



A Monthly E-Newsletter

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The Bottom Line

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KEY METRICS

Indices

BSE SENSEX	65,828	-1.54%	▲
NSE NIFTY50	19,638	-2.00%	▲
NASDAQ Composite	13,219	-5.81%	▼
NIKKEI 225	31,858	-2.34%	▼

Currency

USD/INR	83.03	-0.40%	▼
EURO/INR	87.76	2.11%	▲
GBP/INR	101.27	3.37%	▲
JPY/INR	0.56	1.95%	▲

Note: The month-on-month movement as on September 29, 2023 is represented in percentages
Source: Yahoo Finance, Investing.com



DIRECT TAX

Notifications/Circulars

Timelines for audit of specified entities and for filing ITR 7 extended

The timelines for specified entities for claiming exemption for charitable activities under 10(23C) / 12A(1) of the Income Tax Act for AY 2023-24, being September 30, 2023 for filing audit report and October 31, 2023 for filing ITR 7, have now been extended to October 31, 2023 and November 30, 2023, respectively.

Circular No. 16 dated September 18, 2023

Procedure for obtaining lower tax deduction certificate in specified cases streamlined

CBDT has recently notified the procedure, format, and standards for filing the application for issuance of lower tax deduction certificate through TRACES, in cases where the number of persons responsible for deducting the tax is likely to exceed 100 and the details of such persons are not available at the time of making the application. The said procedure shall be applicable with effect from October 1, 2023.

Notification No. 2 dated September 27, 2023

Final valuation rules for unquoted equity shares and convertible preference shares notified

Finance Act 2023 included non-residents in the purview of the angel tax provision i.e. tax on excessive premium received by a closely held company. In this regard, CBDT had notified draft valuation rules for comments of the stakeholders. In line with the same, final valuation rules have now been notified including five new methods, for calculating FMV of unquoted shares, tolerance band of 11%, etc. Additionally, guidelines also issued for calculating FMV of

compulsorily convertible preference shares.

Notification No. 81 dated September 25, 2023

Form for availing concessional tax rate by co-operative societies notified

Form No. 10-IFA has been notified for co-operative societies to avail the concessional tax regime from AY 2024-25 onwards. The same will have to be filed electronically on or before the due date of filing the return of income.

Notification No. 83 dated September 29, 2023

Judicial Rulings

Buyback through a scheme of High Court liable for DDT

Where the assessee purchased its own shares under the Companies Act through a scheme of Court considering the same to be non-taxable for the Company, it was held by the Tribunal that the revenue was correct in following a look-through approach as the transaction was a colorable device with an intention to evade tax. It was also held that such purchase of shares by the Company shall be regarded as 'distribution of accumulated profits' resulting in reduction of capital / release of assets and shall be liable to DDT.

Cognizant Technology - Solutions India Pvt Ltd (Chennai ITAT)

DRP directions invalid where appeal was preferred

Where the assessing officer passed the final assessment order without waiting for the period of 30 days available with the assessee to file objections against the draft order,

Timelines for audit of specified entities and for filing ITR 7 extended

Procedure for obtaining lower deduction certificate in specified cases streamlined

Buyback through a scheme of High Court liable for DDT

it was held that the DRP directions were invalid based on consequential assessment, since the assessee had already preferred an appeal before the Commissioner against the final assessment order. It was also held that the DRP can issue directions only in case of pending assessment and not once the final assessment order is passed.

Undercarriage and Tractor Parts Pvt Ltd (Bombay High Court)

Investment in house property abroad eligible for exemption under pre-amended section 54F

An Indian residing in USA, sold a property in India and invested in a US property, claiming exemption under section 54F of the Income Tax Act. This was denied by the revenue pursuant to the amendment applicable from April 1, 2015. The Hon'ble Court rejected the contentions of the revenue and held that the amendment to Section 54F requiring the investment be in a house property in India was substantive and not clarificatory in nature and accordingly cannot be regarded as retrospective.

Cognizant Technology - Solutions India Pvt Ltd (Chennai ITAT)

INDIRECT TAX

Circulars / Notifications / Press Releases

Rules enacted for taxing online gaming

Following key changes in CGST Rules with respect to online gaming shall be effective from October 01, 2023:

- PAN shall not be required for obtaining GST registration by a person providing online money gaming from outside India to a person in India.
- The value of supply in such cases of online gaming including online money gaming shall be the total amount paid or payable or deposited. Further, the value in case of casino shall be the amount paid for buying token, chips etc. In both cases, any amount returned shall be reduced from the total value.
- Return in Form GSTR-5A has to be filed by the supplier on or before 20th of each month.

