

## June 2024

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### Income Tax

- + **Cost Inflation Index ('CII') for FY 2023-24 notified:** The CII for computation of capital gains for FY 2024-25 has been notified as 363.  
*Notification No. 44/2024 dated 24.05.2024*
  
- + **Reserve Bank of India exempted from implications under Section 206AB and 206CCA:** The provisions of Section 206AB and 206CCA provide for the deduction or collection of taxes at higher rates of returns in certain cases where the deductee or collectee has not filed an income-tax return for the preceding financial year. The sections also empower the Central Government to notify persons to whom these provisions would not apply. In this regard, the Central Government has notified Reserve Bank of India as a specified person to whom the provisions of section 206AB and 206CCA are not applicable.  
*Notification No. 45/2024 dated & Notification No. 46/2024 both dated 27.05.2024*
  
- + **Information confirmation functionality in AIS:** Annual Information Statement ('AIS') is a statement provided by the CBDT which captures select transactions undertaken by a taxpayer by sourcing data from multiple reporting entities (like tax deductors, depositories, mutual funds etc.). The AIS also provides the taxpayer with a functionality to furnish feedback to the CBDT about the existence and accuracy of the transactions reported. Such feedback would be subsequently shared with the reporting entities for their counter response to the feedback provided by the taxpayers. The CBDT has now introduced a new functionality wherein the status of the response filed by the taxpayer would be reflected (including when the response was shared to the reporting entity and the response was provided by the reporting source).  
*Press release dated 13.05.2024*
  
- + **Guidelines for compulsory selection of returns for complete scrutiny:** The CBDT has prescribed guidelines to officers to conduct complete scrutiny of returns filed by persons who satisfy the conditions specified in the communication. An illustrative list of such instances include cases where:
  - Income-tax surveys have been conducted;
  - A search and seizure has been conducted;
  - Re-assessment proceedings have been initiated pursuant to search and seizure or survey conducted on the taxpayer on or after 1st April, 2021;
  - Tax officers have formally called for filing of income-tax returns but such returns have not been furnished;

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- Registration / approval for tax exemption, weighted deductions has not been granted or have been cancelled but yet the tax exemption / weighted deductions are made in the income-tax return.
- There is a recurring addition involving a 'question of law or fact or both' and the said addition exceeds Rs. 25 lakhs in the metro charges and Rs. 10 lakhs in the non-metro charges.

Miscellaneous communication F.No.225/72/2024/ITA-II dated 03.05.2024

### Goods and Services Tax (GST)

- + **Guidelines issued for initiation of recovery proceedings before the stipulated 3 months from the date of service of demand order:** CBIC has issued instructions, which outline the process for recovering unpaid amounts owed to the Government before the stipulated time of 3 months from the date of service of demand order. Taxpayers are given 3 months from the date they receive the demand order to file an appeal with the Appellate Authority. However, in special cases that are in the interest of revenue, the Jurisdictional Deputy or Assistant Commissioner of Central Tax can start the recovery process before this three-month period ends. The process to be followed is as under:
  - The matter needs to be placed by the jurisdictional Deputy or Assistant Commissioner of Central Tax along with justification/reason for such action of recovery, before the jurisdictional Principal Commissioner/Commissioner of Central Tax.
  - The jurisdictional Principal Commissioner/Commissioner of Central Tax shall examine such reasons in detail.
  - The Jurisdictional Principal Commissioner/Commissioner of Central Tax may issue directions to the concerned tax payer to remit the tax payment within a period specified by him after recording the reason in writing.
  - A copy of the direction is to be sent to the jurisdictional Deputy or Assistant Commissioner for action.
  - Reasons for early recovery should be based on credible evidence, such as:
    - High risk to revenue if waiting for three months.
    - Likelihood of business closure or default due to financial instability.
    - Impending insolvency proceedings.
  - For issuance directions for early recovery of taxes, the proper officer should consider the following:
    - The taxpayer's financial health; Business operations status;
    - Infrastructure; Credibility of taxable person;

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- Strike balance between the interest of revenue and ease of doing business;
- The recovery proceedings should not be issued mechanically.
- If the taxable person fails to comply with the early payment directive, the Deputy or Assistant Commissioner can proceed with recovery by any of the modes mentioned in Section 79(1) of the CGST Act, 2017 including attachment of property, recovery from sale of goods belonging to the taxpayer etc.

Instruction No. 01/2024-GST dated 30.05.2024

- + **Advisory on launch of E-Way Bill 2 Portal:** The Goods and Services Tax Network (GSTN) has launched a new E-Way Bill 2 Portal (<https://ewaybill2.gst.gov.in/>) on June 1, 2024. This new portal aims to enhance the availability and reliability of the e-way bill system by running parallel to the existing main portal and can be used where the main e-way bill portal is non-operation for technical / other reasons.

GST News and Updates dated 28.05.2024

## Customs

- + **Disbursal of drawback amounts into exporters account through PFMS:** For ease of business, with effect from 05.06.2024, Board has adopted simplified process for disbursement of duty drawback amounts into exporters account. Comparison of current and new process for disbursement of duty drawback amounts is summarized as follows:

Particulars	New Procedure (w.e.f. 05.06.2024)	Current Procedure
Processing System	Public Finance Management System (PFMS)	Customs Automated System (CAS)
Scroll Handling	Scrolls generated at different locations are <b>automatically processed</b> by CAS for onward transmission to the Central Nodal eDDO	Computerized Customs Drawback Advice/ Scroll printed and sent to Authorized Bank Branch.
Cheque Issuance	Eliminated. Payment processed electronically to exporters bank linked to PFMS.	Single Cheque of total amount issued to the Authorized Bank branch for payment to exporters.
Transmission Method	Scrolls electronically processed and transmitted to the Central Nodal eDDO	Printed scrolls are physically transmitted to the Authorized Bank branch.
Role of Authorised Bank branch	Role of authorised bank is eliminated. Payment process handled by PFMS.	Received printed scrolls, disburses cheques to exporters.
Central Processing	Central Nodal eDDO consolidates all India duty drawback scroll and forwards it to nodal e-PAO (Public Accounts Office).	Not applicable.

