

Monthly Communique | February 2024

Income Tax

- + **Notification of Income-tax (Second Amendment) Rules, 2024 and substitution of Forms ITR-2, ITR-3, ITR-5 and ITR 6 for the AY 2024-25:** The CBDT has notified the income-tax return forms as follows:

ITR No.	Taxpayer category
ITR 2	Individuals (not eligible to file ITR-1) and HUFs not having incomes from business / profession
ITR 3	Individuals and HUFs having incomes under the head business / profession and not eligible to file ITRs 1, 2 and 3
ITR 5	For persons other than Individual, HUF or a Company or such other prescribed persons required to file ITR-7 (charitable trusts, research associations etc.)
ITR 6	Companies

Further, it is notified that individuals and HUFs who are required to have their accounts audited under section 44AB of the Act can verify their return of income by way of Electronic Verification Code ('EVC').

Notification No.16 of 2024 dated 24.01.2024 & Notification No.19 of 2024 dated 31.01.2024

- + **Extension of time-limits available for processing of the Income-tax returns till AY 2020-21:** All income-tax returns filed by the taxpayers are required to be processed within 9 months (12 prior to 01.04.2021) from the end of the year in which such return was filed. However, certain returns filed could not be processed due to technical issues. Consequently, it was noted that legitimate refunds of the taxpayers have remained unpaid although the delay is not attributable to the taxpayers. To address this, the CBDT had extended the time limit for processing the returns of income validly filed with refund claims in non-scrutiny cases vide various notifications issued from time to time. The CBDT has further provided time for processing the tax returns filed up to AY 2020-21 till 30.04.2024.

F. No.225/132/2023/ITA-II dated 31.01.2024

- + **Budget 2024, an update:** A few key points of the Vote on Account 'Budget' 2024 are summarized below:

Amendments to TCS on LRS and purchase of overseas tour package

- The CBDT vide Circular 10 / 2023 dated 30.06.2023 provided certain reliefs to taxpayers on TCS on LRS and purchase of overseas tour package.
- Finance Bill 2024 proposes to incorporate some of the contents of the above circular in the law with retrospective effect from 01.07.2023.

Monthly Communique | February 2024

- The below is a summary of the above provisions.

Nature of Payment	Up to 30.06.2023	Effective 01.07.2023
LRS for education financed by loan from FI	Nil up to Rs. 7 lakh	Nil up to Rs. 7 lakh
	0.5% above Rs. 7 lakh	0.5% above Rs. 7 lakh
LRS for medical treatment / education – other than above	Nil up to Rs. 7 lakh	Nil up to Rs. 7 lakh
	5% above Rs. 7 lakh	5% above Rs. 7 lakh
LRS other than the above	Nil up to Rs. 7 lakh	Nil up to Rs. 7 lakh
	5% above Rs. 7 lakh	20% above Rs. 7 lakh
Purchase of overseas tour package	5% (without threshold)	5% up to Rs. 7 lakh
	---	20% above Rs. 7 lakh

Withdrawal of outstanding tax demands for specified years

- Pursuant to electronic tracking of outstanding demands, taxpayers across the board were 'reminded' of outstanding tax demands going back purportedly to 1962.
- In a tacit acknowledgment of numerous difficulties, (including the impossibility of enforcing these demands for various reasons), the Finance Minister has proposed withdrawal of outstanding tax demands as below:
 - Rs. 25,000 per tax period for tax periods upto FY 2009-10.
 - Rs. 10,000 per tax period for tax periods from FY 2010-11 to 2014-15.

Goods and Services Tax (GST)

+ GST news and advisory:

- **Introduction of Table 14 & Table 15 in Form GSTR-1:** Tables No 14 and 15, which capture the details of the supplies made through e-commerce operators (ECO) on which e-commerce operators are liable to collect tax u/s 52 of the Act or liable to pay tax u/s 9(5) of the Act, were introduced in Form GSTR-1 vide Notification No. 26/2022 – Central Tax dated 26.12.2022. The said Table is active now and can be used by the taxpayers from tax period of January 2024 onwards.