Notification No. 51/2023-Central Tax dated September 29, 2023

GST registration for supplier of online money gaming

The Principal Commissioner of Central Tax, Bangalore West and the officer subordinate to him shall be empowered to grant registration in case of supply of online money gaming provided by a person located outside India to a person located in India.

Notification No. 04/2023-Integrated Tax dated September 29, 2023

Rate of tax on specified actionable claims

Specified actionable claims shall be taxable at the rate of 28% w.e.f. October 01, 2023..

Notification No. 11/2023-Central Tax (Rate) and 14/2023-Integrated Tax (Rate) dated September 29, 2023

Time limit for reporting invoice on the e-invoice IRP portal

Taxpayers with Aggregate Total Turnover (ATT) more than INR 1 billion, will not be allowed to report invoices older than 30 days on the e-invoice IRP portal. No reporting restrictions on other taxpayers.

GST Advisory dated September 13, 2023

Constitution of State Benches of the GST Appellate Tribunal

The Central Government has constituted the State Benches of the Goods and Services Tax Appellate Tribunal for the States as specified in the Notification.

Notification-Ministry of Finance dated September 14, 2023

Geocoding for additional place of business

The functionality of geocoding has been enabled on the GST portal across all the States & Union Territories for amendment to 'additional place of business' address in GST registration.

GST Advisory dated September 19, 2023

Judicial Rulings

Denial of ITC not justified in case of missing supplier or where ITC does not appear in GSTR-2A

Claim for refund of ITC cannot be set aside due to nonexistence of one of the suppliers, as there were no allegations against the assessee regarding irregularities in relation to supplies, neither there was any dispute regarding quantum of ITC refund claimed.

M/s Solidum and Stars Guild LLP (Delhi High Court)

Tax rates, Rules and other provisions enacted for taxing online gaming

Constitution of State Benches of the GST Appellate Tribunal

Denial of ITC not justified in case of missing supplier or where ITC does not appear in GSTR-2A

Denial of ITC solely on GSTR-2A discrepancies is not justified. Revenue should provide petitioner with an opportunity to prove genuineness of transaction and remittance of tax to seller. In said case, ITC can only be denied if there is proof of collusion between purchaser and seller.

M/s Diya Agencies (Kerala High Court)

Opportunity of personal hearing

An assessee is not required to request for opportunity of personal hearing. It remains mandatory upon assessing authority to afford such opportunity before passing any adverse order.

M/s Bajrang Building Material (Allahabad High Court)



CORPORATE & ALLIED LAWS

Circulars / Notifications

Verification of market rumours – extension of timeline to specified entities by market capitalisation

SEBI (LODR) Regulations, 2015 requires top 100 listed entities from October 1, 2023 and top 250 listed entities from April 1, 2024, to mandatorily verify, confirm, deny or clarify market rumours. The deadlines have now been extended to February 1, 2024 and August 1, 2024, respectively.

Circular No. SEBI/HO/CFD/ CFD-PoD-1/P/CIR/2023/162 dated September 30, 2023

New format of Abridged Prospectus for public issues of Non-Convertible Debt Securities and/or Non-convertible Redeemable Preference Shares

In order to simplify, provide greater clarity and consistency in the disclosures around various documents and to incorporate additional but critical information in the Abridged Prospectus, the format for disclosures have been revised. Merchant bankers shall also insert a QR code in the Abridged Prospectus have to be accurate, adequate and qualitative. Statements in the Abridged Prospectus have to be substantiated with quantitative factors. This will be applicable for all public issues opening on or after October 1, 2023.

Circular No. SEBI/HO/DDHS /PoD1/CIR/P/2023/150 dated September 04, 2023

Extension of timeline for holding General Meetings through VC or OAVM

MCA has issued a circular concerning General Meetings up to the year 2024, granting permission to companies

whose AGMs are due in the years 2023 or 2024, to conduct their AGMs through VC or OAVM as per Section 96 (1) of the Companies Act, 2013. This extension applies to AGMs scheduled for or before September 30, 2024. Further, this circular also extends the provision for conducting Extraordinary General Meetings through VC or OAVM. This extension applies up to September 30, 2024. However, it is crucial to remember that this extension does not alter the statutory timeframes for AGMs and the companies must adhere to these timelines to avoid legal consequences.

