

August 2023 | F&A | Volume XXXVI



Welcome to our  
monthly newsletter

We bring you a concise and noteworthy regulatory developments in Income Tax, Goods & Services Tax, Companies Act during August 2023. We had tried to cover all important updates occurred during August 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](mailto:info@nucleusadvisors.in).



# Table of Contents

**Page 03**

Newsletter Highlights

**Page 04-09**

Direct Tax Updates

**Page 10-11**

GST Updates

**Page 12-13**

Audit Updates

**Page 14**

MCA Updates

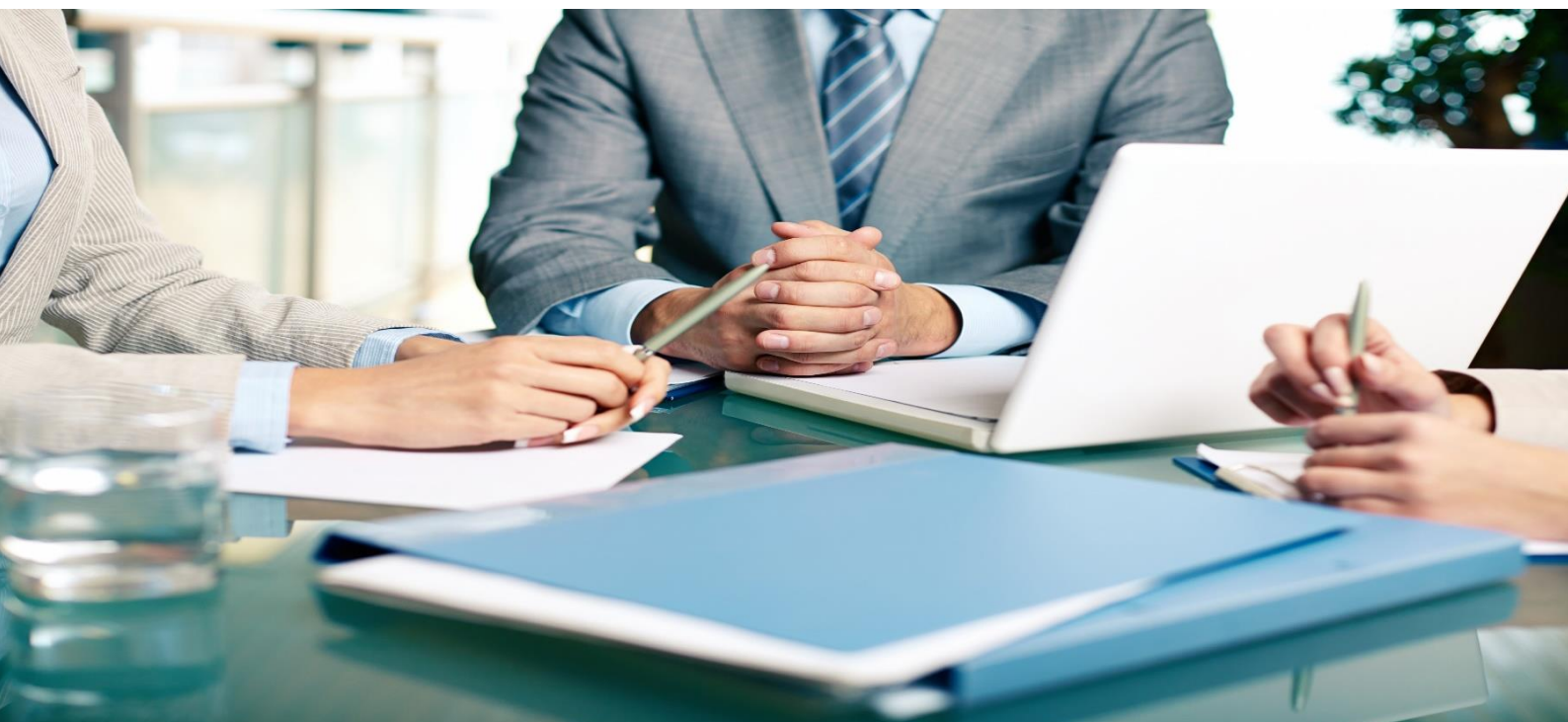
**Page 15**

Compliance Calendar



## 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

- Amendment in Rule 6ABBA “Form Regarding Preliminary Expenses”
- Amendment in Rule 10TD mainly “Addition of Assessment Year 2023-24”
- Amendment in Rule 11UAC, clause “Computation of Taxable Income relating to Life Insurance Policy”
- Amendment in Rule 26 relating “TDS on Income Payable in Foreign Currency”
- Amendment in Rule 3 regarding “Accommodation provided by Employer u/s 17”
- Amendment in Rule 133 regarding “Application for TDS Credit”

