

JULY - 2024

MONTHLY UPDATE CAPSULE



R R D AND ASSOCIATES
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INCOME TAX

Departing from India? Clearance certificate under the Black Money Act

The Budget has tightened the provisions relating to clearance that are required when departing from India. From October 1, a clearance certificate giving a clean chit under the Black Money Act will be required for persons domiciled in India, who are leaving India.

At present, under section 230 of the Income-tax Act, a person domiciled in India cannot leave without obtaining a certificate from the tax authorities that they have no outstanding tax liabilities or have made satisfactory arrangements to pay such dues. This applies to taxes under the IT Act, the erstwhile wealth tax and Gift tax Act and also the Expenditure Tax Act. Such a certificate is required to be obtained where circumstances exist which, in the opinion of an income-tax authority, render it necessary for such a person to obtain the same. Tax experts are of the view that a notification or the rules that will follow, will better explain the requirements.

Read more at: [Departing from India? Clearance certificate under the Black Money Act required.](#)

GST & CUSTOMS

GSTN issues Advisory on new Form GSTR 1A

The GSTN (Goods and Services Tax Network) has issued an advisory on new GST Form GSTR 1A, which is dedicatedly to amending the details provided in the GSTR 1 on 26th July 2024. The Government of India, through notification No. 12/2024 – Central Tax dated 10.07.2024, has introduced FORM GSTR-1A, an optional form and facility for taxpayers. This new form allows taxpayers to add or amend details of supplies for the current tax period that were either missed or incorrectly reported in FORM GSTR-1 before filing the GSTR-3B return for that period. Starting August 2024, taxpayers can utilise Form GSTR-1A to amend details provided in FORM GSTR-1 for the month of July 2024.

The key features of FORM GSTR-1A include:

1. FORM GSTR-1A is an optional facility that can only be filed once per tax period.
2. Changes made through FORM GSTR-1A will reflect in the taxpayer's liability in FORM GSTR-3B for the same tax period.
3. For recipients, the Input Tax Credit (ITC) for supplies declared or amended through FORM GSTR-1A will be available in FORM GSTR-2B generated for the next tax period.
4. For taxpayers filing FORM GSTR-1 on a monthly basis:
 - FORM GSTR-1A will be available from the due date or actual filing date of FORM GSTR-1, whichever is later, until the actual filing of FORM GSTR-3B for the same period. Taxpayers cannot file FORM GSTR-1 for a month until FORM GSTR-3B for the previous month is filed.
 - The net impact of amendments through FORM GSTR-1A and declarations in FORM GSTR-1 will be auto-populated in FORM GSTR-3B for the same tax period.
5. For the QRMP taxpayers, who files FORM GSTR-1 on Quarterly basis:
 - FORM GSTR-1A will be available quarterly after the actual or due date of filing FORM GSTR-1, whichever is later, until the filing of FORM GSTR-3B for the same period

- Supplies reported in the current period's FORM GSTR-1, including those declared in IFF for the first and second months of a quarter, can be amended through FORM GSTR-1A.
 - The net impact of declarations in FORM GSTR-1A (Quarterly) and FORM GSTR-1 (Quarterly) or IFF will be auto-populated in FORM GSTR-3B (Quarterly) for the same period.
 - No separate amendment facility will be available for records furnished through IFF during the first and second months of a quarter.
6. Changes to the GSTIN of a recipient for a supply reported in FORM GSTR-1 of a tax period can only be rectified in FORM GSTR-1 for the subsequent tax period.

Read more at: [GSTN issues Advisory on new Form GSTR 1A](#)

SEBI

Sebi rule may end zero fee era

Sebi's move to require stockbrokers to charge customers only the actual fees paid to exchanges, clearing houses, and depositories has had major consequences for stockbroking firms. In its circular, Sebi had asked brokers to be 'true to the label' in how they levy charges. Zerodha Broking said it may be forced to end its zero brokerage structure, and shares of listed stockbroking firms crashed. The impact of the new regulations were explained in a detailed note by Zerodha founder Nithin Kamath. "Stock exchanges charge transaction fees based on the overall turnover contributed by brokers. The more the turnover, the less the transaction fee. The difference between what the brokers charge the customer and what the exchange charges the broker at the end of the month is a rebate, which goes to brokers. Such rebates are common across major markets in the world," Kamath said.