[GST News & Updates dated 15.01.2024](#)

- **Facilities of payment through Debit / Credit Card and UPI introduced:** Two new facilities of payment i.e. Cards and Unified Payments Interface (UPI) have been introduced for the taxpayers under e-payment in addition to net-banking. Cards facility includes Credit Card (CC) and Debit Card (DC) namely Mastercard, Visa, RuPay, Diners (CC only) issued by any Indian bank.

[GST News & Updates dated 19.01.2024](#)

Monthly Communique | February 2024

- **Facility for suspension/cancellation of registration on account of non-furnishing bank account being developed:** Registered taxpayers are required to submit their bank account details within 30 days of registration or before the GSTR-1/IFF filing due date. A new functionality is in development wherein:
 - Failure to provide bank details within the specified time leads to:
 - Taxpayer registration suspension after 30 days, with an intimation in FORM REG-31 issued.
 - Debarment from filing GSTR-1/IFF.
 - Suspension can be automatically revoked, if the taxpayer updates their bank account details in response to intimation in FORM REG-31.

If bank details are not updated after 30 days from issuance of FORM REG-31, registration may be considered for cancellation by the respective officer.

GST News & Updates dated 23.01.2024

Foreign Trade Policy (FTP)

+ **Import Regulations for the Transfer of Used IT Assets from SEZ to DTA:** The DGFT has imposed specific restrictions on the importation of used IT assets, including laptops, desktops, monitors, and printers, from Special Economic Zone (SEZ) to Domestic Tariff Area (DTA) through an amendment to the Foreign Trade Policy in 2023, mainly providing for licensing requirements by adding the supply of such goods into restricted category. However, under certain conditions, the movement of used IT assets from SEZ to DTA can occur without requiring a License for Restricted Imports. The stipulated conditions are as follows:

- The transfer of used IT assets to DTA is permitted for the sole purpose of continued use in DTA operations, provided that the assets have been utilized for a minimum of 2 years in the SEZ area and are not older than 5 years from the date of manufacturing.
- In instances where a unit is ceasing its operations in the SEZ and relocating to the DTA, the transfer of goods is allowed, given that the assets are not older than 5 years from the date of manufacturing.
- The aforementioned import relaxation is applicable, only if no exemption from any regulatory requirements, such as Compulsory Registration Order (CRO), Wireless Planning and Co-ordination Wing Certification (WPC) and Restriction of Hazardous Substances (RoHS), was availed at the time of importing used IT assets into the SEZ.

Notification no. 56/2023 dated 01.01.2024

Monthly Communique | February 2024

- + **Clarification on Import Policy for Laptops, Tablets, All-in-one Personal Computers, Ultra Small Form Factor Computers, and Servers under HSN 8471:** In reference to the recent Notification No. 23/2023 dated 03.08.2023 read with Notification No. 26/2023 dated 04.08.2023 and Notification No. 38/2023 dated 19.10.2023 and in continuation to Policy circular No. 06/2023 dated 19.10.2023 which introduced restrictions on the import of specific IT Hardware, the DGFT has issued clarified that the import restriction is specifically targeted at Laptops, Tablets, All-in-one Personal Computers, Ultra Small Form Factor Computers, and Servers falling under HSN 8471 is permissible only with a valid Import authorization. The said restriction does not extend to other goods such as Desktop Computers, classified under tariff head 8471.
Policy Circular No. 09/2023-24 dated 12.01.2024
- + **Extension of validity of Pre-Shipment Inspection Agencies:** The DGFT has extended the validity of Pre-Shipment Inspection Agencies (PSIAs) as listed in the Appendix 2G of A&ANF (Appendices and Aayat Niryat Forms) of Foreign Trade Policy 2023, to March 31, 2024. Hitherto, term was due for completion as on December 27, 2023.
Public Notice No. 37/2023 dated 12.01.2024

Customs

- + **Extension – Payment of Duties of Customs through Electronic Cash Ledger:** Board has further extended effective date, for mandatory payments of duty of Customs to be made through Electronic Cash Ledger to 01.03.2024. Hitherto, the date due for implementation was 20.01.2024.
Notification No. 06/2024 – Customs (N.T) dated 19.01.2024

Corporate Law

- + **MCA notifies listing of equity shares in permissible jurisdictions Rules, 2024:** The Ministry of Corporate Affairs (MCA), vide notification dated 24.01.2024, notified the Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024:
 - The provisions of these rules shall apply to:
 - a. Unlisted public companies and
 - b. Listed public companies, so far as they are following regulations framed or directions issued in this regard by SEBI or the Authority, which issue their securities to list on permitted stock exchanges in permissible jurisdictions.