## GST Updates

### Notifications Issued

- Notification No. 36/2023 & 37/2023 dated August 4, 2023
- Notification No. 38/2023 dated August 4, 2023
- Notification No. 41/2023 dated August 25, 2023
- Notification No. 42/2023 dated August 25, 2023
- Notification No. 43/2023 dated August 25, 2023
- Notification No. 44/2023 dated August 25, 2023
- Circular No. 201/13/2023-GST dated August 1, 2023
- Circular No. 200/13/2023-GST dated August 1, 2023

## Audit Updates

- ICAI’s forensic accounting and investigation standards to help combat financial irregularities

## MCA Updates

- LLP Amnesty Scheme
- Features of the LLP Amnesty Scheme



## DIRECT TAX UPDATES

### ➤ Amendment in Rule 6ABBA “Form Regarding Preliminary Expenses”

As per Income Tax (Fourteenth Amendment) Rules, 2023 after rule 6ABBA, the following rule shall be inserted :

**“6ABBB: Form of statement to be furnished regarding preliminary expenses incurred under section 35D.-**

(1) The statement containing particulars of expenditure required to be furnished under proviso to clause (a) of subsection (2) of section 35D by the assessee shall be in Form No. 3AF for each previous year.

(2) Form No. 3AF shall be furnished one month prior to the due date for furnishing the return of income as specified under sub-section (1) of section 139.

(3) Form No. 3AF shall be furnished to the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, or any person authorised by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems).

(4) Form No. 3AF, shall be furnished electronically,— (i) under digital signature, if the return of income is required to be furnished under digital signature; (ii) through electronic verification code in a case not covered under clause (i).

(5) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, shall specify the procedures for furnishing Form No. 3AF and shall also be responsible for formulating and evolving appropriate security, archival and retrieval policies in relation to the form so furnished.

(6) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, or any person authorised by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall forward Form No. 3AF to the Assessing Officer.”

➤ **Amendment in Rule 10TD mainly “Addition of Assessment Year 2023-24”**

As per Income Tax (Fifteenth Amendment) Rules 2023, in rule 10TD, in sub-rule (3B), for the words and figures “assessment years 2020- 21, 2021-22 and 2022-23”, the words and figures “assessment years 2020-21, 2021-22, 2022-23 and **2023-24**” shall be substituted.

**Note:** Rule 10TD relates to “Transfer Price in International Transactions”

➤ **Amendment in Rule 11UAC, clause “Computation of Taxable Income relating to Life Insurance Policy”**

As per Income Tax (Sixteenth Amendment) Rules 2023, after rule 11UAC i.e. (Rules regarding Income from Other Sources), the following rules shall be inserted:

**“11UACA: Computation of income chargeable to tax under clause (xiii) of sub-section (2) of section 56 -**

For the purpose of clause (xiii) of sub-section (2) of section 56, where any person receives at any time during any previous year any sum under a life insurance policy, then, the income chargeable to tax under the said clause during the previous year in which such sum is received shall be computed in the following manner, namely: –

- (I) where the sum is received for the first time under the life insurance policy during the previous year (hereinafter referred to as first previous year), the income chargeable to tax in the first previous year shall be computed in accordance with the formula—

**A-B** where,

**A** = the sum or aggregate of sum received under the life insurance policy during the first previous year;

**B** = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the first previous year that has not been claimed as deduction under any other provision of the Act;

- (II) where the sum is received under the life insurance policy during the previous year subsequent to the first previous year (hereinafter referred to as subsequent previous year), the income chargeable to tax in the subsequent previous year shall be computed in accordance to the formula—

**C-D** where,

**C** = the sum or aggregate of sum received under the life insurance policy during the subsequent PY;

**D** = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the subsequent previous year not being premium which - (a) has been claimed as deduction under any other provision of the Act; or (b) is included in amount ‘B’ or amount ‘D’ of this rule in any of the previous year or years.

