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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 November 2024. We had tried to cover all important updates occurred during November 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.



Table of Contents

Page 03

Newsletter Highlights

Page 04-05

Direct Tax Updates

Page 06-13

GST Updates

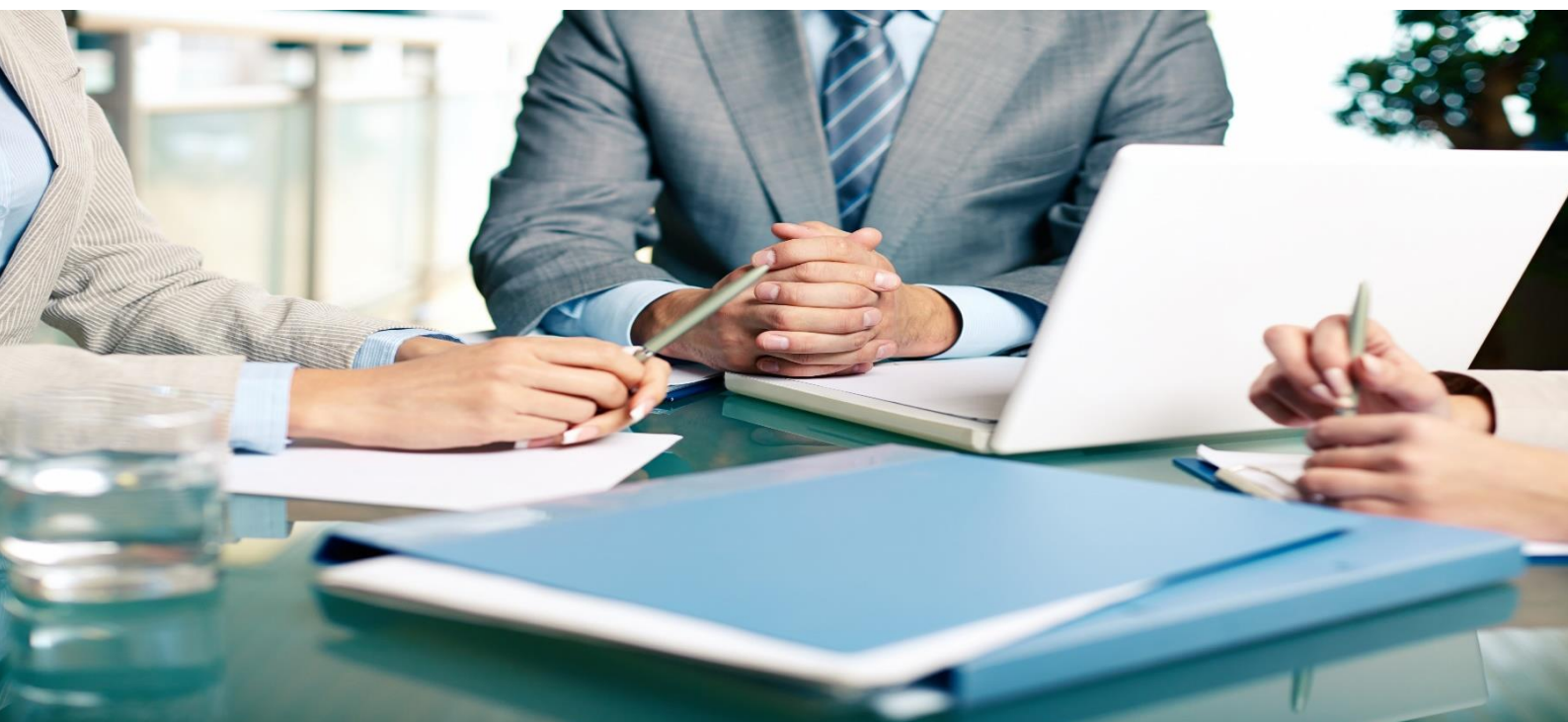
Page 14

Compliance Calender



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

- Specifying forms prescribed in Appendix-II of the Income Tax Rules 1962, to be furnished electronically
- TDS Exemption for Foreign Representations
- “SKAN Research Trust” Approved for Scientific Research Expenditure Deductions
- New Safe Harbour Rules for Diamond Mining Companies

GST Updates

Notifications Issued:

- Due Date for Filing GSTR-3B for October 2024 Extended to November 21, 2024, for Maharashtra and Jharkhand
- Seeks to extend the due date for furnishing FORM GSTR-3B for the month of October, 2024 for registered persons whose principal place of business is in the State of Manipur..

