



A Monthly E-Newsletter

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The Bottom Line

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KEY METRICS

Indices

BSE SENSEX	66,988	4.87% ▲
NSE NIFTY50	20,133	5.52% ▲
NASDAQ Composite	14,226	10.70% ▲
NIKKEI 225	33,487	-8.52% ▲

Currency

USD/INR	83.26	-0.12% ▼
EURO/INR	88.05	-3.05% ▼
GBP/INR	101.17	-3.99% ▼
JPY/INR	0.55	-2.34% ▼

Note: The month-on-month movement as on November 30, 2023 is represented in percentages
Source: Yahoo Finance, Investing.com



DIRECT TAX

Notifications/Circulars

Changes in SFT for Depository Transactions

Changes in format, procedure and guidelines for submission of SFT for reporting of Depository transactions have been notified. Changes have also been made for reporting of Mutual Fund transactions by Registrar and Share Transfer Agents.

Corrigendum to Notification No.3 & 4 of 2021, dated November 15, 2023

Judicial Rulings

Assessment order classified as draft, 30-day objection window allowed to assessee

The Court ruled that even if the draft assessment order has the final order characteristics such as notice of demand and penalty, it is to be treated as a draft order. Responding to Revenue's suggestions, granted the assessee 30 days to submit objections against draft order.

*Jubilant Foodworks Ltd
(Delhi High Court)*

Criminal proceedings quashed for default in filing where tax is less than prescribed threshold

It was ruled that prosecution cannot be initiated for willful failure on non-filing of ITR in case where the tax payable, after credit for prepaid taxes viz. TDS, advance tax falls below the specified threshold limit as laid down in the Act. The criminal proceeding initiated were quashed.

Manav Menon (Madras High Court)

Service tax disallowed if not paid before due date of return filing

Service tax collected and not deposited upto the due date of return filing will be disallowed under Section 43B, even if allowance has not been claimed in the computation. The moment service tax is realised, it becomes payable to the government and if not paid, takes the character of income. Section 145A does not apply due to non-obstante clause of Section 43B.

*M. Ashraf Nafisa Althaf
(Bangalore ITAT)*

Changes in SFT for Depository Transactions

Assessment order classified as draft, 30-day objection window allowed to assessee

Criminal proceedings quashed for default in filing where tax is less than prescribed threshold



INDIRECT TAX

Circulars / Notifications / Press Releases

Amnesty Scheme for filing appeals

Any taxable person who could not file appeal within the timelines against an Order passed under Sections 73 or 74 or the CGST Act on or before March 31, 2023, or any taxpayer whose appeal was rejected solely on the ground that the said appeal was not filed within the timelines, shall be able to file the appeal against the said Order on or before January 31, 2024, on payment of tax, interest and penalty stated in the said Order if demand is admitted, or 12.5% of the tax demand as being disputed, subject to a maximum of INR 250 million.

Notification No. 53/2023-Central Tax dated November 2, 2023

2-factor authentication for e-way bill and e-invoice portal

To enhance the security of said portals, 2-factor authentication for logging in built up. In addition to username and passwords, OTP will also be authenticated for login. The facility is being introduced on optional basis and will be made mandatory in future.

NIC Advisory

Judicial Rulings

Denial of ITC paid on secondment of employees

The GST authorities issued show cause notice denying the claim of ITC made on tax paid under reverse charge mechanism by virtue of Supreme Court ruling for taxability of service of secondment of employees. The claim was denied alleging that the timelines for claim of such ITC have lapsed. The High Court, through

interim order, has stayed the show cause notice issued for denial of said ITC.

M/s Toyota Kirloskar Motor Pvt Ltd (Karnataka High Court)

Liability on secondment of employees

Stay has been granted vide an interim Order on the demand raised on the said matter. The taxpayer argued that the liability on India portion of the salary should not be levied to tax as it is not a supply under GST and covered under employer employee relationship. Further, since tax on the foreign salary portion and interest thereon had already been deposited and closure letter had been issued by the authorities, the issue cannot be opened up again.

M/s Mitsubishi Electric India Pvt Ltd (Punjab and Haryana High Court)

Refund allowed in appeal cannot be held back

Where Appellate Authority had directed revenue to refund ITC to assessee, revenue shall not withhold refund on ground that they had not yet decided whether to review Order-In-Appeal or to file appeal against said Order.

