



E-Pistle (Monthly Newsletter)

JULY 2024



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GST UPDATES



Major GST Reforms and Amendments

- Un-denatured Extra Neutral Alcohol used in the **manufacture** of alcoholic liquor for human consumption to be kept out of the purview of GST. (Sec 9 of the CGST Act, Sec 5 of the IGST Act and Sec 7 of the UTGST Act are amended).
- **Section 74A** is introduced to determine tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason pertaining to the Financial Year 2024-25 onwards.
 - As per the new Section 74A, if any tax is unpaid, underpaid, erroneously refunded, or if the input tax credit is wrongly availed or utilised, the proper officer will serve a notice to the responsible person to explain why they should not pay the due amount with interest and penalty. However, no notice will be issued if the amount in question for a financial year is less than Rs. 1,000.
- It also provides for the same limitation period for issuing demand notices and orders in respect of demands from the financial year 2024- 25 onwards.

- The time limit for the taxpayers to avail the benefit of reduced penalties under this Section, by paying the tax demanded along with interest, is being increased from 30 days to 60 days.
- **Section 11A** is being inserted to empower the government to regularise non levy or short levy of central tax due to any general practice prevalent in trade.
- **Section 13(3)** is amended for the time of supply in case the invoice is issued by the recipient of supply to be the Date of Invoice.
- **Sub-section (5) is inserted in Section 16** “retrospectively” from 1st July 2017 to allow ITC claims on invoices or debit notes for the FY 2017-18, 2018-19, 2019-20 and 2020-21 in the GSTR-3B filed up to 30th November 2021. Furthermore, sub-section (6) is inserted in Section 16 retrospectively from 1st July 2017 to allow ITC claims on invoices and debit notes in GSTR-3B filed for the period from the GST registration cancellation date or the effective date, as the case may be, till the date of revocation order for GST registration cancellation, provided it is filed within thirty days of the date of the revocation order of cancellation of registration. However, the time limit for ITC claims for such documents must not have expired under Section 16(4) as on the date of the cancellation order. In case the tax is paid or ITC is reversed, no refund can be admitted.

- A new item is added under the blocked credits under **Section 17(5)**. ITC is not allowed on taxes paid under Section 74 for demands up to FY 2023-24, removing references to Sections 129 and 130 of the CGST Act.
- A new proviso in **sub-section (2) of section 30 of the CGST Act** is being inserted, adding conditions and restrictions for revocation of GST registration cancellation, which will be prescribed in the CGST Rules at a later date.
- **Section 31(3)(f)** is amended to provide a time limit to issue invoices by the recipient for RCM supplies. It will include suppliers registered solely for TDS under GST.
- **GSTR-7** for TDS under GST shall be filed whether or not TDS is deducted during a month under Section 39(3).
- **Section 54(15)** provides that GST refund of unutilised ITC or IGST will not be allowed for the zero-rated supply of goods subject to export duty.
- A summoned person can authorise another person to appear on their behalf in compliance with GST summons issued by the GST officer under the new **Section 70(1A)**.
- **New Sections 73(12) and 74(12)** restrict the applicability of demand and recovery provisions for determining tax demands for FY up to 2023-24.

- Under the new **Section 74A**, the penalty shall be redetermined in a notice where it is proven that it is no longer a case of fraud, wilful misstatement, or suppression of facts.
- Under **Section 107** of the CGST Act, the maximum pre-deposit for filing appeals before the appellate authority is reduced from Rs.25 crores to Rs.20 crores. Similarly, under the IGST Act, **Section 20** has been amended to reduce the pre-deposit amount from Rs.50 crore to Rs.40 crore.
- The government can notify the types of cases for hearing by the Principal Bench of the Appellate Tribunal by amending **Section 109**.
- In **Section 112**,
 - Effective 1st August 2024, the deadline for filing an appeal to the Appellate Tribunal by taxpayers will be the later of either the date of order communication or a date notified by the government based on Council recommendations.
 - The same change applies to commissioners/GST officers filing applications before the Appellate Tribunal.
 - Applications may be filed within three months after the standard appeal period expires.