Advisory Issued

- Time Limit for Reporting e-Invoice on the IRP Portal - Lowering of Threshold to AATO 10 Crores
- Advisory for Form GST DRC-03A
- Advisory related to ‘Other Territory’ applications
- Advisory for waiver scheme under section 128A
- Advisory regarding IMS during initial phase of its implementation
- Advisory on IMS on Supplier View
- Important advisory on GSTR 2B and IMS
- Advisory for Reporting TDS Deducted by scrap Dealers in October 2024
- Advisory for Biometric-Based Aadhaar Authentication and Document Verification for GST Registration Applicants of Madhya Pradesh
- Advisory: Authorised e-Invoice Verification Apps
- Advisory: E-Invoice Glossary and Steps



DIRECT TAX UPDATES

➤ Specifying Forms prescribed in Appendix-II of the Income Tax Rules 1962, to be furnished electronically

The Director General of Income Tax (Systems), with the approval of the Board, hereby specifies that the following Forms shall be furnished electronically and shall be verified in the manner prescribed under sub-rule (1) of Rule 131:

SI No.	Form	Description
1	42	Appeal against refusal to recognise or withdrawal of recognition from a provident fund
2	43	Appeal against refusal to approve or withdrawal of approval from a superannuation fund
3	44	Appeal against refusal to approve or withdrawal of approval from a gratuity fund

This Notification shall come into effect from 22.11.2024

➤ TDS Exemption for Foreign Representations.

The Central Government after consultation with the Reserve Bank of India, hereby specifies that the provisions of section 194N (TDS on Cash Withdrawals) shall not apply to Foreign Representations duly approved by the Ministry of External Affairs of the Government of India including Diplomatic Missions, agencies of the United Nations, International Organisations, Consulates and Offices of Honorary Consuls which are exempt from paying taxes in India as per the Diplomatic Relations (Vienna Convention) Act 1972 (43 of 1972) and the United Nations (Privileges and Immunities) Act 1947 (46 of 1947).

The notification shall be deemed to have come into force with effect from the 1st day of December, 2024

➤ “SKAN Research Trust” Approved for Scientific Research Expenditure Deductions

The Central Government hereby approves **SKAN Research Trust** (PAN: ABBTS4312B), Bengaluru under the category of ‘Research Association’ for ‘Scientific Research’ for the purposes of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with Rules 5C and 5D of the Income-tax Rules, 1962.

This Notification shall apply from the Previous Year 2024-25 and accordingly shall be applicable for Assessment Years 2025-26 to 2029-30

➤ New Safe Harbour Rules for Diamond Mining Companies

The Central Board of Direct Taxes (CBDT) has introduced new safe harbour rules for foreign companies engaged in diamond mining. These rules, effective from April 1, 2024, aim to simplify the tax compliance process for these companies.

Key Highlights of the New Rules:

Eligible Companies: Foreign companies engaged in diamond mining can opt for these safe harbour rules.

Eligible Business: Selling raw diamonds in notified special economic zones.

Safe Harbour Provision: Companies opting for the safe harbour will be taxed at a flat rate of 4% of their gross receipts from the sale of raw diamonds.

Simplified Compliance: By opting for the safe harbour, companies can avoid the complexities of detailed transfer pricing documentation and assessments.

Conditions for Availing the Safe Harbour:

- The company must meet the eligibility criteria for foreign companies and eligible business.
- The company must file Form 3CEFC before filing the income tax return for the relevant previous year.