Monthly Communique | February 2024

- An unlisted public company not falling under Rule 5 mentioned below and having no partly paid-up shares is allowed to issue equity shares for the purpose of listing on a stock exchange in a permissible jurisdiction.
- The unlisted public company is required to submit the prospectus in e-Form LEAP-1 along with the applicable fees, within 7 days after finalization and filing on the permitted exchange.
- Rule 5 - A Company shall not be eligible for issuing its equity shares for listing by these rules, in case it –
 - a. Has been registered under section 8 or declared as Nidhi under Section 406 of the Companies Act, 2013;
 - b. Is a company limited by guarantee and also having a share capital;
 - c. Has any outstanding deposits accepted from the public as per Chapter 5 of the Act and rules made thereunder;
 - d. has a negative net worth;
 - e. Defaulted in the payment of dues to any bank, public financial institution, non-convertible debenture holder, or any other secured creditor. However, this provision does not apply if the company rectified the default, and 2 years have elapsed since the date of resolving the default;
 - f. If it has made an application for winding-up under the Act, or for resolution or winding-up under the Insolvency and Bankruptcy Code, 2016 (31 of 2016). This disqualification remains in effect as long as any proceedings against the company for winding up under the Companies Act or for resolution or winding-up under the Insolvency and Bankruptcy Code, 2016 (31 of 2016), are pending;
 - g. Defaulted in filing an annual return under Section 92 or a financial statement under Section 137 of the Act within the specified period;
- These provisions shall come into force on 24.01.2024.

G.S.R. 16(E) dated on 24.01.2024

SEBI

- + **Foreign investment in Alternative Investment Funds (AIFs):** The Securities and Exchange Board of India (SEBI) has modified the Master Circular No. SEBI/HO/AFD/PoD1/P/CIR/2023/130 for Alternative Investment Funds (AIFs) on 11.01.2024 to align it with the amendment of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 specifying that investors or their beneficial owners:
 - a. Must not be on the UN Security Council sanctions list or

Monthly Communique | February 2024

- b. Residents of countries identified in the public statement of the Financial Action Task Force as jurisdictions having strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which countermeasures apply.

If an already on-boarded investor fails to meet these conditions, the AIF manager cannot draw further capital contributions from them. The circular is effective immediately, issued under SEBI's powers to protect investor interests and regulate the securities market.

Circular No. SEBI/HO/AFD/PoD1/CIR/2024/2 dated 11.01.2024

- + **Guidelines for AIFs holding investments in dematerialized form:** SEBI, on 12.01.2024, issued guidelines for AIFs for holding their investments in dematerialized form and appointment of custodian.

The key updates are:

- i. Holding their investments in dematerialized form:
 - Any investment made by an AIF on or after 01.10.2024, should be held in dematerialized form only, regardless of whether the investment is made directly in the investee company or acquired from another entity.
 - Investments made by an AIF before 01.10.2024 are exempted from the requirement of being held in dematerialized form, except in the following cases:
 - a. Investee company of the AIF has been mandated under applicable law to facilitate the dematerialization of its securities;
 - b. The AIF on its own, or along with other SEBI registered intermediaries/entities that are mandated to hold their investments in dematerialized form, exercise control over the investee company;
 - Investments made by an AIF before 01.10.2024 that fall under the conditions outlined above must be held in dematerialized form on or before 31.01.2025.
 - Holding investments in dematerialized form would not apply to:
 - a. The scheme of an AIF whose tenure (excluding permissible extension of tenure) concludes on or before 31.01.2025;
 - b. The scheme of an AIF that is in an extended tenure as of the date of this circular;
- ii. Appointment of custodian for AIF's:
 - As per Regulation 20(11) of AIF Regulations, it was outlined that the Sponsor or Manager of the AIF is required to appoint a custodian registered with the Board for the safekeeping of the securities of the AIF.