➤ **Amendment in Rule 26 regarding “TDS on Income Payable in Foreign Currency”**

As per Income Tax (Seventeenth Amendment) Rules 2023, for rule 26, the following rule shall be substituted:

**“26. Rate of exchange for the purpose of deduction of tax at source on income payable in foreign currency-**

For the purpose of deduction of tax at source on any income payable in foreign currency, the rate of exchange for the calculation of the value in rupees of such income payable-

- (i) to an assessee outside India;
- (ii) to a Unit located in an International Financial Services Centre;
- (iii) by a Unit located in an International Financial Services Centre to an assessee in India,

shall be the telegraphic transfer buying rate of such currency as on the date on which the tax is required to be deducted at source under the provisions of Chapter XVIIIB by the person responsible for paying such income.



**Explanation-** For the purposes of this rule, -

- (i) “International Financial Services Centre” shall have the meaning assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);
- (ii) “telegraphic transfer buying rate”, in relation to a foreign currency, means the rate or rates of exchange adopted by the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955), for buying such currency, having regard to the guidelines specified from time to time by the Reserve Bank of India for buying such currency, where such currency is made available to that bank through a telegraphic transfer;
- (iii) “Unit” shall have the meaning assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).”

➤ **Amendment in Rule 3 regarding “Accommodation provided by Employer u/s 17”**

As per Income Tax (Eighteenth Amendment) Rules 2023, in rule 3—

For sub-rule (1), the following shall be substituted, namely: -

‘(1) The value of residential accommodation provided by the employer, for the purpose of sub-clauses (i) and (ii) of sub-section (2) of section 17, during the previous year shall be determined on the basis provided in the table I given below:

Sl. No.	Circumstances	Where accommodation unfurnished	Where accommodation is furnished
(1)	(2)	(3)	(4)
(1)	Where the accommodation provided by the Central Government or any State Government to the employees either holding office or post in connection with the affairs of the Union or of such State.	License fee determined by the Central Government or any State Government in respect of accommodation in accordance with the rules framed by such Government as reduced by the rent actually paid by the employee.	The value of perquisite as determined under column (3) and increased by 10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, household appliances, air-conditioning plant or equipment) or if such furniture is hired from a third party, the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the employee during the previous year
(2)	Where the accommodation provided by any other employer and—		
	(a) where the accommodation owned by the employer, or	(i) 10% of salary in cities having population exceeding 40 lakhs as per 2011 census;	The value of perquisite as determined under column (3) and increased by 10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, household appliances, air-conditioning plant or equipment or similar appliances or gadgets) or if such furniture is hired from a third party by the actual hire charges payable for the same as reduced by any charges paid or payable for

			the same by the employee during the previous year
		(ii) 7.5% of salary in cities having population exceeding 15 lakhs but not exceeding 40 lakhs per 2011 census;	
		(iii) 5% of salary in other areas, respect of the period during which the said accommodation was occupied by the employee during the previous year as reduced by the rent, if any, actually paid by the employee.	
	(b) where the accommodation taken on lease or rent by the employer	Actual amount of lease rental paid or payable by the employer or 10% salary, whichever is lower, as reduced by the rent, if any, actually paid by the employee.	The value of perquisite as determined under column (3) and increased by 10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment or other similar appliances or gadgets) or if such furniture is hired from a third party, by the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the employee during the previous year.
(3)	Where the accommodation provided by the employer specified in serial number (1) or (2) in a hotel (except where the employee is provided such accommodation for a period not exceeding in aggregate fifteen days on his transfer from one place to another)	Not applicable	24% of salary paid or payable for the previous year or the actual charges paid or payable to such hotel, which is lower, for the period during which such accommodation is provided as reduced by the rent, if any, actually paid or payable by the employee:

**Provided that** nothing contained in this sub-rule shall apply to any accommodation temporarily provided to an employee working at a mining site or an on-shore oil exploration site or a project execution site, or a dam site or a power generation site or an off-shore site—

