



Welcome to our
monthly newsletter

We bring you a concise and noteworthy regulatory developments in Income Tax, Goods & Services Tax, Companies Act during January 2023. We had tried to cover all important updates occurred during January 2023 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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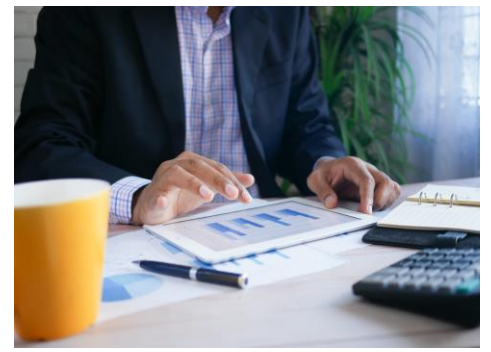
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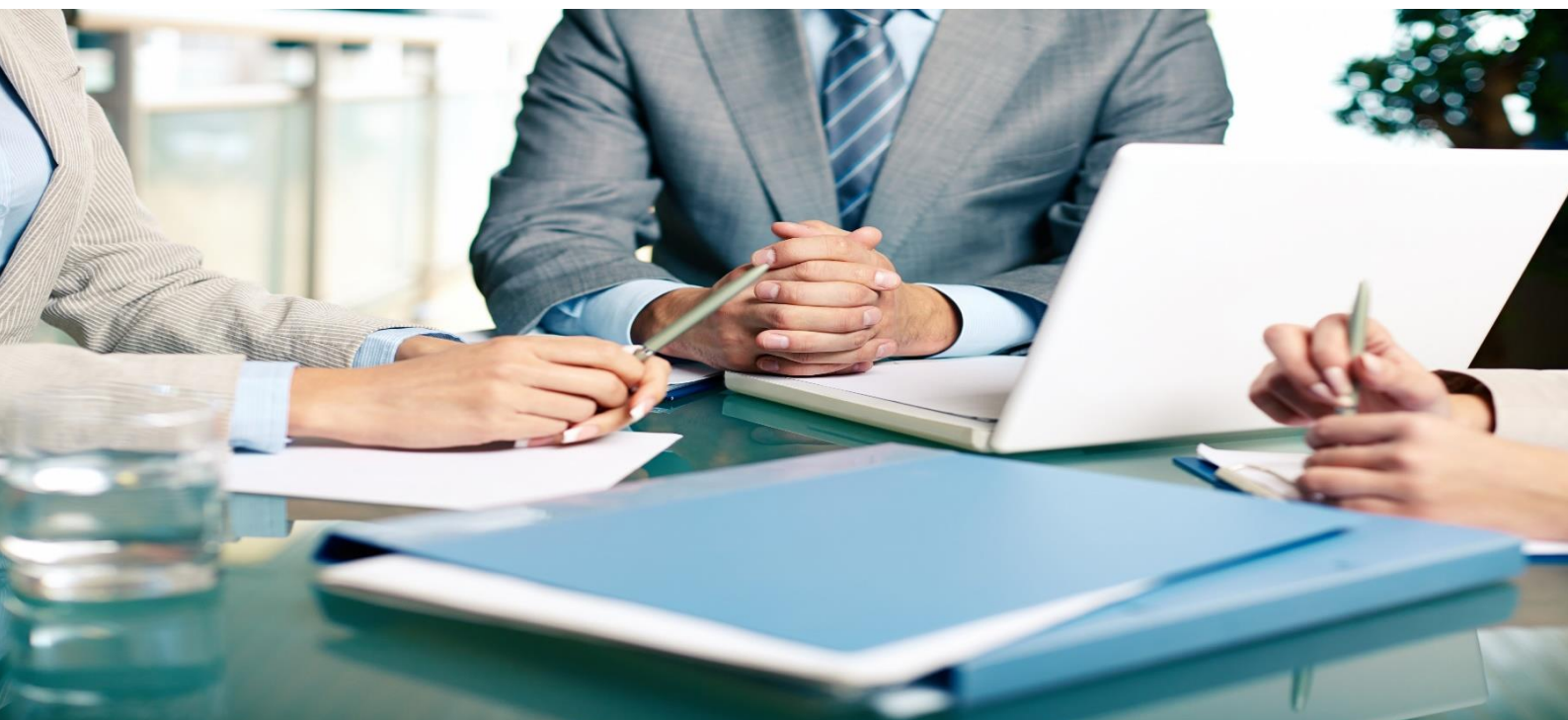
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Why this Volume of Newsletter is important for reader?

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.



NEWSLETTER HIGHLIGHTS

Direct Tax Updates

- Extension of time limit for compliance to be made for claiming any exemption under Section 54 to 54GB of the Income-tax Act, 1961
- Budget Highlight - Direct Tax Proposals

GST Updates

- Clarification regarding GST rates and classification of certain goods based on the recommendations of the GST Council in its 48th meeting held on 17th December, 2022- Circular No. 189/01/2023-GST dated 13 th January, 2022
- Clarifications regarding applicability of GST on certain services- Circular No. 190/01/2023-GST dated 13th January, 2022
- To assign powers of Superintendent of central tax to Additional Assistant Directors in DGGI, DGGST and DG Audit- Notification No 01/2023-Central Tax.