Monthly Communique | February 2024

- Under Regulation 20(11A) of AIF Regulations, it was noted that a custodian, identified as an associate of the Sponsor or Manager of an AIF, is allowed to serve as a custodian for that AIF, provided that the conditions specified in the aforementioned Regulations are satisfied.
- Regarding this matter:
 - a. It is specified that the custodian for a scheme of an AIF must be appointed before the date of the scheme's first investment;
 - b. For existing schemes of Category I and II AIFs with a corpus equal to or less than INR 500 crore, holding at least one investment as of the date of this circular, they are required to appoint a custodian on or before January 31, 2025;
 - c. In the case of AIFs with custodians identified as associates of their manager or sponsor, the managers of such AIFs must ensure compliance with Regulation 20(11A) of AIF Regulations by January 31, 2025;
- iii. Reporting of investments of AIFs under custody:
 - Regulation 20(11) of AIF Regulations mandates that the custodian must report or disclose information about AIF investments as specified by the Board.
 - The pilot Standard Setting Forum for AIFs (SFA), in consultation with SEBI, will formulate implementation standards for reporting data on investments of AIFs under custody.
 - Managers of AIFs and custodians are required to adopt and adhere to these implementation standards which will be published on the websites of industry associations, including the Indian Venture and Alternate Capital Association (IVCA), PE VC CFO Association, and Trustee Association of India, within 60 days of the issuance of this circular.

Circular No. SEBI/HO/AFD/PoD/CIR/2024/5 dated 12.01.2024

- + **Streamlining of regulatory reporting by Designated Depository Participants and Custodians:** SEBI, vide circular dated 25.01.2024, notified that all Designated Depository Participants (DDPs) and Custodians are required to submit the reports specified by the Board from time to time.

Monthly Communique | February 2024

Sr.	Reporting Requirements	Periodicity
1	Annual audit reports on internal controls of Designated Depository Participant (DDP) under Regulation 31(6) of SEBI Foreign Portfolio Investors (FPI) Regulations, 2019	Annual
2	Annual review report of the systems, procedures & controls of the Custodian by an expert under Regulation 14 (2) of Custodian Regulations read with Clause 8 of Chapter IV of the Master Circular for Custodians.	
3	Audited Annual report along with Net worth certificate under Clause 7 of Chapter IV of the Master Circular for Custodians	
4	AI / ML report under Clause 9 (v) of Chapter IV of the Master Circular for Custodians	Half-yearly
5	Custodian Quarterly report under Clause 6 of Chapter IV of the Master Circular for Custodians.	Quarterly
6	Foreign Portfolio Investors (FPI) General Information to assess the eligibility under Regulation 4 of Foreign Portfolio Investors (FPI) Regulations, 2019	
7	NRI/OCI/RI requirements under Clause 1(ii) of Part A of Master Circular for Foreign Portfolio Investors (FPI) and Designated Depository Participant (DDP) dated 19.12.2022	
8	Foreign Portfolio Investors (FPI) are non-compliant with Legal entity identifier requirements under the circular dated 27.07.2023	Quarterly
9	Foreign Portfolio Investors (FPI) who have not submitted granular BO details under the circular dated 24.08.2023	
10	Details of Foreign Portfolio Investors (FPI) granted an exemption under circular dated 24.08.2023	
11	Change in material information where there is a delay of 6 months as provided under Clause 4(iii) of Part A of the Master Circular for Foreign Portfolio Investors (FPI) and Designated Depository Participant (DDP)s	Monthly
12	Report of short sales by Foreign Portfolio Investors (FPI) under Clause 4 of Chapter IV of the Master Circular for Custodians.	

- These reports shall be submitted by DDPs and Custodians on the SI portal on a monthly, quarterly, half-yearly, and annual basis as specified. The monthly and quarterly reports shall be uploaded within 15 calendar days from the end of each month and quarter.
- The provisions of this Circular shall come into effect from the month ending February 2024 onwards.

Circular No. SEBI/HO/AFD/AFD-SEC-2/P/CIR/2024/ dated 25.01.2024

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Document date: 14.02.2024

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