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MONTHLY UPDATE CAPSULE



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Contents

INCOME TAX	3
1. Indexation benefits restored for properties bought before July 23! After backlash, govt makes this revision – Details	3
2. No need for tax clearance certificate for most travelling abroad: CBDT	3
3. Sent more than Rs 6 lakh abroad? You may get a tax notice by December 31,2024	4
GST & CUSTOMS	6
4. Companies with multi-state presence to register as ISD with GST authorities	6
5. FAQ on GSTR-1A - Amendment to GSTR 1	6
6. GST payers with no valid bank account barred from filing GSTR-1 from Sept 1	7
7. Heavy GST penalties on co executives face legal scrutiny	8
RBI / MOF.....	9
8. UPI Delegated Payments: Soon you can add family members, others to make UPI payments from your bank account	9
9. UPI transaction limit for income tax payments, other tax payments hiked to Rs 5 lakh from Rs 1 lakh: RBI	9
10. RBI action: Cheques to be cleared within few hours now, closing in on NEFT, RTGS speed of transfer	10
R R D AND ASSOCIATES	11
WHAT WE SERVE	12
OTHER SPECIALIZED SERVICES:	13
DISCLAIMER:	14

INCOME TAX

Indexation benefits restored for properties bought before July 23! After backlash, govt makes this revision – Details

The central government has moved an amendment to the Finance Bill, 2024, to allow people select either a 12.5% long-term capital gains tax rate without indexation or a 20% rate with indexation for property acquired before July 23, 2024.

In a relief to the real estate sector, the Centre has decided to revisit its decision to scrap the indexation benefits on property transactions after widespread backlash from various stakeholders of the realty space.

The central government has moved an amendment to the Finance Bill, 2024, to allow people choose either a 12.5% long-term capital gains tax rate without indexation or a 20% rate with indexation for property acquired before July 23, 2024.

With this decision, taxpayers can compute which option is better for them on sale of land or building acquired before July 23, 2024. The taxpayer can compute taxes under the new scheme at 12.5% without indexation and under the old scheme at 20% with indexation.

Indexation adjusts asset purchase prices based on inflation, reducing taxable gains. However, the removal of this benefit may increase the tax burden for sellers. The new LTCG tax rate is 12.5%, reduced from 20% but without indexation benefit.

Read more at: [Indexation benefits restored for properties bought before July 23! After backlash, govt makes THIS revision – Details](#)

No need for tax clearance certificate for most travelling abroad: CBDT

The recent amendment to Section 230(1A) of the Income-tax Act, 1961, does not require all Indian citizens to obtain an income-tax clearance certificate (ITCC) before travelling to other countries, the Central Board of Direct Taxes (CBDT) has said in clarification issues in response to widespread misinformation.

According to CBDT, the amendment, introduced through the Finance (No. 2) Act, 2024, only incorporates references to the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (the 'Black Money Act').

"This insertion has been made to also cover the liabilities under the Black Money Act in the same manner as the liabilities under the Income-tax Act, 1961 and other Acts dealing with direct taxes for the purpose of Section 230(1A) of the Income-tax Act, 1961," said CBDT in the statement.

Requirement to obtain an ITCC is not universal: CBDT

According to CBDT, since its introduction in 2003, the provision has only applied to individuals in specific circumstances. "Only certain persons, in respect of whom circumstances exist which make it necessary to obtain a tax clearance certificate, are required to obtain the said certificate. This position has been in the statute since 2003 and remains unchanged even with the amendments vide Finance (No. 2) Act, 2024," said CBDT.

The tax clearance certificate under Section 230(1A) of the Act, may be required to be obtained by persons domiciled in India only in the following circumstances:

- Persons involved in serious financial irregularities.
- Those persons who have direct tax arrears exceeding Rs 10 lakh that has not been stayed by any authority.
- A person can be asked to obtain a tax clearance certificate only after recording the reasons for the same and after taking approval from the Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax

Read more at: [No need for tax clearance certificate for most travelling abroad: CBDT](#)

Sent more than Rs 6 lakh abroad? You may get a tax notice by December 31, 2024

The Central Board of Direct Taxes (CBDT) has commenced a thorough examination and validation of specific high-value outward foreign remittances to identify any inconsistencies in their reporting in ITR and potential tax avoidance.