The company must adhere to the conditions specified in the rules 10TIA to 10TIC, including maintaining accurate records and providing necessary information to the tax authorities.

Notifications Issued

Notification-1

Due Date for Filing GSTR-3B for October 2024 Extended to November 21, 2024, for Maharashtra and Jharkhand

- **Extension:**

The due date for filing FORM GSTR-3B for October 2024 has been extended to November 21, 2024.
- **Who it Applies To:**
 - Registered taxpayers with their principal place of business in **Maharashtra and Jharkhand**.
 - Those required to file returns under section 39(1) and rule 61(1)(i).
- **Purpose:**
 - To accommodate taxpayers facing challenges in timely compliance.
 - To ensure smooth implementation of GST regulations in specific regions.
- **Reference_Authority:**

Issued under section 39(6) of the CGST Act, 2017, in consultation with the GST Council.

Notification-2

Seeks to extend the due date for furnishing FORM GSTR-3B for the month of October, 2024 for registered persons whose principal place of business is in the State of Manipur.

Under the powers granted by sub-section (6) of Section 39 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Commissioner, based on the GST Council's recommendations, has extended the due date for filing FORM GSTR-3B for October 2024.

Key Details:

1. **Revised Due Date:**
 - The deadline has been extended to **November 30, 2024**.
2. **Applicability:**
 - Registered taxpayers with their **principal place of business in Manipur**.
 - Those required to file returns under **Section 39(1)** read with **Rule 61(1)(i)** of the CGST Rules, 2017.
3. **Effective Date:**
 - This notification is deemed effective from **November 20, 2024**.

Advisory Issued

Advisory-1

Time Limit for Reporting e-Invoice on the IRP Portal - Lowering of Threshold to AATO 10 Crores

Background

Referring to the earlier advisory dated **13th September 2023**, where a **30-day time limit** for reporting e-Invoices on IRP portals was introduced for taxpayers with an **Aggregate Annual Turnover (AATO) of ₹100 crores and above**, the threshold has now been reduced to include taxpayers with an **AATO of ₹10 crores and above**.

Effective Date

From **1st April 2025**, taxpayers with an AATO of **₹10 crores and above** will not be allowed to report e-Invoices that are **older than 30 days** from the date of reporting on IRP portals.

Scope of Restriction

This restriction applies to **all document types**, including:

- Invoices
- Credit Notes
- Debit Notes

An **Invoice Reference Number (IRN)** must be generated within the specified 30-day window.

Illustrative Example

1. For an invoice dated **1st April 2025**, reporting on the IRP portal would only be allowed until **30th April 2025**.
2. Post this period, the validation system on the portal will **disallow reporting** of the e-Invoice.

Exemption for Smaller Taxpayers

- Taxpayers with an **AATO of less than ₹10 crores** will not face this restriction at present.

Preparation Time

- To ensure a smooth transition and compliance, this new limit will be implemented starting from **1st April 2025**.

Action Required

- **Taxpayers with AATO ≥ ₹10 crores** should review and align their systems and processes to meet the new reporting deadline.
- Ensure that all relevant e-Invoices, credit notes, and debit notes are reported on IRP portals **within 30 days** of the document date.

Advisory-2

Advisory for Form GST DRC-03A

Issue Identified

Some taxpayers have paid demands through forms **DRC-07, DRC-08, MOV-09, MOV-11, APL-04** via **DRC-03**, instead of using the **‘Payment towards demand’** option on the GST portal. This has resulted in payments not being reflected in the electronic liability register.

New Form Introduced

To resolve this, the government introduced **GST DRC-03A** via **Notification No. 12/2024** dated **10th July 2024**. This form allows taxpayers to link payments made via DRC-03 to the relevant demand order.

Instructions for Use

Taxpayers are advised to use **GST DRC-03A** to link DRC-03 payments with demand orders. Only DRC-03 forms with causes **‘Voluntary’** or **‘Others’** are applicable.

Process Overview

Taxpayers must enter the **ARN** of the DRC-03 and the corresponding demand order number. The system will auto-populate relevant details from both the DRC-03 form and the demand order for adjustment.

