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Welcome to our
monthly newsletter

We bring you a concise and noteworthy regulatory developments in Income Tax, Goods & Services Tax, Companies Act during January 2024. We had tried to cover all important updates occurred during January 2024 in this volume of newsletter. The sole purpose of this circulation is to update finance professionals and business owners on direct & indirect taxes and other compliances. Feedbacks are welcome at info@nucleusadvisors.in.



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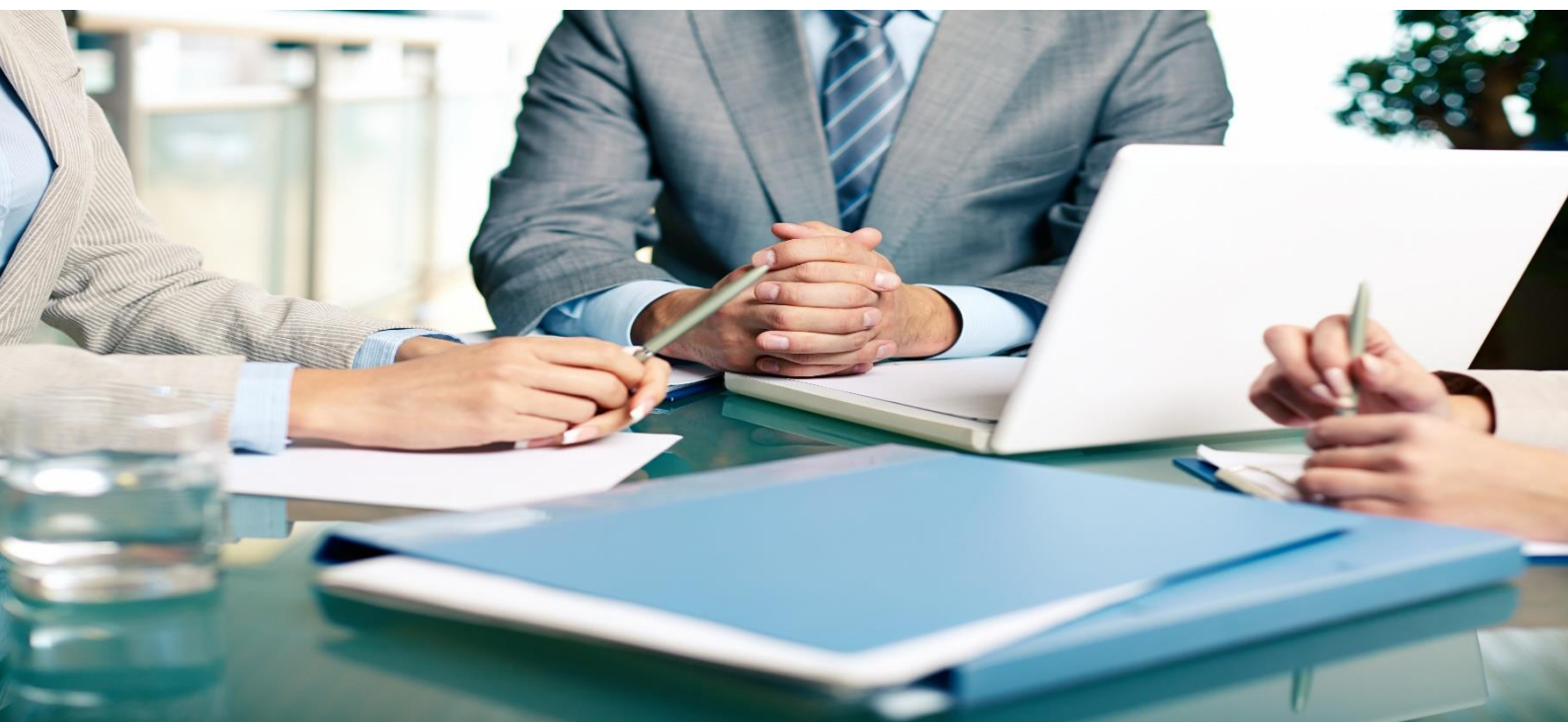
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Why this Volume of Newsletter is important for reader?

Through the series of this newsletter, we aim at covering all relevant Income Tax, Goods & Service Tax, MCA, Audit & Assurance notification, circulars and case laws which may directly or indirectly impact our readers. At Nucleus, it is our utmost priority to help our readers to be informed with respect to the changes in relevant laws for a smoother compliance.