Experts say that if you are among the identified taxpayers who have been found to have evaded taxes, then you may get a notice under section 133, and/or 131 (1A) and/or, 142(1) and/or, 143 (2), and/or 148, etc.

According to a report by The Economic Times, this comprehensive scrutiny and verification of high-value outward foreign remittances is for transactions above Rs 6 lakh. The reason behind this move is that CBDT has noticed many cases where foreign remittances and expenditures did not align with the income declared by individuals.

Highlighting the scale of the discrepancy in reporting, an official quoted in The Economic Times news report said an individual with a declared annual income of Rs 5 lakh has been found to have sent Rs 15 lakh abroad in the last three years using three different dealers so that these transactions do not attract the mandatory Tax Collected at Source (TCS).

Which data is the tax department using for analysing the mismatch in reporting of foreign remittance transactions?

According to the ET news report cited earlier, the income tax department has asked its field formations to start verifying and scrutinising Form 15CC data for analysis. "Form 15CC is used for reporting information related to remittances sent outside India. It is used by an authorised dealer (such as a bank) to report remittances made to a non-resident or a foreign entity under the Liberalised Remittance Scheme (LRS) or other similar schemes. Form 15CC is required to be furnished electronically within 15 days from the end of the quarter of the financial year to which such statement relates". How far back may the tax department go to issue you a notice for foreign remittance and under which section? As per ET's article cited above, tax officials have confirmed that Form 15CC data is available for 2016 onwards in a manner that will enable the department to analyse it.

Read More at: [Sent more than Rs 6 lakh abroad? You may get a tax notice by December 31, 2024](#)

GST & CUSTOMS

Companies with multi-state presence to register as ISD with GST authorities

Companies having presence in multiple states and distributing common input tax credit with branch offices will have to register as Input Service Distributor (ISD) with GST authorities by April 1, 2025.

Through the Finance Bill, 2024, in February, the government had amended Goods and Services Tax (GST) law to say that businesses having multi-state GST registration will have to have themselves mandatorily registered as ISD to distribute among its branches any input tax credit (ITC) for services availed.

The mechanism for sharing of ITC is prescribed in GST rules and broadly the common ITC is apportioned in the ratio of turnover of different branches having same PAN.

The Central Board of Indirect Taxes and Customs (CBIC) has now notified April 1, 2025, as the cut-off date for all companies with multi-state branches to register as ISD.

Read more at: [Companies with multi-state presence to register as ISD with GST authorities](#)

FAQ on GSTR-1A - Amendment to GSTR 1

As per the directions of the Government vide notification no. 12/2024 dt 10th July 2024, Form GSTR-1A has been made available to the taxpayers from July 2024 tax period. GSTR-1A is an optional facility 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.

GSTR-1A shall be open for the taxpayer after filing of GSTR-1 of a tax period or after the due date of GSTR-1 whichever is later. A Detailed manual for filing of GSTR-1A.

FAQs can be seen from the below website –

Read more at: [FAQ on GSTR-1A - Amendment to GSTR 1](#)

GST payers with no valid bank account barred from filing GSTR-1 from Sept 1

GST taxpayers who do not furnish bank account details to GST authorities will be barred from filing outward supply return GSTR-1 from September 1, GST Network (GSTN) has said in an advisory. As per GST Rule 10A, a taxpayer is required to furnish details of a valid bank account within a period of 30 days from the date of grant of registration, or before furnishing the details of outward supplies of goods or services or both in Form GSTR-1 or using Invoice Furnishing Facility (IFF), whichever is earlier.

"From 1st September, 2024 this rule is being enforced. Therefore, for the tax period August-2024 onwards, the taxpayer will not be able to furnish GSTR-01/IFF as the case may be, without furnishing the details of a valid bank account in their registration details on GST portal," GSTN said in an advisory dated August 23.

The GST Council in its meeting in July last year, had approved amendment to Rule 10A to strengthen the registration process and to effectively deal with the menace of fake and fraudulent registrations in goods and services tax (GST).

