

September 2024

In this Communique

INCOME TAX

- + Exemption from higher TDS/TCS
- + Clarification on ITCC
- + e-Dispute Resolution Scheme
- + Exceptions to faceless proceedings

CUSTOMS

- + Implementation of automation in the Customs (IGCRS) Rules, 2022 for EOUs

FTP

- + Introduction of API Integration and Bulk Upload Facility for eBRC
- + Launch of the Revamped Non-Preferential Certificate of Origin (eCoO) 2.0 System
- + Pilot launch of draft modalities under ECEH scheme

SEBI

- + Compliance Guidelines for borrowing by AIFs and permissible tenure limit for LVFs
- + Migration of VC Funds registered under erstwhile SEBI Regulations, 1996 to SEBI Regulations, 2012

FEMA

- + Sovereign Green Bonds in IFSC

GST

- + Effective date notified for certain new provisions of ISD
- + GST News and Advisory

Monthly Communique | September 2024

Income Tax

- + **Exemption from Higher TDS/TCS Rates Due to Death of Deductee/Collectee Before PAN-Aadhaar Linkage Deadline:** Sections 206AA/206CC of the Income-tax Act, 1961 ('ITA') provides for higher deduction of taxes in cases where the PAN and Aadhaar of the deductee / collectee as the case may be, are not linked. CBDT, vide Circular No. 6 of 2024 dated 23.04.2024 provided that where PAN and Aadhaar were linked on or before 31.05.2024, tax deduction for such recipients would not be at higher rates for the period April – May 2024. Instances were reported where the deductee / collectee had passed away / died before the last date (being 31.05.2024) for the linking of PAN and Aadhaar and therefore, taxes were deducted / collected at the applicable rates. In these cases, tax demands were identified against the deductor or collector as a result of failure to link the PAN and Aadhaar of the deceased person. On receipt of grievances as above by taxpayers, the board has provided that in case of demise of the deductee / collectee on or before 31.05.2024 (before the linkage of PAN and Aadhaar), there shall be no liability on the deductor/collector to deduct/collect the taxes at a higher rate.

Circular No. 08/2024 dated 05.08.2024 and Press release dated 07.08.2024

- + **Clarification on Income-tax Clearance Certificate (ITCC) requirements for Indian residents:** The provisions of Section 230(1A) of the ITA read with Instruction No.1 of 2004 dated 05.02.2004 presently require certain persons domiciled in India and departing from India to obtain an ITCC stating that there are no liabilities due from such person under the Income-tax Act, the Wealth-tax Act, the Gift-tax Act or the Expenditure-tax Act. The Finance Act (No.2) of 2024 brought in an amendment to extend the above provisions to dues under the 'Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015' ('Black Money Act'). The CBDT has noted that misinformation is emanating from an incorrect interpretation of the amendment that all the persons leaving the country are required to obtain ITCC. To address this, the CBDT has clarified that the requirements to obtain ITCC continues to be as per the Clause 3 of the Instruction No.1 / 2004 dated 05.02.2004 which mandate obtaining the ITCC for the following individuals:
 - Those involved in serious financial irregularities under the Income-tax or Wealth-tax Act, and likely to have a tax demand raised against him
 - Those with outstanding direct tax arrears exceeding Rs. 10 lakhs, not stayed by any authority.

Monthly Communique | September 2024

It further clarified that an ITCC can only be requested after proper reasons are recorded and approval is obtained from the Principal Chief Commissioner or Chief Commissioner of Income-tax. [Press Release dated 20.08.2024](#)

- + **CBDT activates e-Dispute Resolution Scheme (e-DRS), 2022:** The Central Board of Direct Taxes (CBDT) had introduced the e-Dispute Resolution Scheme (e-DRS) aiming to reduce litigation and provide faster relief to certain eligible taxpayers in cases of certain specified orders. Applications before the Dispute Resolution Committees ('DRCs') are required to be filed within 1-month of receipt of such specified orders. According to the provisions of the scheme, DRCs would constitute of 2 retired members (who have held post not below the rank of Commissioner of Income-tax) and one serving member (not below the rank of Commissioner of Income-tax). The DRC would adjudicate and dispose of the application within 6 months of the receipt of application and issue order / directions as appropriate. The tax authority is required to pass a modified order or final assessment order in conformity with the directions issued by the DRC. The taxpayer would not be able to prefer an appeal or revision or approach the DRC against such modified order.