He added that this rebate accounts for 10% of Zerodha's revenues and anywhere between 10-15% of revenues for brokers across the industry. This income stream will go away following Sebi's new circular/ "We were one of the last remaining brokers that offered free equity delivery trades. We could do this because F&O trading revenues were subsidising equity delivery investors. With the new circular, we will likely have to let go of the zero brokerage structure and/or increase brokerage for F&O trades," said Kamath.

Read more at: [Sebi rule may end zero fee era: Zerodha](#)

RBI allows residents to open FC bank accounts within Indian jurisdiction

India residents who are planning to invest abroad are required to open bank accounts in foreign jurisdictions before they can invest in global equity markets. Similarly, parents intending to finance their children's foreign education have to initiate the process of opening a foreign bank account. The RBI has now implemented new rules that provide flexibility to such permitted foreign exchange transactions by permitting Indian residents to maintain Foreign Currency Account (FCA) under Indian jurisdiction. The Reserve Bank of India has widened the scope of remittances made to International Financial Services Centres (IFSCs) under the Liberalised Remittance Scheme (LRS). The RBI has allowed the opening of forex accounts in the Gujarat International Finance Tec-City (GIFT City) into which money can be remitted for all purposes permitted under the Liberalized Remittance Scheme (LRS). The RBI now allows any current or capital account transactions and remittances for all permissible reasons under LRS in any other foreign jurisdiction (other than IFSCs) via an FCA held in IFSCs. However, resident individuals can not settle any domestic transactions with other residents via the FCAs maintained in the IFSC. This implies that if you want to send money abroad to invest in the US stock market or for your children's education, you can do so by opening a Foreign Currency Account (FCA) with a bank registered in IFSC. "The recent decision by the Reserve Bank of India (RBI) to permit resident Indians to open bank accounts in the GIFT city in foreign currencies is expected to have a significant impact on the investment landscape in the country. This move will provide Indian residents with increased flexibility for global investing and spending.

This development is seen as a positive step, especially for High Net Worth Individuals (HNIs) who currently tend to open accounts in financial hubs like Dubai and Singapore. At present, remittances under LRS to IFSCs can be made only for making investments in IFSCs in securities such bonds, equities in companies outside India (outside IFSC) and for payment of fees for education to foreign universities or foreign institutions in IFSCs for pursuing courses. For these permissible purposes, resident individuals can open Foreign Currency Account (FCA) in IFSCs.

Under the Liberalised Remittance Scheme, Authorised Dealers may freely allow remittances by resident individuals including minors up to USD 2,50,000 per Financial Year (April-March) for any permitted current or capital account transaction or a combination of both. It is to be noted that clubbing is not permitted by other family members for capital account transactions such as opening a bank account/investment, if they are not the joint holders of the overseas bank account/ investment.

The permissible capital account transactions by an individual under LRS include – opening of foreign currency account abroad with a bank, acquisition of immovable property abroad, extending loans including loans in Indian Rupees to Non-resident Indians (NRIs) who are relatives etc while the current account transactions includes private visit, gift, donation, going abroad on employment, emigration, maintenance of relatives abroad, business trip, medical treatment abroad, studies abroad, etc.

Read more at: [RBI allows residents to open foreign currency bank accounts within Indian jurisdiction](#)

COMPANY LAW

MCA allows multiple KYC updates throughout the year for directors

In a big relief to professional directors who switch organisations mid-year or businesses that undergo global restructuring, the Ministry of Corporate Affairs (MCA) has allowed the KYC form to be filed multiple times for any change in email ID or mobile number throughout the year, through its latest notification.