MCA Updates

- Extension of Time for filing of 45 company e-Forms and PAS-03 on MCA V3 without additional fee.
- Signing of E-forms rules amended under the Companies (Registration Offices and Fees) Rules, 2014



DIRECT TAX UPDATES

Extension of time limit for compliance to be made for claiming any exemption under Section 54 to 54GB

The compliances that need to be made by the taxpayers, such as investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, for the purpose of claiming any exemption under the provisions contained in Section 54 to 54 OB of the Act, for which the last date of such compliance falls between April 21, 2021 to February 28, 2022 (both days inclusive), may be completed on or before March 31, 2023.

Budget Highlight - Direct Tax Proposals

- Income limit for rebate of income tax increased from 5 lakh to 7 lakh in the new regime.

New Tax Regime		
S.No..	Income	Tax Rate
1.	0-3,00,000	NIL
2.	3,00,001-6,00,000	5%
3.	6,00,001-9,00,000	10%
4.	9,00,001-12,00,000	15%
5.	12,00,001-15,00,001	20%
6.	ABOVE 15,00,000	30%

- Extending benefit of standard deduction to new tax regime for salaried class and pensioners.
- Increasing the tax exemption limit to Rs. 25 lakhs from Rs. 3 lakhs on leave encashment on retirement for non-government salaried employees.
- Highest surcharge rate on income above Rs. 5 crores to be reduced from 37% to 25% under new regime.
- Income of authorities, boards and commissions set up by statutes to be exempted from income tax in certain sectors.
- Benefit of carry forward of losses on change of shareholding of start-ups from seven years of incorporation to ten years.
- Extending 15% corporate tax benefits to new co-operatives, commencing manufacturing till March 31, 2024.
- Higher limit of Rs. 3 crores for TDS on cash withdrawal for co-operative societies.
- Deduction on payment made to MSMEs to be allowed only when payment is actually made.
- Enhanced limits for micro enterprises and professionals to avail benefits of presumptive taxation; 95% of receipts to be non-cash.
- The new income tax regime to be made the default tax regime. However, citizens will continue to have the option to avail the benefit of the old tax regime.
- Date of incorporation for income tax benefits to start-ups to be extended from March 31, 2023 to March 31, 2024.
- Deduction from capital gains on investment in residential house under sections 54 and 54F to be capped at Rs. 10 crore for better targeting of tax concessions and exemptions.
- TDS rate to be reduced from 30 per cent to 20 per cent on taxable portion of EPF withdrawal in non-PAN cases.
- Conversion of gold into electronic gold receipt and vice versa not to be treated as capital gain.
- Minimum threshold of Rs. 10,000 for TDS to be removed and taxability relating to online gaming to be clarified. Proposal to provide for TDS and taxability on net winnings at the time of withdrawal or at the end of the financial year.
- Proposal to limit income tax exemption from proceeds of insurance policies with very high value. Where aggregate of premium for life insurance policies (other than ULIP) issued on or after April 01, 2023 is above Rs. 5 lakh, income from only those policies with aggregate premium up to Rs. 5 lakh shall be exempt.

Clarification regarding GST rates and classification of certain goods based on the recommendations of the GST Council in its 48th meeting held on 17th December, 2022- Circular No. 189/01/2023-GST dated 13 th January, 2022

With this circular, the government has given clarifications with references to the GST:-

1. Rab -classifiable

It is clarified that Rab is appropriately classifiable attracting GST rate of 18%

2. Applicability of GST on by-products of milling of Dal/ Pulses such as Chilka, Khanda and Churi/Chuni:

The GST council in its 48th meeting has recommended to fully exempt the supply of subject goods, irrespective of its end use.

3. Clarification regarding 'Carbonated Beverages of Fruit Drink' or 'Carbonated Beverages with Fruit Juice':

It is hereby clarified that the applicable six-digit HS code for the aforesaid goods with description 'Carbonated Beverages of Fruit Drink' or 'Carbonated Beverages with Fruit Juice' is HS 2202 99. The said goods attract GST at the rate of 28% and Compensation Cess at the rate of 12%.

4. Applicability of GST on Snack pellets manufactured through extrusion process (such as 'fryums'):-

The snack pellets (such as 'fryums'), which are manufactured through the process of extrusion y attract GST at the rate of 18%.

5 Applicability of Compensation cess on Sports Utility Vehicles (SUVs):

Compensation at the rate of 22% is applicable on Motor vehicles which satisfy all the four specifications:-

- A) Popularly known as SUVs ,
- B) The engine capacity exceeds 1,500 cc,
- C) The length exceeds 4,000 mm, and
- D) The ground clearance is 170 mm

6. Applicability of IGST rate on goods specified under notification No. 3/2017- Integrated Tax (Rate):

The IGST rate has been increased from 5% to 12% on goods, falling under any Chapter, specified in the list annexed to the notification No. 3/2017-Integrated Tax (Rate), when imported for the specified purpose (like Petroleum operations/Coal bed methane operations) and subject to the relevant conditions prescribed in the said notification. However, some goods specified in the list annexed to notification No. 3/2017-Integrated Tax (Rate), are also eligible for a lower schedule rate of 5% by virtue of their entry in Schedule I of notification No. 1/2017-Integrated Tax (Rate), dated the 28th June, 2017.