As per the amendment, a registered taxpayer was required to furnish the details of bank account having his name and PAN within 30 days of grant of registration or before filing of statement of outwards supply in Form GSTR-1/IFF (invoice furnishing facility), whichever is earlier.

In the advisory, the GSTN asked all the taxpayers who have not yet furnished the details of a valid bank accounts to add their bank account information in their registration details by visiting the GST portal.

"...in absence of a valid bank account details in GST registration, you will not be able to file GSTR-1 or IFF as the case may be from August 2024 return period," the GSTN advisory added.

Read more: [GST payers with no valid bank account barred from filing GSTR-1 from Sept 1](#)

Heavy GST penalties on co executives face legal scrutiny

The Directorate General of Goods and Services Tax Intelligence (DGGI) has issued thousands of notices to various companies, as well as their directors and promoters, regarding the wrongful availment of input tax credit (ITC), according to sources. This tax dispute primarily concerns the failure of the vendors to remit taxes to the government, in addition to other issues related to credit availment and utilisation.

According to experts, a key question arising from this situation is whether tax liability can be imposed on the service recipients, especially when they are not at fault. The ongoing investigations highlight the complexities surrounding tax compliance and the responsibilities of all parties involved in the supply chain.

According to the show cause notice reviewed by the *TNIE*, the interesting element of these notices which have been issued, especially for the financial year 2017-18, by the first week of August, is whether the liabilities imposed by way of personal penalties is correct. In some cases, penalties as high as 100% of the disputed tax amount have been imposed on the directors and the promoters of the company. The imposition of such high penalties have created a lot of chaos in the industry, as the finance minister has clearly articulated that there should not be any harassment of the taxpayers.

The technical point which comes to the forefront is whether these individuals can be subject to such high personal penalties. Experts claim that such allegations to impose personal penalties on the individuals will have to cross the test of constitutional validity and such harsh penalties may not be sustained once these matters reach either the appeal forums or the jurisdictional High courts.

“The directors, promoters, or the individuals can be subject to personal penalties only under specified exceptional circumstances and rarest of rare cases when benefit is retained for individual gains. When benefit has not been retained by these individuals, any penalty invoked on individuals will be subject to the test of constitutional validity before the jurisdictional High Court. The burden to prove the malafide intent will be on the revenue in such cases, especially when no part is retained in the individual capacity.

Read more at: [Heavy GST penalties on co executives face legal scrutiny](#)

RBI / MOF

UPI Delegated Payments: Soon you can add family members, others to make UPI payments from your bank account

The Reserve Bank of India (RBI) has proposed introducing a "Delegated Payments" facility in UPI, an individual (primary user) to allow another individual (secondary user) to make UPI transactions up to a limit from the former's bank account.

According to the RBI governor Monetary Policy Meeting Statement on Developmental and Regulatory Policies, "The Unified Payments Interface (UPI) has a very large user base of 424 million individuals. There is, however, potential for further expansion of the user base. It is proposed to introduce "Delegated Payments" in UPI. "Delegated Payment would allow an individual (primary user) to set a UPI transaction limit for another individual (secondary user) on the primary user's bank account. This product is expected to add to the reach and usage of digital payments across the country. Detailed instructions will be issued shortly."

How this will benefit UPI users

"Allowing Delegated Payments can be a pivotal step in expanding the userbase of Unified Payments Interface (UPI). Through this development, two family members can now use one bank account for making UPI payments. While we wait for more details, this initiative will further strengthen and enhance UPI payments especially in rural areas, where financial literacy is less, and one bank account is used by one family. This mechanism will enhance user convenience by ensuring effective control through the usage limit authorization feature. This will also empower consumer confidence with easy, safe, and hassle-free financial transactions, thereby contributing towards a digitally empowered nation.

Read more at: [UPI Delegated Payments: Soon you can add family members, others to make UPI payments from your bank account](#)

UPI transaction limit for income tax payments, other tax payments hiked to Rs 5 lakh from Rs 1 lakh: RBI

The Reserve Bank of India (RBI) has proposed to increase the UPI limit for tax payments from Rs 1 lakh to Rs 5 lakh. The hike in the limit will help the taxpayers to pay higher tax liability quickly. The payments made via UPI usually do not attract any additional charges. This is not the case when tax payments are made via debit and credit cards. This is not the

first time that the RBI has hiked the limit. In December 2023, the central bank hiked the limit to Rs 5 lakh from certain payments, such as hospital and educational institutions. UPI Delegated Payments.