Once the adjustment is made, the taxpayer’s **liability ledger** will automatically reflect the updated demand status.

Technical Issues

In case of technical issues, taxpayers should raise a ticket under **‘DRC-03A-Filing’** on the **Grievance Redressal Portal: [Self-Service Portal](#)**.

Advisory-3

Advisory related to ‘Other Territory’ applications

Guidelines for new GST registrations under the **‘Other Territory’** category, as per **Notification No. 2/2017-Central Tax** (dated 19th June 2017) and **Trade Notice No. 002/2017** (dated 20th June 2017). Taxpayers applying for GST registration in this category must select the correct Commissionerate, Division, and Range based on their location:

1. **For applicants located along the western coast** (including Gujarat, Maharashtra, Goa, and other states/UTs), the following selection is required:

- **Commissionerate:** 'Mumbai South'
 - **Division:** 'Division 1'
 - **Range:** Based on the first letter of the applicant's name (e.g., A-D, E-H, I-M, etc.)
2. **For applicants located along the eastern coast** (including West Bengal, Odisha, Tamil Nadu, and others), the selection should be:
- **Commissionerate:** 'Chennai North'
 - **Division and Range:** As per the dropdown menu, based on the first letter of the applicant's name.
- For further details, taxpayers are advised to refer to the **GST Trade Notice** available [here](#).

Advisory-4

Advisory for waiver scheme under section 128A

Background:

In an effort to provide relief to taxpayers and reduce disputes related to GST demands, the GST Council in its 53rd meeting on 22nd June 2024 recommended a waiver of interest and penalties for demands or orders issued under Section 73 of the CGST Act, 2017 for the financial years 2017-18, 2018-19, and 2019-20. This waiver is available for cases not involving fraud, suppression, or wilful misstatement, with the condition that the full tax demanded is paid on or before 31st March 2025.

Key Points:

Waiver of Interest and Penalties:

The waiver applies to demand notices or orders issued under Section 73 of the CGST Act for 2017-18, 2018-19, and 2019-20.

Interest and penalties will be waived, provided the full tax demanded is paid by 31st March 2025.

Procedural Guidelines:

- **Rule 164 of the CGST Rules** (notified through **Notification No. 20/2024** dated **8th October 2024**) outlines the process for availing this waiver, effective from **1st November 2024**.

Application Requirement:

- Taxpayers must file an application in **FORM GST SPL-01** or **FORM GST SPL-02** within **three months**, i.e., by **31st March 2025**.
- **Forms GST SPL-01 and GST SPL-02** are under development and will be available on the common portal in **January 2025**.

Payment Process:

- Taxpayers should pay the demanded tax amount using the "**Payment towards Demand**" facility for demand orders, or **Form GST DRC-03** for notices.
- If payment has already been made through **Form GST DRC-03** for any demand order, it must be linked to the demand order using **Form GST DRC-03A**, which is now available on the common portal

Advisory-5

Advisory regarding IMS during initial phase of its implementation

IMS allows recipients to take action (accept, reject, or keep pending) on invoices/records saved or furnished by the supplier in GSTR-1, GSTR-1A, or IFF. Based on the actions taken by the recipient, the GSTR 2B for the recipient will be generated on the 14th of the subsequent month.

Key Features of IMS:

1. **Action on Invoices/Records:** Recipients can accept, reject, or keep invoices pending in the IMS after verifying them in their accounts. The rejected records will not be available for Input Tax Credit (ITC) in the recipient's GSTR 2B.
2. **Auto-Population in GSTR-3B:** The portal auto-populates the liability and input tax credit in GSTR-3B based on the details declared in GSTR 1/1A and the ITC available in GSTR 2B. However, the taxpayer can edit these auto-populated details before filing.
3. **Flexibility to Correct Mistakes:** During the initial phase of IMS, if a recipient makes a mistake while taking action on an invoice (e.g., accepting instead of rejecting), they can change their action (e.g., from rejected to accepted) on the IMS and recompute GSTR-2B until filing GSTR-3B for the corresponding tax period.
4. **Dealing with Errors:** If the incorrect details are auto-populated in GSTR-3B due to mistakes in IMS actions, taxpayers are advised to manually edit these details before filing their GSTR-3B return to ensure that the correct ITC or tax liability is reflected, based on actual records available with them.