M/s Kunal Autotech Pvt Ltd (Delhi High Court)

Filing of writ petition in absence of Tribunal

Where Appellate Tribunal was not constituted and there was a delay in preferring appeal against the

Amnesty scheme announced for filing appeals

Interim stay on denial of ITC paid on secondment of employees

High Court admits writ where GST Appellate Tribunal not yet constituted

order of 1st Appellate Authority, writ petition was maintainable.

Mr. Lingaraj Pradhan (Orissa High Court)

Eligibility of ITC

ITC cannot be denied merely on the ground that the supplier was not a genuine supplier and said supplier has issued bogus tax invoices, when the petitioner can provide the evidences to prove that the supplier has indeed supplied goods to him.

M/s Tvl. Surana Enterprises (Madras High Court)



CORPORATE & ALLIED LAWS

Circulars / Notifications

Significant Beneficial Owners Rules for LLPs notified

MCA has introduced the Limited Liability Partnership (Significant Beneficial Owners) Rules, 2023. These rules aim to regulate and identify significant beneficial owners in LLPs. Reporting LLPs must take steps to identify significant beneficial owners and ensure compliance. Government bodies and regulated investment vehicles are exempt from these rules.

MCA Notification dated 09.11.2023

Opening of additional special current account

Authorized Dealer Category-I banks maintaining Special Rupee Vostro account as per provisions of RBI Circular, have been permitted to open an additional special current account as a measure of operational flexibility to exporters for settlement of export transactions.

RBI/2023-2024/86 FED Circular No. 08 dated November 17, 2023

Streamlining of offer documents of mutual fund schemes

SEBI has revamped the format of SID to enhance readability and to streamline the dissemination of relevant information to investors. The updated format of SID will be effective from April 1, 2024. Draft SIDs to be filed with SEBI on or before March 31, 2024. SIDs already filed for which final observations are yet to be issued and those for which final observations have already been received from SEBI, can use the old format. However, they have to be updated by April 30, 2024. Even existing SIDs have to be updated by April 30, 2024 with data as on March 31, 2024.

Circular No. SEBI/HO/IMD/IMD-RAC-2/P/CIR/2023/000175 dated November 1, 2023

Significant Beneficial Owners Rules for LLPs notified

Opening of additional special current account permitted by RBI

Streamlining of offer documents of mutual fund schemes by SEBI



CFO WATCH

RBI mandates minimum 2 whole-time directors in banks

Cooperative banks to disclose unclaimed liabilities as contingent liabilities

RBI elevates risk weights to reshape financial landscape for consumer credit

RBI notifies minimum requirement w.r.t. whole time directors

RBI has mandated banks to have a minimum of two whole-time directors, including the MD & CEO, on their boards for effective succession planning. Banks not meeting this requirement are instructed to submit proposals for appointment within four months from the issue of the relevant notification.

Presentation of unclaimed liabilities in financial statements by cooperative banks

Previously, RBI instructed commercial banks to report unclaimed liabilities transferred to the Depositor Education and Awareness Fund under 'Schedule 12 - Contingent Liabilities.' Now, RBI has advised cooperative banks to categorize unclaimed liabilities under "Contingent Liabilities – Others" for consistency in financial statement presentation.

Regulatory measures towards consumer credit and bank credit

RBI increased risk weights w.e.f. February 29, 2024, for consumer credit exposure of commercial banks and NBFCs. Consumer credit risk weights for commercial banks will rise to 125%, and for NBFCs, the risk weight for retail loans will be 125%. Credit card receivables risk weights will increase to 150% for scheduled commercial banks and 125% for NBFCs. Additionally, risk weights on bank credit to NBFCs by commercial banks will rise by 25 percentage points if the external rating risk weight is below 100%. RBI emphasizes the need for sectoral exposure limits for consumer credit and treating top-up loans against depreciating assets as unsecured.

MERGERS & ACQUISITIONS

Surge in IPOs in Indian markets

India has topped the world in terms of the number of IPOs this year with nearly 149 public offers till September compared to 144 in all of 2022. Market optimism is attributed to several factors, including the US recession, the Federal Reserve's pause in interest rate hikes, and inflation. Additionally, companies are striving to file for IPOs before the 2024 Indian elections, leading to surge in demand for IPOs this year compared to 2022.

Q3 Update

According to a report, in Q3 2023, 21 IPOs were launched in the Indian main market, compared to just four in the same quarter of 2022. The funds garnered in Q3 2023 reached US\$ 1.77 billion, marking a 376% growth from the \$ 372 million of Q3 2022. This represents a remarkable 425% increase in the number of deals. The SME segment also recorded significant success by raising US\$ 166 million via 48 IPOs in Q3.