The CBDT has now notified that DRCs have been constituted in all 18 jurisdictional Principal CCITs regions and encourages taxpayers to utilize the scheme. Where the taxpayers have already preferred appeals over the specified order, the application to the DRC can be filed on or before 30.09.2024. [Press Release dated 30.08.2024](#)

- + **Circumstances when e-form of communication would not be mandatory in case of faceless assessments:** Faceless assessments requires all forms of communications between taxpayers and tax authorities to happen through the National Faceless Assessment Centres ('NFACs') and electronically. The CBDT has now notified an exception to the above requirement for the verification unit of the NFAC in the following circumstances:

- Non-availability of digital footprint in respect of the Assessee or any other person;
- Electronic or online verification is not possible on account of no response to notice issued to the Assessee or any other person;
- Physical verification of assets or premises or persons is required, regardless of the presence of digital footprint.

[CBDT order number F. No. 1871712024-ITA-I dated 01.08.2024](#)

Monthly Communique | September 2024

Customs

+ Implementation of automation in the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022 for 100% EOUs: The existing customs clearance procedures for 100% Export Oriented Units (EOUs) have been replaced by an automated system, which is currently applicable to other exporters. Effective 17.09.2024, all EOUs will be required to mandatorily obtain an IGCR Identification Number (IIN) through the ICEGATE portal. All subsequent clearances will be governed by the provisions set forth under the IGCR Rules, 2022.

- In the new system, 100% EOUs seeking to avail exemptions under the IGCR scheme would be required to first submit an intimation request for imported goods under the IGCR module through the ICEGATE portal. Following this, the system will generate the requisite IIN.
- Prior to submitting the application, the importer must provide the details on the ICEGATE portal such as importer details, descriptions of the goods to be imported and manufactured, information on job workers (if any), end-user recipients, manufacturing facilities employed by the importer or job workers and any relevant unit transfers. The said details are currently made available physically before the jurisdictional Export Promotion Council / Port of Import.
- The registration of bonds has been incorporated into this system, enabling importers to create new continuity bonds, amend or top-up existing bonds, and access their bond utilization details in real-time. Importers who have previously registered bonds under the former system are not required to submit a new bond to the Jurisdictional Commissionerate. The existing bond will be registered as an "EI" bond on the ICEGATE portal.
- At the time of filing the Bill of Entry at any port of import, importers are required to declare their IIN, refer to IGCR Notification No. 52/2003 – Customs dated 31.03.2003, and specify the applicable serial number at the item level, ensuring that the certificate type is listed as "EI".
- Comprehensive procedures for accessing the IGCR module, submitting prior intimation requests, bond/bank guarantee registration, filing monthly return statements, and declaring any shortfalls or non-receipt of goods are delineated in [IGCR Advisory dated 14 July 2023 and ICR Advisory dated 03.09.2024](#).

[Circular No. 11/2024 – Customs dated 25.08.2024](#); and [Circular No. 13/2024 – Customs dated 04.09.2024](#)

Monthly Communique | September 2024

Foreign Trade Policy (FTP)

+ Introduction of API Integration and Bulk Upload Facility for eBRC Self-Certification:

Taking one more step towards self-assessment regime and upon successfully running a pilot version, DGFT has introduced a facility of API Integration which will allow exporter of goods and services to self-certify E-BRCs and ensure proper export realization reconciliation. As first step, DGFT has ensured seamless integration of banks with the DGFT E-BRC system, allowing automatic transmission of Inward Remittance Messages (IRMs).