MCA General Circular No. 09/2023 dated September 25, 2023

Extension of timelines for Demat and Trading Accounts

SEBI has provided extension of timelines for various aspects related to demat and trading accounts, as well as physical security holders. For nomination in Demat accounts, the last date for submission of the “choice of nomination” for demat accounts extended to December 31, 2023. For Trading accounts, submission of the choice is now voluntary. Further, the earlier deadline of September 30, 2023 for physical security holders to submit their PAN, nomination, contact details, bank account details, and specimen signature has now been extended to December 31, 2023.

Circular No. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2023/158 dated September 26, 2023

Change in mode of payment to SEBI IPEF

The existing regulation of payment via online mode or by way of demand draft in favour of SEBI IPEF has been rescinded. SEBI has opened a new

Verification of market rumours – extension of timeline to specified entities by market capitalisation

New format of Abridged Prospectus for public issues of specified securities

Change in mode of payment to SEBI IPEF

bank account to facilitate market participants make payment to SEBI IPEF, providing a payment link and remitter can make payment therein using any of the specified modes viz. Net Banking, NEFT/RTGS, Debit Cards or UPI. Requisite information have to be furnished while making remittances.

Circular No. SEBI/HO/GSD/TAD/ P/CIR/2023/149 dated September 4, 2023



CFO WATCH

FASB notifies pivotal updates to its accounting standards

Directive of RBI to secured creditors under SARFAESI Act

SEBI transforms investor complaint resolution with SCORES update

FASB notifies pivotal updates to its accounting standards

- i. Accounting for Joint Venture - FASB issued an accounting standard update specifying how to account for net assets contributed to a joint venture during its formation. It applies to all entities involved in new or existing joint ventures and takes effect for ventures formed on or after January 1, 2025, with early adoption allowed
- ii. Conceptual framework on recognition and derecognition of item in financial statements - FASB released a concept statement regarding the recognition and derecognition of items in financial statements. This statement provides criteria for when an item should be included in or removed from financial statements, offering guidance on the recognition process.

Directive of RBI to secured creditors under SARFAESI Act

RBI has mandated that REs, acknowledged as secured creditors under the SARFAESI Act, must share borrower information on their websites in the specified format. REs must first post this information within six months of the circular, followed by monthly updates, including borrower and guarantor names, addresses, loan amounts, asset classification, classification date, security details, and title holder information.

SEBI transforms investor complaint resolution with SCORES update

SCORES is a centralised web-based complaint redressal facilitation platform for investors. In order to strengthen the existing grievance handling mechanism and to make the process more efficient by reducing timelines and introduction of auto routing and auto escalation of complaints, SEBI amended the existing regulations around SCORES, so that proper monitoring of the process of redressal of grievances is undertaken. Entities against whom complaints have been registered, shall submit the Action Taken Report on SCORES within 21 calendar days from the date of receipt of the complaint.

MERGERS & ACQUISITIONS

CCI releases Draft of Combination Rules to expand its M&A deal portfolio

CCI has released draft guidelines to capture high-profile combinations or mergers with substantial India operations, particularly those that go unreported in the digital industry. The draft is majorly aimed to provide clarity on the definition of “value of transaction” and “Substantial Business Operations (SBO)” in India, among other things.

- Value of Transactions: Currently, deals are notified on the basis of existing asset or turnover thresholds, rather than the deal value. According to the 2023 amendments to the act, CCI must be notified if the enterprise that is being acquired has SBO in India and if the deal surpasses the INR 2,000 cr mark. As per the proposed regulations, the calculation of deal value shall include all valuable consideration that forms a part of it, be it direct or indirect.
- SBO: A business will be said to have SBO if the target business in India has had 10% or more of its total global number of users and visitors in the last 12 months; or if its gross merchandise value for the last 12 months is 10% or more of its total global gross merchandise value; or if its turnover during the relevant period is 10% or more of its total global turnover.

These proposed regulations will repeal and replace the CCI (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, which currently governs the regulation of combinations in India.

This move aligns with global trends in addressing enforcement gaps in the digital industry, where transactions may involve substantial valuations but lack traditional markers of size like assets or turnover. A notable example was Facebook's acquisition of WhatsApp in 2014 for \$19 billion, that did not require CCI clearance, even as the messaging platform counted India as a major market.

Digital deals involving Big Tech companies often lack significant assets or turnovers, and hence previously used to fall outside CCI's purview. The proposed regulations will lead to a surge in merger filings, augmenting the CCI's caseload.



