from mandatory QCOs, will not be entitled for clubbing of AA licenses available under Para 4.36 of HBO to FTP 2023; • Imports of inputs without compliance of mandatory QCOs under DFIA scheme will not be permitted; • Lastly, export obligation (EO) period applicable for such AA licenses will be as per Para 4.40 of HBP to FTP 2023 and EO period will be restricted to 180 days from date of clearance of imports.
EOUs / units located in SEZs	<ul style="list-style-type: none"> • Exemption from applicability of mandatory QCOs issued under BIS Act, 2016 will be provided to EOUs/units in SEZs, on import of inputs which are required for export production; • DTA clearance of such inputs or goods manufactured goods out of such inputs will not be permitted;

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Type of importer	Conditions to remain exempted from mandatory QCOs
	<ul style="list-style-type: none"> • An undertaking to the said effect will have to be submitted before Concerned customs authorities in case of EOUs with a copy to concerned Development Commissioner and before Concerned Development Commissioner, in case of units located in SEZs; • The exemption will be available for physical exports only (for both SEZ and EOUs) and will not be allowed for deemed exports made by EOUs; • Further, said exemption is subject to para 2.03(c) of FTP 2023 i.e., list of ministries/departments whose notifications on mandatory QCOs are exempted by DGFT for goods to be utilized/consumed in manufacture of export product. The said list is provided in Appendix-2Y of FTP 2023.

Notification No.71 dated 11.03.2024

- + **RoDTEP benefits extended to Advance Authorization holders, EOU and SEZ units:** Post representations made by Advance Authorization (AA) holders, Export Oriented Units (EOUs) and units located in Special Economic Zones (SEZ), seeking extension of benefits under the RoDTEP scheme to them, DGFT has decided to extend the benefits available under RoDTEP scheme to each of these categories of exporters i.e., AA holders, EOUs and SEZ units. However, rate of benefits prescribed for this category of exporters is lower when compared to any other category of exporters, which is separately listed in Appendix 4RE. Information in this regard is available on the DGFT portal (www.dgft.gov.in) under the link Regulation->RODTEP.

Further, it is relevant to note that benefits under the RoDTEP scheme is being extended to AA holders and EOUs, for exports made effective from March 11, 2024 [except 166 tariff items where benefit will be available only from April 01, 2024 due to technical enablement at Customs Automated System (CAS)], whereas benefits to units located in SEZs will be available for exports made effective April 01, 2024 i.e., after successful integration of the SEZ system with CAS (ICEGATE). Currently, the benefits under said scheme is extended for exports to be made upto September 30, 2024.

Additionally, DGFT has revised RoDTEP rates of 25-digit HS codes in Appendix 4R, to carry out alignment in the RoDTEP schedule, which is done on account of recommendations received from the RoDTEP committee, with respect to extending of benefits under said scheme to AA holders, EOUs and units located in SEZs. Notification No.70 dated 08.03.2024, Notification No.74 dated 11.03.2024 and Notification No. 20/2024 – Customs (NT) dated 11.03.2024

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