Exporters can now log in to the DGFT website to review IRMs generated by their bankers and self-certify E-BRCs by matching details thereto, with the details of relevant invoice or Shipping Bill against which said IRM is generated. To enhance the eBRC self-certification process, DGFT has introduced two new functionalities which are as follows:

- **Bulk Upload:** Exporters can now certify multiple E-BRCs at once using the bulk upload feature by submitting a spreadsheet with IRM, Shipping Bill, and Invoice details. Exporters would be required to adhere to the prescribed rules and guidelines specified in the spreadsheet template to ensure compliance with the applicable business rules and data formats in the eBRC workflow. The said feature is put in place to enhance efficiency, reduce manual errors and streamline the entire process of self-certification of E-BRCs.
- **API Integration:** API integration enables exporters to link their ERP or accounting systems with the DGFT E-BRC system for real-time EBRC retrieval and verification. Exporters must register their IEC online and manage API access. The said access can anytime be deactivated. Deactivated API will remain inactive, until reauthorized by the IEC holder.

User Manuals on eBRC are available on the DGFT website under 'Learn' Section and board has confirmed that jurisdictional or Regional Authorities (RAs) will conduct necessary Outreach Programs and promote awareness and demonstrate advanced E-BRCs capabilities.

Trade Notice No.12/2024-25 dated 14.08.2024

Monthly Communique | September 2024

- + **Launch of the revamped Non-Preferential Certificate of Origin (eCoO) 2.0 system:** To streamline the certification process for exporters (only for issuance of Non-Preferential Certificate of Origin (eCoO)), DGFT has scheduled to launch an enhanced version of Non-Preferential Certificate of Origin (eCoO) system - eCoO 2.0. Features of the revamped eCoO 2.0 system and guidelines can be accessed in the Trade Notice link given below.

[Trade Notice No.13/2024-25 dated 16.08.2024](#)

- + **Pilot launch of draft modalities under E-Commerce Export Hubs (ECEH) scheme:** E-Commerce Export Hubs (ECEH), proposed under Section B of Chapter 9 of the Foreign Trade Policy 2023 aim to provide efficient infrastructure for cross-border e-commerce ensuring quick export turnaround, easy re-imports for returns and centralizing stakeholders. The government has formulated draft operational modalities for ECEHs and plans a pilot launch based on these drafts, with further notifications and circulars to follow after feedback from all the stakeholder's basis the pilot run. Draft modalities proposed can be accessed in the Trade Notice link given below.

[Trade Notice No.14/2024-25 dated 22.08.2024](#)

Securities and Exchange Board of India (SEBI)

- + **Guidelines for borrowing by Category I and II AIFs and maximum permissible tenure limit for Large Value Funds for Accredited Investors ('LVFs'):** SEBI has amended the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as of 06.08.2024. The amendments focus on:
 - Borrowing norms for Category I and Category II AIFs.
 - The maximum permissible limit for extending the tenure of LVFs.

A. Borrowing Guidelines for Category I & II AIFs: Borrowing Limits: Category I & II AIFs can borrow temporarily (up to 30 days, 4 times a year, within 10% of investable funds) to meet shortfalls in drawdown amounts under strict conditions.

Key Conditions:

- Borrowing must be disclosed in the PPM.
- Only permitted in emergencies when investments are imminent.
- The borrowed amount is capped, and costs are charged to investors causing the shortfall.
- A 30-day cooling-off period is required between borrowings.

Monthly Communique | September 2024

B. Tenure Extension for LVFs: Extension Limit: LVFs can extend their tenure by up to 5 years with two-thirds investor approval. LVFs must align any extensions with this limit by 18.11.2024, and report updates in the SEBI Intermediary Portal.

Circular No. SEBI/HO/AFD/AFD-POD-1/P/CIR/2024/112 dated on 19.08.2024

- + Modalities for migration of Venture Capital Funds registered under erstwhile SEBI (Venture Capital Funds) Regulations, 1996 to SEBI (Alternative Investment Funds) Regulations, 2012:** SEBI has amended and notified the AIF Regulations on 20.07.2024, to allow Venture Capital Funds (VCFs) registered under the erstwhile SEBI (Venture Capital Funds) Regulations, 1996, to migrate to the AIF Regulations and manage unliquidated investments upon scheme expiry.