It is hereby clarified that on goods specified in the list annexed to the notification No. 3/2017-Integrated Tax (Rate), which are eligible for IGST rate of 12% under the said notification and are also eligible for the benefit of lower rate under Schedule I of the notification No. 1/2017-Integrated Tax (Rate), the importer can claim the benefit of the lower rate.

Clarifications regarding applicability of GST on certain services-Circular No. 190/01/2023-GST dated 13th January, 2022

A) Applicability of GST on accommodation services supplied by Air Force Mess to its personnel:

Under GST All services supplied by Central Government, State Government, Union Territory or local authority to any person other than business entities are exempt from GST. It is hereby clarified that accommodation services provided by Air Force Mess and other similar messes, such as, Army mess, Navy mess, Paramilitary and Police forces mess to their personnel or any person other than a business entity are covered. Provided the services supplied by such messes qualify to be considered as services supplied by Central Government, State Government, Union Territory or local authority

B) Applicability of GST on incentive paid by MeitY to acquiring banks under Incentive scheme for promotion of Ru Pay Debit Cards and low value BHIM-UPI transactions:

The service supplied by the acquiring banks in the digital payment system in case of transactions through Ru Pay/BHIM UPI is the same as the service that they provide in case of transactions through any other card or mode of digital payment. In this case, the charges are instead paid by the merchant are paid by the Government. Therefore, it is not a consideration paid by the central government for any service supplied by the acquiring bank to the Central Government. The incentive is in the nature of a subsidy directly linked to the price of the service and the same does not form part of the taxable value of the transaction as per Section -15 of the CGST Act, 2017.

To assign powers of Superintendent of central tax to Additional Assistant Directors in DGGI, DGGST and DG Audit- Notification No 01/2023-Central Tax.

In the said notification, in the Table, after Sl. No. 8 and the entries relating thereto, the following Sl. No. and entries shall be inserted namely, wherein the person designated at these post in DGGI, DGGST and DG Audit shall have the power similar to Superintendent of Central Tax:

Sl. No	Officers	Officers whose powers are to be exercised
1	Additional Assistant Director, Goods and Services Tax Intelligence or Additional Assistant Director, Goods and Services Tax or Additional Assistant Director, Audit	Superintendent



MCA UPDATES

Extension of Time for filing of 45 company e-Forms and PAS-03 on MCA V3 without additional fee.

- Due to change in way of filing in V3 portal, including fresh process of registration of users on MCA-21 and process of stabilization of 45 forms launched with effect from January 23, 2023, and after considering various representations it has been decided to allow further additional time of 15 days for filing of these forms, without additional fees, to the stakeholders.
- Further, Form PAS-03 which was closed for filing in V2 on January 20, 2023 and launched in V3 on January 23, 2023, and whose due dates for filing fall between January 21, 2023 and February 06, 2023, can also be filed without payment of additional fees for a period of 15 days

Signing of E-forms rules amended under the Companies (Registration Offices and Fees) Rules, 2014

E-forms wherever applicable shall be signed by Insolvency resolution professional or resolution professional or liquidator of companies under insolvency or liquidation, as the case may be, and filed with the Registrar along with the fee and in the Annexure to the rules form GNL-2 (Form for submission of documents with the Registrar), Form GNL-3 (Particulars of person(s) charged for the purpose of sub clause (iii) or (iv) of clause 60 of section 2) and Form GNL-4 (Form for filing Addendum for rectification of defects or incompleteness) are amended.

COMPLIANCE CALANDER

Direct Taxes

February 07, 2023

- Due date for deposit of tax deducted/collected for the month of January, 2023.

February 14, 2023

- Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB & 194M in the month of December, 2022.

February 15, 2023

- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of January, 2023 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, 2022.

Indirect Taxes

February 10, 2023

- Due date for filing of GSTR 7 (Tax Deductor) and GSTR 8 (Tax Collector).

February 11, 2023

- Due date for filing of GSTR 1 for Regular Taxpayers.

February 13, 2023

- Due date for filing of GSTR-6 & IFF(QRMP Taxpayer)

February 20, 2023

- Due date for filing of GSTR 3B (Regular Tax Payer)
- Due date for filing of GSTR 5A (Non-Resident OIDAR Service Provider).
- Due date for filing of GSTR 5 (Non-Resident Taxable Person).

February 25, 2023

- Due date for filing of PMT -06 as per QRMP scheme.



Do You Know?

State government employees can claim deduction under Section 80CCD (2) for NPS contribution by the employer up to 14 % of their basic salary and dearness allowance. Earlier the limit was 10 % of their basic salary and dearness allowance.

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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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