According to NPCI, "For normal UPI the transaction limit is up to Rs 1 Lakh per transaction. For few specific categories of transaction in UPI like Capital Markets, Collections, Insurance, Foreign Inward Remittances the transaction limit is up to 2 lakh and for Initial Public Offering (IPO) and Retail Direct Scheme the limit is up to Rs 5 lakh per transaction."

In December 2021, the transaction limit for UPI payments for Retail Direct Scheme and IPO subscriptions was increased to Rs 5 lakh.

Read more at: [UPI transaction limit for income tax payments, other tax payments hiked to Rs 5 lakh from Rs 1 lakh: RBI](#)

RBI action: Cheques to be cleared within few hours now, closing in on NEFT, RTGS speed of transfer

The Reserve Bank of India has stated that cheque clearance will be expedited to within a few hours. Currently, the process takes approximately two to three days. This announcement was made by the RBI governor during the Monetary Policy Committee meeting on August 8, 2024. This expedited cheque payment method will benefit both the payer and the payee.

According to RBI's Statement on Developmental and Regulatory Policies, "Cheque Truncation System (CTS) currently processes cheques with a clearing cycle of up to two working days. To improve the efficiency of cheque clearing and reduce settlement risk for participants, and to enhance customer experience, it is proposed to transition CTS from the current approach of batch processing to continuous clearing with 'on-realisation-settlement'. Cheques will be scanned, presented, and passed in a few hours. Detailed guidelines in this regard shall be issued shortly." This change is set to significantly reduce the time taken for cheque clearance and bring it closer to the rapid transfer speeds offered by National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS).

Read more at: [RBI action: Cheques to be cleared within few hours now, closing in on NEFT, RTGS speed of transfer](#)

R R D AND ASSOCIATES



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WHAT WE SERVE



SPECIALIZED INTO

- ✓ Audit & Assurance (incl. Tax Audit, Statutory Audit etc)
- ✓ Internal audit / Management audit
- ✓ ESOP Valuation SBP (Share based payment) under Ind AS
- ✓ Valuations under various laws including Companies Act and IBBI
- ✓ Implementation of IFC, Drafting SOPs, Testing controls
- ✓ Company formation and assisting clients with Regulatory compliance for setting up business in India
- ✓ Setting up of Vigil and whistle-blower mechanism
- ✓ Developing, implementing and operationalizing Business Ethics and Code of Conduct for Employees and Directors
- ✓ Tax, Regulatory and Advisory
- ✓ Accounting advisory, Book Keeping and MIS services
- ✓ Project Financing for Term Loan & Working Capital Loan
- ✓ ECB Compliances, Returns, Hedge Accounting and Certification
- ✓ Tax effective Portfolio Management / Reshuffling advisory
- ✓ Regular Attest function
- ✓ Talent pool of proficient resources to our network firms and clients

OTHER SPECIALIZED SERVICES:

Assurance

- ✓ Concurrent Audit
- ✓ Statutory Audit
- ✓ Stock Audit
- ✓ Forensic Audit
- ✓ Due Diligence
- ✓ Tax Audit

Operations & Risk Consultancy

- ✓ Internal Audit
- ✓ Review of Internal Financial Control
- ✓ Drafting and assistance in SOP's
- ✓ Fraud Investigations

Tax, Regulatory & Advisory

- ✓ Consultancy under Direct and Indirect taxation
- ✓ GST Implementation Services
- ✓ Assessment and Litigation Support
- ✓ Filing of Returns under direct and indirect taxes
- ✓ ROC Fillings Regulatory compliances
- ✓ RBI and SEBI fillings
- ✓ Supporting in 15CA and 15CB filing

Accounting Advisory

- ✓ Assistance in drafting and preparations of Financial statement with respect to Ind-AS, IFRS, US GAAPs
- ✓ Accounts receivables / payable reconciliations
- ✓ Bank Reconciliations
- ✓ Inventory Management support
- ✓ Fixed Asset & Inventory verification
- ✓ MIS, Budgeting

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