Important Note: The ability to correct such errors is provided to ensure the correct reflection of ITC and liability, but it's crucial that taxpayers carefully verify and make necessary adjustments before filing GSTR-3B.

Advisory-6

Advisory on IMS on Supplier View

Key Updates:

1. **Supplier View:** A **Supplier View** feature has been introduced, allowing suppliers to view the actions taken by recipients on invoices/records reported in **GSTR-1**, **GSTR-1A**, or **IFF**. This will help suppliers monitor the actions and ensure correct reporting of outwards supplies.
2. **Records Not Available for Action:** Certain records will not be available for action by the recipient in IMS but will be visible to the supplier in the **Supplier View** with a status of '**No Action Taken**'. These include:
 - Documents where ITC is not eligible (due to **POS rules** or **Section 16(4)** of the CGST Act).
 - **Records attracting RCM (Reverse Charge Mechanism).**
3. **Changing Actions:** Any action taken by the recipient can be changed until the filing of **GSTR-3B** for the respective tax period. If changes are made after the **GSTR-2B** is generated, the recipient must click the **GSTR-2B recompute** button to update their **GSTR-2B** based on the new actions taken.

This feature is aimed at improving invoice reconciliation and helping both suppliers and recipients manage their GST liabilities and Input Tax Credit (ITC) more effectively.

We encourage all taxpayers to make use of these features and ensure that the correct actions are taken for accurate reporting.

Advisory-7

Important advisory on GSTR 2B and IMS

Background:

Some taxpayers have reported that their GSTR-2B for the October 2024 period was not generated on 14th November 2024 as per the Invoice Management System (IMS) process. It is important to clarify that GSTR-2B generation follows specific rules based on the taxpayer's filing status and system design.

Reasons for Non-Generation of GSTR-2B:

1. QRMP Scheme Taxpayers:

- Taxpayers who have opted for the Quarterly Return Monthly Payment (QRMP) scheme will not have GSTR-2B generated for the first two months of the quarter.
- For example, taxpayers filing under the QRMP scheme for the October-December 2024 quarter will only receive the GSTR-2B for December 2024. The GSTR-2B for October 2024 and November 2024 will not be generated.

2. Pending GSTR-3B Filings:

- If the taxpayer has not filed their previous period GSTR-3B, the system will not generate the GSTR-2B for the subsequent period.
- For instance, if a taxpayer has not filed GSTR-3B for September 2024, their GSTR-2B for October 2024 will not be generated. Once the taxpayer files the pending GSTR-3B for September 2024, they can generate the GSTR-2B for October 2024 by clicking the "Compute GSTR-2B (OCT 2024)" button on the IMS dashboard.

Relevant Links for Further Reference:

The following advisories and FAQs are available for taxpayers seeking further clarification:

Sl. No.	Particular	Date of Issue	Link
1	Invoice Management System	Sep 3rd, 2024	Link
2	Draft Manual on IMS	Sep 17th, 2024	Link
3	Frequently Asked Questions on IMS	Sep 22nd, 2024	Link
4	Attention - Advisory on IMS	Oct 14th, 2024	Link
5	Additional FAQs on IMS	Oct 17th, 2024	Link
6	Advisory regarding IMS during initial phase of its implementation	Nov 12th, 2024	Link
7	Advisory on IMS on Supplier View	Nov 13th, 2024	Link

Advisory-8

Advisory for Reporting TDS Deducted by scrap Dealers in October 2024

Background:

As per Notification No. 25/2024-Central Tax, effective from 10th October 2024, any registered person receiving supplies of metal scrap under the specified chapters from another registered person is required to deduct TDS under Section 51 of the CGST Act, 2017. However, it has been reported that some taxpayers were unable to report TDS deducted in the October 2024 period due to the following issue:

GST Registration Delay: Taxpayers applied for GST registration in October 2024, but their registration was approved only in November 2024. As a result, the October 2024 return dropdown was not visible to these taxpayers in the GST portal. This issue arises due to the existing GSTN system design, which does not allow returns for tax periods prior to the registration month to be filed.