- (i) which, having plinth area not exceeding 1000 square feet, is located not less than eight kilometres away from the local limits of any municipality or a cantonment board; or
- (ii) which is located in a remote area:

**Provided further** that where on account of his transfer from one place to another, the employee is provided with accommodation at the new place of posting while retaining the accommodation at the other place, the value of perquisite shall be determined with reference to only one such accommodation which has the lower

value with reference to the Table above for a period not exceeding ninety days and thereafter the value of perquisite shall be charged for both such accommodations in accordance with the Table:

**Provided also** that where the accommodation is owned by the employer and the same accommodation is continued to be provided to the same employee for more than one previous year, the amount calculated in accordance with SL. No.2(a) or 2(b) shall not exceed the amount so calculated for the first previous year, as multiplied by the amount which is a ratio of the Cost Inflation Index for the previous year for which the amount is calculated and the Cost Inflation Index for the previous year in which the accommodation was initially provided to the employee.

➤ **Amendment in Rule 133 regarding “Application for TDS Credit”**

As per Income Tax (Twentieth Amendment) Rules 2023, after rule 133, the rule shall be inserted:

**“134 Application under sub-section (20) of section 155 regarding credit of tax deduction at source—**

- (1) The application required to be made by the assessee under sub-section (20) of section 155 shall be in Form No. 71.
- (2) Form No. 71 shall be furnished to the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems).
- (3) Form No. 71, shall be furnished electronically, —
  - (i) under digital signature, if the return of income is required to be furnished under digital signature;
  - (ii) through electronic verification code in a case not covered under clause (i)
- (4) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) as the case may be, shall specify the procedures for furnishing Form No. 71 and shall also be responsible for formulating and evolving appropriate security, archival and retrieval policies in relation to the form so furnished.
- (5) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) the case may be, or any person authorised by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall forward Form No. 71 to the Assessing Officer.”



## Notifications Issued

### Notification No. 36/2023 & 37/2023 dated August 4, 2023:

#### Special procedure for persons exempted from obtaining registration and persons paying tax under section 10, supplying goods through ECO:

- In case of persons exempted from obtaining registration, ECO shall allow such supply only if enrolment number has been allotted to such persons.
- ECO shall not allow any inter-state supply to such persons
- ECO shall not collect TCS under section 52 in respect of goods supplied by such persons
- ECO shall furnish details of such supply through form GSTR-8 electronically

### Notification No. 38/2023 dated August 4, 2023:

#### CGST (Second amendment) rules, 2023

- The details of Bank Account are to be furnished on common portal within 30 days of grant of registration or before furnishing details in GSTR-1 whichever is earlier, if the same is not furnished within said time limit, registration may be suspended.
- Rule 142B inserted: The registered person shall be intimated electronically through form GST DRC-01D, the amount of tax and interest recoverable under section 79, to be paid by such person within 7 days of said intimation and the said amount shall be posted in part-2 of electronic liability ledger in form GST PMT-01.
- Rule 21A, sub-rule (2A): A comparison of returns, details of outward supplies in form GSTR-1 and details of inward supplies derived based on outward supplies furnished by suppliers in form GSTR-1, shows any significant differences indicating contravention of the provisions of this act will lead to cancellation of registration.
- Rule 25: Where physical verification of registered place of business is required after grant of registration, the proper officer may verify the same and verification report with other documents shall be uploaded in form GST REG-30 within 15 working days on common portal
- Where physical verification of registered place of business is required before grant of registration, the proper officer may verify the same and verification report with other documents shall be uploaded in form GST REG-30 at least 5 working days prior to registration on common portal.
- Reduction in compliances of supplier of OIDAR services, he is no longer required to mention name and full address of UR recipient on tax invoices, the state of recipient shall be deemed as full address on tax invoices.
- Where the amount of ITC availed in GSTR-3B exceeds the amount shown in auto-populated GSTR-2B, the same shall be intimated in Part-A of form GST DRC-01C directing such person to pay the excess amount or reasons of the same.
- Where an appeal to the appellate authority to be made in form GST APL-01 electronically, now the same may be filed manually in the above said form along with relevant documents only if, the same cannot be filed electronically due to non-availability of decision or if the commissioner has notified.