A "Migrated Venture Capital Fund" is defined under Regulation 19V (1) of AIF Regulations as a fund previously registered under VCF Regulations, now re-registered under AIF Regulations as a sub-category of Venture Capital Fund under Category I-AIF. Applications for registration as a Migrated VCF must be made to SEBI, including the original certificate of registration issued under the VCF Regulations.

VCFs with only schemes whose liquidation period has not expired can migrate to AIF Regulations under the following conditions:

1. Migration is available until 19.07.2025.
2. Scheme tenure upon migration:
 - If a definite tenure was disclosed in the Private Placement Memorandum (PPM), it will continue upon migration.
 - If not disclosed, the residual tenure will be determined with the approval of 75% of investors by value.

VCFs with at least one scheme not wound-up post-expiry of its liquidation period must meet these conditions:

- Apply for migration by 19.07.2025, only if no investor complaints are pending.
- A one-time additional liquidation period of one year is available until 19.07.2025.
- The tenure of other schemes not yet expired will be determined as per the conditions stated in point 4.

Upon migration, all investors, investments, and units of the VCF or its schemes will be deemed as those of the Migrated VCF under AIF Regulations. Provisions of SEBI's Master Circular for AIFs (*Circular No. SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39*) and other relevant circulars will apply to Migrated VCFs.

Monthly Communique | September 2024

VCFs not opting for migration will be subject to:

- Enhanced regulatory reporting for schemes whose liquidation period has not expired.
- Regulatory action for schemes continuing beyond the expiry of their liquidation period.

Migration flexibility is unavailable to VCFs where:

- All schemes are wound up, or
- No investments have been made by unwound schemes.

These VCFs must apply for surrender of registration by 31.03.2025, or face cancellation of registration.

Circular No. SEBI/HO/AFD/AFD-POD-1/P/CIR/2024/111 dated on 19.08.2024

Foreign Exchange Management Act (FEMA)

- + **Scheme for trading and settlement of Sovereign Green Bonds in IFSCs:** The Government of India issued Sovereign Green Bonds ('SGrBs') in January 2023. Initially, only foreign portfolio investors were permitted to deal in such bonds. To facilitate wider non-resident participation in such bonds, the RBI, in its "Statement of Developmental and Regulatory Policies" dated 05.04.2024, extended the permission for eligible foreign investors for trading and settlement of SGrBs in the International Financial Services Centre (IFSC), allowing foreign investors to participate in the trading of green bonds. The RBI has now introduced a scheme to bring into effect the above provisions. The Scheme has come into force from 29.08.2024. Necessary amendments have also been made in other laws.

RBI notification RBI/2024-25/72 dated 29.08.2024

Goods and Services Tax (GST)

- + **Effective date notified for new provisions related to Input Service Distributor (ISD):** The CBIC has notified **01.04.2025** as the effective date for implementation for certain new provision related to ISD (detailed below):
 - The new definition of ISD and the change in the distribution mechanism now mandates the distribution of the credit by an ISD where applicable (instead of a cross-charge) and includes the input services liable to RCM, received by the said ISD.

Monthly Communique | September 2024

- The office which receives the invoices for / on behalf of distinct persons is mandatorily required to register as ISD and distribute the ITC on such invoices.
- The distribution of credit is as follows:
 - Central Tax Credit – To be distributed as CGST or IGST
 - Integrated Tax Credit – To be distributed as IGST or CGST

Notification No. 16/2024- Central Tax dated 06.08.2024

+ GST News and Advisory:

- **FAQ's released on new Form GSTR - 1A (Amendment to Form GSTR-1):** GSTR-1A is an optional facility which enables taxpayer to add, amend or rectify any particulars of a supply reported/missed in the **current tax period's GSTR-1 before filing of GSTR-3B return** of the same tax period. A summary of the FAQ's released in this regard is provided below:

Question / Matter	Details
Availability of Form GSTR-1A for filing	<p>Monthly filers- Later of, -11th of following month (due date of filing of Form GSTR-1), OR - Date of actual filing of Form GSTR-1</p> <p>Quarterly filers- Later of, -13th of the month following the end of quarter (due date of filing of Form GSTR-1), OR - Date of actual filing of Form GSTR-1 (Quarterly)</p>
Due date for filing Form GSTR-1A	There is no due date . The Form can be filed till the date of filing of GSTR-3B of the same tax period.
Filing of Form GSTR-1A after filing Form GSTR-3B	Form GSTR-1A cannot be filed after filing Form GSTR-3B for the same tax period. However, the functionality of amending records reported in previously filed Form GSTR-1 in subsequent Form GSTR-1 continues to remain the same.
Is it compulsory to file Form GSTR-1A?	Form GSTR-1A is an optional facility.
Modes of preparing/filing Form GSTR-1A	<ul style="list-style-type: none"> - Online mode or - GST Suvidha Provider

Monthly Communique | September 2024

Question / Matter	Details
Can Nil Form GSTR-1A be filed?	Filing of Nil Form GSTR-1A is not available.
Amending records of earlier GSTR-1 in current GSTR-1A	Form GSTR-1A allows to amend the records of GSTR-1 of the current tax period . The records reported in earlier Form GSTR-1, can be amended in any subsequent Form GSTR-1
Filing of Form GSTR-3B, if some records are saved in Form GSTR-1A but not filed	There will be an error at the time of filing of GSTR 3B and the system will not allow filing of GSTR 3B. Taxpayer is required to do either of the following: - Delete the saved records in Form GSTR-1A. - Reset Form GSTR-1A. - File GSTR-1A before filing GSTR-3B.
Details of Debit Note/ Credit Note in Form GSTR-1A	The details of Debit Note/ Credit Note can be added in corresponding tables of GSTR-1A.
Amendment in the GSTIN of the Recipient in Form GSTR-1A	GSTIN of the recipient cannot be amended through GSTR-1A. The same can be amended in GSTR-1 of subsequent tax periods.
Can Quarterly filers add / amend details of records furnished through IFF for the Month M1 or M2 in GSTR-1A?	Yes, any record furnished for the month of M1 or M2 through IFF can be amended in GSTR 1A of the same tax period, after filling of GSTR 1 for the quarter.
Amendment of filed Form GSTR-1A, in case the Form GSTR-3B is not filed	Form GSTR-1A can be filed only once for a particular tax period, even if Form GSTR-3B is not filed.

Detailed manual of filing Form GSTR-1A can be accessed using the link- [Manual GST News and Updates dated 01.08.2024](#)

Monthly Communique | September 2024

- **RCM Liability/ITC Statement introduced:** A new statement called “RCM Liability/ ITC Statement” has been introduced on the GST portal. Points to note:

Particulars	Details								
Objective	This statement aids taxpayers by capturing the RCM liability payable on the Inward supplies liable to reverse charge (Table 3.1(d) of GSTR-3B) and corresponding ITC availed to be claimed on Import of Services and Inward supplies liable to reverse charge (Table 4(A)(2) and 4(A)(3) of GSTR-3B) for each return period.								
Effective from	Monthly filers- August 2024 Quarterly filers- July- Sep 2024								
Portal access	<i>Services >> Ledger >> RCM Liability/ITC Statement</i>								
Opening Balance	The opening balance shall be reported considering: <ul style="list-style-type: none"> • Monthly filers – Unclaimed RCM ITC till July-2024 tax period • Quarterly filers – Unclaimed RCM ITC till Apr- June 2024 tax period 								
Points to note while reporting Opening Balance	<table border="1"> <thead> <tr> <th>Action</th> <th>Particulars</th> </tr> </thead> <tbody> <tr> <td>Add (Positive value)</td> <td>RCM liability paid till July 2024, but the corresponding ITC has not been availed.</td> </tr> <tr> <td>Less (Negative value)</td> <td>RCM ITC availed till July 2024, but the corresponding liability has not been discharged.</td> </tr> <tr> <td>No action</td> <td>Reclaim of the RCM ITC temporarily reversed under Table 4(B)(2) of Form GSTR-3B in any earlier tax period i.e. on / before July 2024. Once eligible, such ITC to be reclaimed under 'All Other ITC' (Table 4(A)(5) of Form GSTR-3B)</td> </tr> </tbody> </table>	Action	Particulars	Add (Positive value)	RCM liability paid till July 2024, but the corresponding ITC has not been availed.	Less (Negative value)	RCM ITC availed till July 2024, but the corresponding liability has not been discharged.	No action	Reclaim of the RCM ITC temporarily reversed under Table 4(B)(2) of Form GSTR-3B in any earlier tax period i.e. on / before July 2024. Once eligible, such ITC to be reclaimed under 'All Other ITC' (Table 4(A)(5) of Form GSTR-3B)
Action	Particulars								
Add (Positive value)	RCM liability paid till July 2024, but the corresponding ITC has not been availed.								
Less (Negative value)	RCM ITC availed till July 2024, but the corresponding liability has not been discharged.								
No action	Reclaim of the RCM ITC temporarily reversed under Table 4(B)(2) of Form GSTR-3B in any earlier tax period i.e. on / before July 2024. Once eligible, such ITC to be reclaimed under 'All Other ITC' (Table 4(A)(5) of Form GSTR-3B)								
Timelines	The Opening Balance should be declared by 31.10.2024 <u>Amendment</u> - Rectification of errors, if any, to be made by 30.11.2024 (3 opportunities permitted).								