Direct Tax Updates

- Exemption from specified incomes u/s 10(46) to “Bellary Urban Development Authority” and “Karnataka State Rural Livelihood Promotion Society” and “Madhya Pradesh Professional Examination Board, Bhopal”
- Exemption from specified incomes u/s 10(46) “District Legal Services Authority Union Territory Chandigarh”
- Exemption from specified incomes u/s 10(46) to “Karmayogi Bharat” and “Polavaram Project Authority, Hyderabad” and “Punjab State Faculty of Ayurvedic and Unani Systems of Medicine”
- Exemption from specified incomes u/s 10(46) to “Haryana State Board of Technical Education, Panchkula” and “Chennai Metropolitan Water Supply and Sewerage Board”
- Exemption from specified incomes u/s 10(46) to “State Legal Services Authority Union Territory Chandigarh”
- CBDT notifies “M/s Prayoga, Bengaluru” as other institution for scientific research u/s 35(1)(ii)
- CBDT notifies exemption u/s 10(4G) for investments in financial products by non-residents.

GST Updates

Notifications Issued

- W.e.f April 1, 2024 Tobacco, Pan Masala and other manufacturers now required to file Form GST SRM 01- Notification no. 04 dated January 5, 2024

Advisory Issued:

- Advisory for furnishing bank account details by registered taxpayers under Rule 10A of the Central Goods and Services Tax Rules, 2017 dated January 23, 2024
- Payment through Credit Card (CC)/Debit Card (DC) and Unified Payments Interface (UPI) dated January 19, 2024
- Introduction of new Tables 14 & 15 in GSTR-1 - January 15, 2024
- The functionalities available on the portal for the GTA taxpayers- January 01, 2024

Case Laws:

- Eicher Motors Limited v/s Departments

MCA Updates

- Listing of equity shares on permitted stock exchanges in permissible jurisdiction



DIRECT TAX UPDATES

- **Exemption from specified incomes u/s 10(46) to “Bellary Urban Development Authority” and “Karnataka State Rural Livelihood Promotion Society” and “Madhya Pradesh Professional Examination Board, Bhopal”**

The Central Government has notified exemption under section 10(46) to ‘Bellary Urban Development Authority’ and ‘Karnataka State Rural Livelihood Promotion Society’ constituted by the Government of Karnataka and to ‘Madhya Pradesh Professional Examination Board, Bhopal’ constituted by the Government of Madhya Pradesh for following specified incomes:

- Grants received by or arising to the Authority from State Government/Central Government.
- *Revenue from own layout development and Collections on account of private layout betterment charges
- *Civil supervision charges; Lease from civic amenities sites; and
- **Fees of Examination & Sale of Application Form; and
- Interest from banks.

Subject to the following conditions:

- shall not engage in any commercial activity;

- activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

**Incomes for 'Madhya Pradesh Professional Examination Board, Bhopal' constituted by the Government of Madhya Pradesh.

*Incomes for 'Bellary Urban Development Authority' constituted by the Government of Karnataka.

➤ Exemption from specified incomes u/s 10(46) to “District Legal Service Authority Union Territory Chandigarh”

Exemption provided to “District Legal Service Authority Union Territory Chandigarh” an Authority constituted by the Administrator, Union Territory, Chandigarh for specified incomes arising from:

- Grants received from the Punjab and Haryana High Court, Central Authority i.e. National Legal Services Authority and State Authority constituted under Legal Services Authorities Act, 1987;
- Grants or donation received from the Central Government or the State Government of Punjab/Haryana for the purpose of the Legal Services Authorities Act, 1987;
- Amount received under the order of the court;
- Fees received as recruitment application fee; and
- Interest earned on bank deposits.

Subject to the following conditions:

- shall not engage in any commercial activity;
- activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

➤ Exemption from specified incomes u/s 10(46) to “Karmayogi Bharat” and “Polavaram Project Authority, Hyderabad” and “Punjab State Faculty of Ayurvedic and Unani Systems of Medicine”

Exemption provided to “Karmayogi Bharat” a Company incorporated under Section 8 of the Companies Act, 2013 and to “Polavaram Project Authority, Hyderabad”, an authority constituted by the Central Government and to “Punjab State Faculty of Ayurvedic and Unani Systems of Medicine” a body constituted by the Government of Punjab for specified incomes arising from:

- Grants/subsidies received from the Government/ Government bodies;
- *Subscription Charges/Fees, Assessment fees, On boarding fees;
- **Maintenance Fund receipts;
- **Fees, by whatever name called;
- *Receipts from sale of forms, materials, disposal of scrap and tender fee; and
- Interest earned from Banks and Government Securities and Bonds.

Subject to the conditions that Karmayogi Bharat and Polavaram Project Authority, Hyderabad and Punjab State Faculty of Ayurvedic and Unani Systems of Medicine -

- shall not engage in any commercial activity;
- activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

*Incomes for 'Karmayogi Bharat' a Company incorporated under Section 8 of the Companies Act, 2013.