- For FY 2022-23, aggregate value of reversal of ITC which was availed in the previous financial year but reversed in returns filed for the months of April 2023 to October 2023 filed up to November 30, 2023 shall be declared in Table 4(B) of FORM GSTR-3B.
- In GSTR-9, Non-GST supply (5F) to be reported separately but have an option to report exempt supplies and nil-rated supplies separately or consolidated in exempted row only.

**Notification No. 41/2023 dated August 25, 2023**

The due date of furnishing GSTR-1 for the persons whose principal place of business is in the State of Manipur for the period April 2023 to July 2023 has been extended till August 25, 2023.

**Notification No. 42/2023 dated August 25, 2023**

The due date of furnishing GSTR-3B for the persons whose principal place of business is in the State of Manipur for the period April 2023 to July 2023 has been extended till August 25, 2023.

**Notification No. 43/2023 dated August 25, 2023**

The due date of furnishing GSTR-3B for the persons whose principal place of business is in the State of Manipur for quarter ending June 2023 has been extended till August 25, 2023.

**Notification No. 44/2023 dated August 25, 2023**

The due date of furnishing GSTR-7 for the persons whose principal place of business is in the State of Manipur for the period April 2023 to July 2023 has been extended till August 25, 2023.

**Circular No. 201/13/2023-GST dated August 1, 2023**

Whether services supplied by director of a company in his personal capacity such as renting of immovable property to the company or body corporate are subject to Reverse Charge mechanism:

It has been clarified that only services supplied by director in capacity of his directorship are taxable under RCM in hands of the company or body corporate.

Whether supply of food or beverages in cinema hall is taxable as restaurant service:

It is hereby clarified that supply of food or beverages in a cinema hall is taxable as 'restaurant service' if the same is independent of cinema exhibition service.

It is further clarified that where the cinema tickets and food clubbed together, it will be treated as Composite Supply and the entire supply will attract the rate of service of cinema, the principal supply.

**Circular No. 200/13/2023-GST dated August 1, 2023**

Description of goods	Old Rate	New Rate
un-fried or un-cooked snack pellets manufactured through process of extrusion	18%	5%
Fish soluble Paste	18%	5%
Imitation Zari thread or yarn	12%	5%
Goods falling under HSN 9021	12%	5%



# AUDIT UPDATES

## ICAI's forensic accounting and investigation standards to help combat financial irregularities

The forensic accounting and investigation standards of the Institute of Chartered Accountants of India are expected to help auditors detect and combat financial irregularities at India Inc firms. Effective from July 1, the Forensic Accounting and Investigations Standards are mandatory for all members of the ICAI and are seen as a crucial step towards improving the quality of forensic accounting and investigation services in the country.

Stakeholders to FAIS including government bodies, regulatory authorities, banks and financial Institutions can also apply these standards to all professionals (including non-ICAI members) and use them as a basis for their own disciplinary process.

Forensic Accounting is gathering and evaluation of evidence by a Professional to interpret and report findings before a Competent Authority.

Experts note that till now there were not any standard regulatory guidelines on forensic accounting and professional used their own means and expertise for undertaking these exercises and have underscored the importance of the new norms given the complexity of corporate transactions.

The FAIS are principle-based and mandate only the required outcome on a particular subject matter. It is left to the judgment of the professional to determine the most appropriate procedures which may be deployed to achieve the objective of the standard, the ICAI has explained.

A FAI engagement would be a fact-finding engagement rather than expressing an opinion or providing conclusion and presenting the same in deliverables for presenting the same in court of law. The facts corroborated during the engagement would have to be summed up in a report.

## LLP Amnesty Scheme

- The Ministry of Corporate Affairs (MCA) has introduced a significant relief measure, the LLP Amnesty Scheme, through its General Circular dated 23rd August, 2023.
- This scheme is designed to address the challenges faced by Limited Liability Partnerships (LLPs) in timely filing of form-3, form-4, and form-11.
- The scheme's objective is to provide condonation of delay for eligible LLPs and simplify the filing process.