Resolution: Reporting Consolidated TDS in November Return: To resolve this, taxpayers granted registration in November 2024, who deducted TDS in October 2024, should report the consolidated TDS amount for the period from October 10, 2024, to November 30, 2024, in the GSTR-7 return to be filed for November 2024.

Advisory-9

Advisory for Biometric-Based Aadhaar Authentication and Document Verification for GST Registration Applicants of Madhya Pradesh

Key Points Regarding Recent Developments in GST Registration Process:

1. **Amendment to Rule 8 of CGST Rules, 2017:**
 - Applicants can now be identified through **Biometric-based Aadhaar Authentication**, along with a photograph and verification of original documents.
2. **Functionality Rollout:**
 - This feature was launched in **Madhya Pradesh** on **27th November 2024**.
3. **Process after GST REG-01 Submission:**
 - Applicants will receive an email with either:
 - **OTP-based Aadhaar Authentication link**, or
 - **Appointment booking link** to visit a GST Suvidha Kendra (GSK) for **Biometric-based Aadhaar Authentication and document verification**.
4. **Appointment Process:**
 - If an **appointment link** is received, applicants must book a visit to the designated GSK.
5. **Confirmation of Appointment:**
 - Once the appointment is booked, applicants will receive an **appointment confirmation email**.
6. **Documents Required for GSK Visit:**
 - Applicants must carry:
 - Appointment confirmation email
 - Aadhaar and PAN Cards (Originals)
 - Original documents uploaded with the application
7. **Biometric Authentication and Document Verification:**
 - These will be completed at the GSK for all required individuals as per **Form GST REG-01**.
8. **Appointment Deadline:**
 - Applicants must choose an appointment within the permissible period as indicated in the intimation email.
9. **ARN Generation:**
 - **ARN** will be generated after the biometric authentication and document verification are completed.
10. **GSK Operation Hours:**
 - GSKs will operate according to state administration guidelines.

Advisory-10

Authorised e-Invoice Verification Apps

Key Points:

1. **Consolidated Document:** GSTN has released a document listing authorized B2B e-Invoice verification apps.

2. **Purpose:** The document ensures taxpayers have up-to-date information on approved apps for e-Invoice verification.
3. **Access:** Taxpayers can download the PDF document from the provided link. [Authorized e-Invoice Verification Apps PDF](#)

Advisory-11

E-Invoice Glossary and Steps

Key Points:

1. **Resource Provided:** GSTN has released an informative resource, including an e-invoice glossary and a step-by-step guide.
2. **Access to Documents:**
 - E-Invoice Glossary: [Click here](#)
 - Step-by-Step Guide: [Click here](#)

Purpose: These documents are designed to help taxpayers better understand e-invoicing.

Direct Taxes

December 07, 2024

- Due date for deposit of Tax deducted/collected by an office of government for the month of November, 2024. 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.

Indirect Taxes

December 10th, 2024

- Due date for filing GSTR-7 & GSTR-8 (Nov, 2024).

December 11th, 2024

- Due date for filing of GSTR-1 for turnover exceeding 5Cr or opted to file monthly return (Nov 2024).

December 13th, 2024

- Due date for filing of GSTR-1 who opted for quarterly filing as per QRMP scheme. (Nov, 2024)
- Due date for filing of GSTR-5 & GSTR-6. (Nov, 2024)

December 20, 2024

- Due date for filing of GSTR-3B for turnover exceeding 5 Cr or opted to file monthly return.
- Due date for filing of GSTR-5A.

January 18, 2025

- Due date for filing of CMP-08. (Oct-Dec, 2024)



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