**Incomes for 'Punjab State Faculty of Ayurvedic and Unani Systems of Medicine' a body constituted by the Government of Punjab.

➤ Exemption from specified incomes u/s 10(46) to “Haryana State Board of Technical Education, Panchkula” and “Chennai Metropolitan Water Supply and Sewerage Board”

Exemption provided to “Haryana State Board of Technical Education, Panchkula” a board constituted by Government of Haryana and to “Chennai Metropolitan Water Supply and Sewerage Board” constituted by the Government of Tamil Nadu for specified incomes:

- Grants/subsidies received from the Government/ Government bodies;
- *Fees, such as Affiliation Fees, Examination Fees, Migration Fees, Transcription Fees, etc.;
- *Royalties and charges including penalties;
- *Bequests, donations and endowments or other contributions;
- *Sale proceeds of any securities and Rents and profits from property vested in Haryana State Board of Technical Education; and
- **Centage receipts received from Municipalities, Local authority and Government;
- **Receipts of taxes, charges, fees, fines, forfeitures, penalties, etc. by whatever name called;
- **Income from sale of farm produce, rent from properties;
- **Other miscellaneous income such as interest on deposits with TNEB, GPF/CPS investments, staff welfare investments, Debt Reserve Fund, Fixed Asset renewal fund, advance to staff and contractors, sale of assets/scrap; and
- Interest earned from Banks and Government Securities and Bonds.

subject to the conditions that Haryana State Board of Technical Education, Panchkula and Chennai Metropolitan Water Supply and Sewerage Board -

- shall not engage in any commercial activity;
- activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

**Incomes for “Chennai Metropolitan Water Supply and Sewerage Board” constituted by the Government of Tamil Nadu.

*Incomes for ‘Haryana State Board of Technical Education, Panchkula’ constituted by the Government of Haryana.

➤ Exemption from specified incomes u/s 10(46) to “State Legal Service Authority Union Territory Chandigarh”

Exemption provided to “State Legal Service Authority Union Territory Chandigarh”, an authority constituted by the Administrator, Union Territory, Chandigarh under the Legal Services Authority Act, 1987 for following specified incomes:

- Grants received from the Punjab and Haryana High Court, Central Authority i.e. National Legal Services Authority constituted under Legal Services Authorities Act, 1987;
- Grants or donation received from the Central Government or the State Government of Punjab/Haryana for the purpose of the Legal Services Authorities Act, 1987;
- Amount received under the order of the court;
- Fees received as recruitment application fee; and
- Interest earned on bank deposits.

Subject to the following conditions:

- shall not engage in any commercial activity;

- activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

➤ **CBDT notifies “M/S Prayoga, Bengaluru” as other institution for scientific research u/s 35(1)(ii)**

The Central Government has approved “M/s Prayoga, Bengaluru” as other institution under the category of ‘University, College or Other Institution’ for ‘Scientific Research’ under section 35(1)(ii) of the Income Tax Act, 1961.

This notification shall be applicable for Assessment Years 2024-2025 to 2028-2029.

➤ **CBDT notifies exemption u/s 10(4G) for investments in financial products by non-residents.**

CBDT notifies exemption u/s 10(4G) which exempts an income received by a non-resident from portfolio of securities or financial products or funds, managed or administered by any portfolio manager on behalf of such non-resident; or in an account maintained with an Offshore Banking Unit in any International Financial Services Centre. The exemption has been provided for investment in financial products by non-residents through IFSC capital market intermediary where income is received in the account of the non-resident maintained with the Offshore Banking Unit.

Notifications Issued

W.e.f April 1, 2024 Tobacco, Pan masala and other manufacturers now required to file FORM GST SRM 01- Notification no. 04 dated January 5, 2024

Manufacturers are now required to file FORM GST SRM 01 along with details like:-

- **Packing machines**- Details of packing machines being used for filling and packing.
- **Special monthly statement**- Registered person shall submit details each month in FORM GST SRM-II, electronically, on or before the tenth day of the month succeeding month.
- **Certificate from Chartered Engineer**- The taxpayer shall upload a certificate of Chartered Engineer FORM GST SRM-III in respect of machines declared by him.

For further details refer the below link:

Advisory Issued

Advisory for furnishing bank account details by registered taxpayers under Rule 10A of the Central Goods and Services Tax Rules, 2017 dated January 23, 2024.

Registered taxpayers must provide their bank account details within 30 days of registration or before the GSTR-1/IFF filing due date, as per CGST Act, 2017.

Yes → Furnished, Taxpayer can smoothly file the returns.

Failure ↓

Failure to furnish bank details within 30 days may result in taxpayer registration suspension, with FORM REG-31 issued and a bar on further GSTR-1/IFF filings.