## Features of the LLP Amnesty Scheme

1. **STP Processing for Form-3 & Form-4:** Under the scheme, form-3 and form-4 submissions will be processed under Straight Through Processing, except for cases involving changes in business activities.
2. **Fee Exemption for Form-3 & Form-4 (After 1st January, 2021):** For event dates from 1st January, 2021 onwards, filing form-3 and form-4 without additional fees will be permitted. However, for event dates prior to this, small LLPs and other than small LLPs can file these forms with 2 times or 4 times the normal fees as additional fees, respectively.
3. **Form-11 Fee Exemption (F.Y. 2021-22 Onwards):** Similar to form-3 and form-4, form-11 can be filed without additional fees for Financial Year 2021-22 and onwards. For preceding years, additional fees of 2 times or 4 times the normal fees will apply for small LLPs and other than small LLPs, respectively.
4. **Scheme Timeline and Exemption from Action:** The LLP Amnesty Scheme will be effective from 1st September 2023 to 30th November, 2023 (inclusive of both dates). During this period, LLPs will not face any action for delayed filing of form-3, form-4, and form-11.
5. **Sequential Filing Requirement:** Forms must be filed sequentially, aligning with their respective event dates. This sequential order emphasizes a structured approach to filing.
6. **Editable Pre-Filled Data:** The forms will include pre-filled data based on the existing master data. Stakeholders are responsible for ensuring the accuracy of this data during the filing process.

# COMPLIANCE CALENDER

## Direct Taxes

### September 07, 2023

- Due date for deposit of Tax deducted/collected for the month of August, 2023. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan.

### September 14, 2023

- Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M & 194S in the month of June, 2023

### September 15, 2023

- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of August, 2023 has been paid without the production of a challan.
- Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of August, 2023.
- Second instalment of advance tax for the assessment year 2024-25

### September 30, 2023

- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194M & 194S for the month of August, 2023.
- Quarterly statement of TDS & TCS deposited for the quarter ending June 30, 2023
- Application in Form 9A for exercising the option available under Explanation to section 11(1) to apply income of previous year in the next year or in future (if the assessee is required to submit return of income on November 30, 2023).
- Due date for filing of audit report under section 44AB for the assessment year 2023-24 in the case of a corporate-assessee or non-corporate assessee (who is required to submit his/its return of income on October 31, 2023)
- Statement in Form no. 10 to be furnished to accumulate income for future application under section 10(21) or section 11(1) (if the assessee is required to submit return of income on November 30, 2023)

## Indirect Taxes

### September 10, 2023

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

### September 11, 2023

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

### September 13, 2023

- Due date for filing of GSTR-6 & GSTR-1(QRMP Taxpayer)
- Due date for filing of GSTR 5 (Non-Resident Taxable Person).
- Due date for filing GSTR-1(IFF)

### September 20, 2023

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

### September 25, 2023

- Due date for filing PMT-04 wherein a registered person shall, upon noticing any discrepancy in his electronic credit ledger, communicate the same to the officer exercising jurisdiction in the matter, through the Common Portal.

### September 28, 2023

- Due date for furnishing GSTR-11 (Taxpayers having UIN)

### September 30, 2023

- Due date for furnishing GSTR-4 for composition taxpayers.





# OUR CONTRIBUTORS



**CA PRAVESH GOEL**  
Managing Partner



Email - [pkg@nucleusadvisors.in](mailto:pkg@nucleusadvisors.in)



**CA Hemendra Singh Chauhan**  
Associate Partner



Email - [hemendra@nucleusadvisors.in](mailto:hemendra@nucleusadvisors.in)



**CS Neha Rathore**  
Secretarial Partner



Email - [neha@nucleusadvisors.in](mailto:neha@nucleusadvisors.in)



**CA Abhishek Gupta**  
Associate Partner



Email - [abhishek@nucleusadvisors.in](mailto:abhishek@nucleusadvisors.in)

# 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



Gurugram | Noida | Bangalore |  
Delhi | Jaipur



[www.nucleusadvisors.in](http://www.nucleusadvisors.in)



[www.linkedin.com/company/  
nucleusadvisors](https://www.linkedin.com/company/nucleusadvisors)



[info@nucleusadvisors.in](mailto:info@nucleusadvisors.in)