The top three IPOs in terms of funds during Q3 were: RR Kable (US\$ 237 million), Concord Biotech (US\$ 187 million) and SAMHI Hotels Ltd (US\$ 165 million). The largest IPO in the first half of 2023-24 was from Mankind Pharma (US\$ 529 million), followed by JSW Infrastructure (US\$ 337 million). Key sectors contributing to this IPO surge included Diversified Industrial Products, Consumer Products and Retail, and Technology.

Future Outlook

More than twenty-five companies have filed their Draft Red Herring Prospectus in Q3 2023, demonstrating a strong intent to raise funds in the upcoming quarters. The pipeline too is robust, with around 30 companies getting SEBI approval for IPOs where they will collect INR 40,740 crore and around 38 companies with IPO size of INR 43,659 crore are still awaiting approval from SEBI and have filed offer documents.



ASA joins Baker Tilly International network as its India member firm - November 2023

ASA has joined Baker Tilly International as its India member firm. Baker Tilly is the 9th largest global accounting network, with over 700 offices across 146 territories and over 42,000 people. This alliance is the beginning of a promising and prosperous new chapter, enabling us to deliver at pace and widen our horizons globally.

Session on Audit Quality Standards and Assurance Practices - October 31, 2023

Parveen Kumar, National Head, Assurance, shared valuable insights on Audit Quality Standards and Assurance Practices at the ASSOCHAM international conference on “Charting A Sustainable Path: Addressing Corporate Stress”, along with other distinguished speakers

Workshop on Consolidated Financial Statements - November 22, 2023

Rahis Saifi, Associate Director, Assurance, conducted a hybrid IndAS Workshop on Consolidated Financial Statements for 250+ senior officials from a power generation company and its group holdings, covering key topics and enabling

knowledge for IndAS compliant financial statements

Tech Talks Season 2 - November 02, 2023

Parveen Kumar, National Head, Assurance, was a guest speaker at the “Tech Talks Season 2”, where he shared insightful knowledge on challenges & impact of IT system breach in Bank Audits. The live session was aired on Times Now (Nav Bharat).

[EN] Completed Your Tax Filing? Stay Vigilant, Don't Relax Yet! - November 02, 2023

Author: Pankaj Aneja, Executive Partner, Taxation

Once you've completed your tax filing, it may seem like the hard part is over. However, this article warns you to stay vigilant and not relax just yet. Discover why staying on top of your financial matters remains crucial even after-tax season is done.

[EN] Exercise Professional Scepticism while Evaluating Fraud at Companies: NFRA Tells Auditors - November 06, 2023

Author: Balmukund Chaturvedi, Associate Director, Assurance
NFRA instructs auditors to adopt

a sceptical mindset when probing potential fraud in companies, emphasizing the need for critical assessment and vigilance. This directive aims to enhance audit quality, encouraging auditors to question assumptions and scrutinize information to effectively detect fraudulent activities. NFRA's emphasis on professional scepticism aligns with broader efforts to uphold transparency and safeguard stakeholders' interests in financial reporting.



GLOSSARY



CEO

Chief Executive Officer

LLP

Limited Liability Partnership

NIC

National Informatics Centre

SID

Scheme Information Document

CGST

Central Goods & Services Tax

MCA

Ministry of Corporate Affairs

OTP

One Time Password

SME

Small and Medium Enterprise

GST

Goods & Services Tax

MD

Managing Director

RBI

Reserve Bank of India

TDS

Tax Deducted at Source

IPO

Initial Public Offer

NBFC

Non-Banking Financial Company

SEBI

Securities and Exchange Board of India

ITC

Input Tax Credit

NFRA

National Financial Reporting Authority

SFT

Statement of Financial Transaction

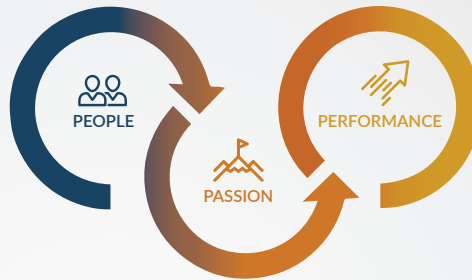
ITR

Income Tax Return

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 Vishakhapatnam

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 South Africa, Spain, Switzerland, Sweden,
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