GST News and Updates dated 23.08.2024

Monthly Communique | September 2024

- **Guidelines issued for second special All-India drive against fake registrations:** A special All-India drive is being undertaken from 16.08.2024 to 15.10.2024 to detect fake registrations and to take remedial action to take corrective measures to eliminate fraudulent billers from the system, ensuring protection of Government revenue. Points to note:
 - Identification of the suspicious / high-risk GSTINs will be done based on detailed data analytics and risk parameters in co-ordination with Directorate General of Analytics and Risk Management (DGARM).
 - During the drive, if the taxpayer is found non-existent and fictitious, the officer may initiate following actions:
 - Cancellation and suspension of the GST Registration of such taxpayer.
 - Blocking of ITC in Electronic Credit Ledger.
 - Demand and recovery of ITC wrongly availed by the recipient where the invoice has been issued by the non-existent supplier without supply of goods / services.

Instruction No 02/2024-GST dt.12.08.2024

- **Form GSTR-8 amended to give effect to change in rate of TCS:** The Form GSTR-8 has been suitably amended to give effect to the change in rate of TCS (refer table below). Taxpayers are advised to charge and report the appropriate TCS amounts considering the rate changes for the respective period:

Period	Rate Applicable
1 st July - 9 th July 2024	TCS Rate of 1% shall be applicable
10 th July 2024 onwards	TCS Rate of 0.5% shall be applicable

GST News and Updates dated 02.08.2024

- **Blocking of Form GSTR-1/IFF on non-furnishing of Bank Account details:** Effective 01.09.2024, it is mandatory to provide the details of a valid bank account in the registration details on the GST Portal. Taxpayers may note that the filing of GSTR-1/IFF from August 2024 will be blocked, if valid Bank Account details are not furnished.

The bank account details can be furnished by visiting Services >> Registration >> Amendment of Registration Non-Core Fields tabs on GST Portal.

GST News and Updates dated 23.08.2024

**SINGHVI
DEV & UNNI LLP**
CHARTERED ACCOUNTANTS
|||||

29/4, 6th Floor, Trade Centre,
Race Course Road,
Bengaluru – 560 001

WeWork, Raheja Platinum,
Sag Baug Road, off Andheri-Kurla Road,
Marol, Andheri (East)
Mumbai – 400 059

+91 (80) 2226 1371 | www.sdu.works |
info@sdu.works

Document date: 10.09.2024

The views expressed and the information provided in this newsletter are of general nature and are not intended to address the circumstances of any particular individual or entity. Further, the above content should neither be regarded as comprehensive nor sufficient for making decisions. Although we endeavor to provide accurate and timely information, there is no assurance or guarantee in this regard. No one should act on the information or views provided in this publication without appropriate professional advice. SDU will not be responsible for any loss arising from any actions taken or to be taken or not taken by anyone based on this publication. This is meant for private circulation only.