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Particulars	New Procedure (w.e.f. 05.06.2024)	Current Procedure
Final Approval and Credit to bank account of exporter	After approval of e-PAO, duty drawback amount is credited into exporters bank account linked to PFMS	Not applicable.

**Actions to be completed before 05.06.2024:**

- Processing all drawback scrolls already generated and issue cheques for the same.
- Informing jurisdictional PAO and authorized bank of the last cheque issued and confirming that no future payments shall be made through the bank.
- Unused cheque books issued for the purpose of disbursement of drawback to be sent back to PAO. Further, in case the cheque book is retained for Customs refund payments, then specific mention to be made in the LOP against the cheque issued.

Instruction No. 15/2024 – Customs dated 29.05.2024

**Foreign Trade Policy (FTP)****+ Clarification on 3% and 10% charges for Non-Achievement of Minimum Value Addition:**

The DGFT has clarified that in cases where export obligation is fulfilled in terms of value but there is shortfall in terms of quantity, provision requiring the payment of 10% of the CIF value for unutilized imported materials will only apply to advance authorizations issued on or after 01.04.2023.

Further, in cases where the Export Obligation is fulfilled in quantity but there is shortfall in value, provision requiring deposit of 3% of the shortfall in FOB value will be applicable only for advance authorization issued on or after 01.04.2023.

Policy circular no. 02/2024 dated 03.05.2024

- + Time Limit for Representation Against Norms Committee Decisions:** The DGFT has, in the interest of export promotion and promoting ease of doing business, clarified the provisions relating to time limit for representation against the decision of Norms Committee by the applicant. Hitherto, no representations could be made after 12 months from the date of uploading the decision on DGFT website. Now authorized holder can make application for review till 31.12.2024 where the decision is taken before 01.04.2023. Further DFGT has clarified that review of decision will be applicable only where advance authorization has been issued after 01.04.2019 and such decision are not taken up for the review by Norm Committee.

Policy circular no. 03/2024 dated 30.05.2024 and Addendum to circular 03/2024 dated 31.05.2024

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- + **Amendment to Import Policy for Second Hand Goods in Foreign Trade Policy 2023:** DGFT has amended the import policy for the import of second-hand IT goods. As per the amended import policy condition, import of second-hand IT goods will be governed by the Electronics and Information Technology Goods (Requirements of compulsory Registration) **Order, 2021**. Earlier it was governed by "Electronics and Information Technology Goods (Requirement of Compulsory Registration) **Order, 2012**.

Notification no. 13/2024-25 dated 20.05.2024

### Corporate Law

- + **Relaxation of additional fees and extension of the due date of filing LLP Forms:** MCA, vide circular dated 07.05.2024, had provided due date extension for Form No. LLP BEN-2 and LLP Form No. 4D along with a relaxation on additional fees.

Limited Liability Partnerships ('LLP's) are required to file Form LLP BEN-2 and LLP Form No. 4D, to declare the information in compliance with the new rules notified by the Ministry of Corporate Affairs ('MCA') related to Significant Beneficial Owners and amended rules regarding beneficial interest in contributions received by LLPs

Owing to transition of MCA-21 system from version-2 to version-3 and to encourage compliance among reporting LLPs, MCA vide Circular dated 07.02.2024 had allowed LLPs to submit the aforementioned forms without paying any additional fees on or before 15.05.2024.

Vide circular dated 07.05.2024, the due date has been further extended up to 01.07.2024. LLPs can submit Form LLP BEN-2 and LLP Form No. 4D on or before 01.07.2024 without any additional fees.

General Circular No.-03/2024 dated on 07.05.2024

### FEMA

- + **Permission to open interest-bearing accounts in India by non-residents in certain cases:** A person resident outside India is permitted to enter into certain derivative transactions and is also permitted to pay or receive interest on margin posted and collected. In this regard, the Foreign Exchange Management (Deposit) regulations has been amended to provide for the opening and maintenance of an interest-bearing account by a non-resident for posting and collecting margins on permitted derivative contracts. Such accounts can be opened in both Indian rupees and foreign currency.

Notification No. FEMA 5(R)/(4)/2024-RB dated 06.05.2024

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- + **Compulsory compounding for issuance of partly paid units by AIFs to non-resident investors:** The Foreign Exchange Management (Non-debt instruments) Rules, 2019 ('the NDI rules') provided for issuance of units by AIFs to persons resident outside India ('non-resident investors'). However, the same was silent on the permissibility or otherwise of issue of partly paid-up units to such non-resident investors. The Central Government, by way of an amendment to the NDI rules dated 14.03.2024, expressly provided for the issue of partly paid-up units to non-resident investors by AIFs. The RBI has now issued a circular clarifying that the partly paid-up units issued prior to the date of amendment as above are in contravention of the provisions of the NDI rules and the AIFs who have issued such partly paid-up units would be required to approach the RBI for compounding of such contravention. The RBI has further advised the AD bankers to ensure all the administrative procedures in connection with the issuance of such units are completed before approaching for the compounding procedures.

*A.P. (DIR Series) Circular No. 7 dated 21.05.2024*

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