Update → Updating bank details in response to FORM REG-31 automatically lifts the suspension.

Failure ↓

Failure to update bank details within 30 days of FORM REG-31 issuance may result in the Officer initiating cancellation proceedings for the earlier suspended registration.

Payment through Credit Card (CC)/Debit Card (DC) and Unified Payments Interface (UPI) dated January 19, 2024

New payment options, Cards (Credit/Debit - Mastercard, Visa, RuPay, Diners) issued by any Indian bank and Unified Payments Interface (UPI), are added for GST taxpayers alongside net-banking.

Introduction of new Tables 14 & 15 in GSTR-1- January 15, 2024

New GSTR-1 tables (Table 14 and Table 15) for e-commerce operator (ECO) supplies, as per Notification No. 26/2022, are now active on the GST portal from January 2024 onwards.

The functionalities available on the portal for the GTA taxpayers- January 01, 2024

- Existing GTA taxpayers must declare GST payment mechanism choice (Forward or Reverse Charge) for the next FY by filing online Annexure V or Annexure VI from January 1 to March 31, 2024. Access forms on the portal under User Services.
- Newly registered GTA taxpayers can now file the Forward Charge GST declaration in Annexure V online. The system-configured due date (before the expiry of 45 days from the date of applying for GST registration or one month from the date of obtaining registration whichever is later) will be displayed on the dashboard, allowing filing for the current FY 2023-2024 onwards.
- GTA taxpayers, having submitted Annexure V for FY 2023-24 manually, must upload the acknowledged copy on the portal. If filed within the due date, no re-filing is needed for subsequent years. Use the manual upload facility for the acknowledged Annexure V.
- GTA's GST payment choice for a financial year continues unless reversed through Annexure VI declaration under reverse charge mechanism.
- GTAs who submitted FY 2024-25 declarations on the portal (27.07.2023 to 22-08-2023) are deemed valid. No further Annexure V Form needed for subsequent FYs to maintain GST payment on Forward charge mechanism.

CASE LAWS:

1. Eicher Motors Limited v/s Departments:

The Hon'ble Madras High Court, in the case of Eicher Motors Limited versus Superintendent of GST and Central Excise, rendered a favorable decision in favor of Eicher Motors, where the hon'ble court concluded that "No Interest (under section 50) if GST Payable amount is held in Electronic Cash Ledger Equals to Tax Due amount"

For further details refer the below link:

Listing of equity shares on permitted stock exchanges in permissible jurisdiction

MCA vide circular dated 24th January, 2024 has issued the Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024.

- The rules apply to unlisted public companies and listed public companies that comply with regulations set by the Securities and Exchange Board or the Authority. These companies must issue securities for listing on approved stock exchanges in permissible jurisdictions.
- Unlisted public companies, not falling under specific criteria, may issue equity shares for listing on stock exchanges in permissible jurisdictions. This includes the offer for sale of equity shares by existing shareholders. Compliance with the Scheme is mandatory, and companies intending to list on recognized stock exchanges in India must adhere to additional conditions specified by the Securities and Exchange Board of India.
- Unlisted public companies must file a prospectus in e-Form LEAP-1 within seven days of finalization and submission in the permitted exchange. This ensures transparency and provides potential investors with comprehensive information about the company.
- Post-listing, companies must adhere to Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015. This aligns with global financial reporting norms, ensuring consistency and transparency in financial statements.
- Certain companies are ineligible for listing under these rules, including those registered under section 8 or declared as Nidhi, companies limited by guarantee with share capital, and those with outstanding public deposits.
- The rules also disallow companies with negative net worth or a history of defaulting on payments to creditors. However, if a company rectifies defaults and two years pass since rectification, it becomes eligible.

COMPLIANCE CALENDER

Direct Taxes

February 07, 2024

- Due date for deposit of Tax deducted/collected for the month of January 2024.

February 14, 2024

- Due date for TDS certificate for tax deducted under section 194IA, 194IB, 194M and 194S - in case of specified person.

February 15, 2024

- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of January 2024 has been paid without the production of a challan.
- Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2023.



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ABOUT US

Nucleus AAR Advisors LLP is an Investment Banking and Risk Advisory Firm providing specialized services in the field of Startup Advisory, M&A Advisory, International Taxation, Audit & Assurance. We partner with entrepreneurs in their critical decision making by providing them various analysis customized as per their requirement. We also help in the effective implementation of decisions and its subsequent monitoring as well.

Team Nucleus is comprised of people from Big4s and reputed consulting firms with combined experience of 30+ years. Team is distinguished by their functional and technical expertise combined with their hands-on experience, thereby ensuring that our clients receive the most professional



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