Events/Webinars

Webinar on “Future of Financial Reporting – More rigour and discipline”

September 13, 2023

Moderator: Subba Rao Amarthaluru, Independent Director & Chairman of audit committee of GMR Airport sector entities.

Speakers: Kaleeswaran Arunachalam, Group CFO & Head of Strategy, Crompton Greaves Consumer Electricals Limited, Rajeev Newar, Group CFO, R K Swamy, Hansa Group, Dr Anand Banka, Director of Global Bank, Sunil Bhumralkar, Independent Director, ASA.

Organised by ASA, the webinar focused on compliance, accountability, and transparency in financial reporting practices. CFOs face increased responsibilities in this evolving regulatory environment, and the industry experts provided insights to navigate these challenges.

90th year Valedictory celebrations of the Society of Auditors in Chennai

September 18, 2023

GN Ramaswami, Partner, Assurance, ASA, in his capacity of the Secretary of The Society of Auditors, Chennai welcomed Smt. Nirmala Sitharaman, the Hon'ble Union Minister of Finance & Corporate Affairs at the 90th year valedictory celebrations of the Society of Auditors in Chennai. The Minister emphasized the role of

Chartered Accountants in building the nation. She also highlighted the easy accessibility of information in today's AI dominated world with which the CAs can guide their clients to partner in the growth of the nation.

Webinar on “Specialized Auditing Considerations and Reporting - SA 800, SA 805 and SA 810”

September 15, 2023

Rahis Saifi, Associate Director, Assurance, ASA, was a guest speaker at the ICAI webinar where he shared insightful knowledge on SQC 1, independence, professional skepticism, audit materiality, risk assessment procedures, communication with TCWG and more.

[EN] SEBI to safeguard clients' funds lying with stockbrokers and clearing members

September 8, 2023

Author: Ketan Kini, Associate Director, Risk Advisory Services, ASA

SEBI has taken steps to safeguard clients' funds placed with SBs/CMs and ensure the orderly functioning of the securities market by having greater transparency, security, and effectiveness.

[FR] What are the key differences between statutory, internal, and investigative audits?

September 9, 2023

Author: Parveen Kumar, National Head, Assurance, ASA and Léa Parmentier, Assistant Manager, French Desk, ASA

The article explores the key nuances and distinctions between these three financial practices and makes it easy for you to discover how these audits differ in terms of purpose, scope, standards and more.

[EN] Preventing whistleblower retaliation for sound corporate governance - September 16, 2023

September 16, 2023

Author: Bhushan Sharma, Partner, Risk Advisory, ASA

In today's diverse and challenging business landscape, organizations span borders and cultures, necessitating a focus on ethics. To combat unethical practices like fraud and corruption, a robust governance framework with a transparent ethical culture is essential. A key tool in this effort is an effective whistleblowing system, which uncovers internal misconduct, enhances corporate transparency and safeguards stakeholder interests.



GLOSSARY



AGM

Annual General Meeting

AV

Audio Visual

AY

Assessment Year

CBDT

Central Board of Direct Taxes

CCI

Competition Commission of India

CGST

Central Goods & Services Tax

DDT

Dividend Distribution Tax

DRP

Dispute Resolution Panel

FASB

Financial Accounting Standards Board

FMV

Fair Market Value

GST

Goods & Services Tax

ICAI

Institute of Chartered Accountants of India

IPEF

Investor Protection and Education Fund

ITAT

Income Tax Appellate Tribunal

ITC

Input Tax Credit

ITR

Income Tax Return

M&A

Mergers & Acquisitions

MCA

Ministry of Corporate Affairs

OAVM

Other Audio-Visual Means

PAN

Permanent Account Number

REs

Regulated Entities

SARFAESI

Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest

SCORES

SEBI Complaints Redressal System

SEBI

Securities and Exchange Board of India

TDS

Tax Deducted at Source

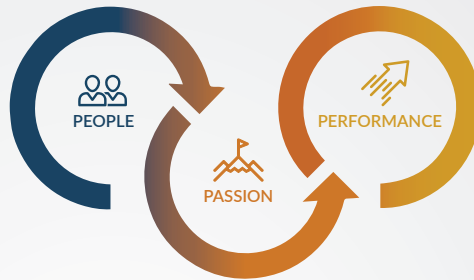
TRACES

TDS Reconciliation Analysis and Correction Enabling System

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Vishakhapatnam

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