MCA's notification dated July 16 said, "...if an individual intends to update his personal mobile number or his email address again at any time during the financial year....he shall update the same by submitting e-form DIR-3 KYC on payment of fees of five hundred rupees."

Earlier, once annual KYC was filed, mobile numbers and email IDs could not be updated till April the next year. Experts said that as a consequence of this, directors missed important communications from the MCA regarding their new organisations where they get appointed as directors.

"Every year, every director needs to file his KYC with the MCA...This amendment ensures they can update their mobile number/email ID with the MCA in real-time and they stay connected and informed during transitions of organisations," said Makarand M Joshi, Makarand M Joshi and Associates, a corporate compliance firm.

Read more at: [MCA allows multiple KYC updates throughout the year for directors](#)

MISCELLANEOUS

EPF withdrawal benefits extended to members with under 6 months of service

The labour ministry amended the Employees' Pension Scheme (EPS), 1995 to ensure that EPS members with less than six months of contributory service also receive withdrawal benefit.

The move is expected to benefit more than 700,000 EPS members every year who leave the scheme with less than six months of contributory service. Besides, the government also modified the Table D under the scheme which lays down withdrawal benefit commensurate with the years of service. This has ensured that every completed month of service rendered is taken into account to give proportionate withdrawal benefit to the members.

"The amount of withdrawal benefit will henceforth depend upon the number of completed months of service rendered by the member and the wages on which EPS contribution was received. The above measure has rationalised the payment of withdrawal benefit to members. It is estimated that every year more than 2.3 million members will benefit from this modification of the Table D," the statement added.

Every year, millions of EPS members leave the scheme prior to rendering the requisite 10 years of contributory service for pension. Such members are given withdrawal benefit as per the provisions of the scheme.

Till now, the withdrawal benefit was being calculated on the basis of the period of contributory service in completed years and the wages on which EPS contribution has been paid. Therefore, only after completing six months and above of contributory service, the members were entitled for such withdrawal benefit.

"Consequently, the members leaving scheme, before contributing for 6 months or more, used to get no withdrawal benefit. This was a cause of many claim rejections and grievances as many members were exiting without having less than 6 months of contributory service," the statement also said.

During the financial year 2023-24, approximately 700,000 claims for withdrawal benefits were rejected due to contributory service being less than 6 months.

Earlier, the calculation under erstwhile Table D ignored the fractional period of service rendered for less than 6 months after each completed year. This resulted in lesser amount of withdrawal benefit in many cases.

With the modification of Table D, the Contributory service for calculating the withdrawal benefit will be now considered in completed months. This will ensure fair payment of withdrawal benefit.

Read more at: [EPF withdrawal benefits extended to members with under 6 months of service](#)

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

- ⑩ Concurrent Audit
- ⑩ Statutory Audit
- ⑩ Stock Audit
- ⑩ Forensic Audit
- ⑩ Due Diligence
- ⑩ Tax Audit

Operations & Risk Consultancy

- ⑩ Internal Audit
- ⑩ Review of Internal Financial Control
- ⑩ Drafting and assistance in SOP's
- ⑩ Fraud Investigations

Tax, Regulatory & Advisory

- ⑩ Consultancy under Direct and Indirect taxation
- ⑩ GST Implementation Services
- ⑩ Assessment and Litigation Support
- ⑩ Filling of Returns under direct and indirect taxes
- ⑩ ROC Fillings Regulatory
- ⑩ compliances
- ⑩ RBI and SEBI fillings
- ⑩ Supporting in 15CA and 15CB filing

Accounting Advisory

- ⑩ Assistance in drafting and preparations of Financial statement with respect to Ind-AS, IFRS, US GAAPs
- ⑩ Accounts receivables / payable reconciliations
- ⑩ Bank Reconciliations
- ⑩ Inventory Management support
- ⑩ Fixed Asset & Inventory verification
- ⑩ MIS, Budgeting

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