- The pre-deposit requirement for appeals is reduced from 20% to 10% of the disputed amount.
- The maximum amount required for pre-deposit is lowered from Rs.50 crore to Rs.20 crore.
- Penalty under **Section 122(1B)** is amended to restrict this to cases involving the e-commerce operators subjected to TCS under GST retrospectively from 1st October 2023.
- Conditional waiver of interest and penalty is given through **Section 128A** for demand notices under Section 73 for all FY from 2017-18 to 2019-20 except for erroneous refunds and where interest/penalty is already paid for the said years.
- Transitional credit for the CENVAT credit for input services by an ISD is allowed under **Section 140** retrospectively.
- The appellate authority replaces the anti-profiteering authority from the date to be notified for accepting applications for cases of anti-profiteering under **Section 171**.
- **Section 146** states that no refund shall be made of the tax paid or the input tax credit reversed, which would not have been so paid, or not reversed had the said clause 114 been in force at all material times.

- **New items through Paras 8 and 9** are inserted under Schedule III to declare the following as neither supply of goods nor supply of services-
 - The activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements, provided the lead insurer pays the tax liability on the entire amount of premium paid by the insured.
 - The services by the insurer to the reinsurer, for which the ceding commission or the reinsurance commission is deducted from the reinsurance premium paid by the insurer to the reinsurer.

INCOME TAX UPDATES



- The **FM announced the Final Budget on 23rd July 2024**. She stated that this year's budget is focused on employment, skilling, MSME and the middle class. She also stated the priorities of the budget which were as follows:
 - ❖ Productivity and Resilience in Agriculture
 - ❖ Employment and Skilling
 - ❖ Inclusive Human Resource Development and Social Justice
 - ❖ Manufacturing and Services , etc.

Click on the link to download Finance Bill 2024 : [Download Here](#)

Click on the link to download the Budget 2024 speech : [Download Here](#)

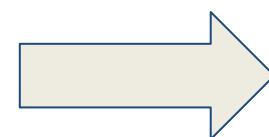
- Under the **new regime**, the standard deduction for **Salaried Individuals** has been increased to Rs. 75,000 from Rs. 50,000.
- Similarly, a deduction on **Family Pension** for persons having pension income has been increased to Rs. 25,000 from Rs.15,000 “if they file taxes under the **New Regime**”.

Changes in Tax Structure Under the New Regime

- Under the New Tax regime, the Tax Structure is revised as follows:

0-3 lakh rupees	Nil
3-7 lakh rupees	5 per cent
7-10 lakh rupees	10 per cent
10-12 lakh rupees	15 per cent
12-15 lakh rupees	20 per cent
Above 15 lakh rupees	30 per cent

As a result of the above changes, a salaried employee in the new tax regime can save up to Rs. 17,500 in taxes.



NEW, NEW TAX REGIME			
Slabs	Current	New	Gains
0-₹3L	Nil	Nil	Nil
₹3L-6L	5%	5%	Nil
₹6L-7L	10%	5%	₹5k
₹7L-9L	10%	10%	Nil
₹9L-10L	15%	10%	₹5k
₹10L-12L	15%	15%	Nil
₹12L-15L	20%	20%	Nil
₹15L+	30%	30%	Nil
Total Savings ₹10,000			

Std deduction up from ₹50k to ₹75k. Saves extra ₹7.5k for those in 30% tax bracket. **So total savings: ₹10k + ₹7.5k = ₹17.5k for annual incomes of ₹10L or more**

Simplification of Taxation of Capital Gains

Modification in Capital Gain as explained as :-

ALL LISTED ASSETS						
	Earlier STCG	Now STCG	Holding Period	Holding Changed?	Earlier LTCG	Now LTCG
Stocks	15%	20%	12 months	No	10%	12.50%
Equity Mutual Funds	15%	20%	12 months	No	10%	12.50%
Debt and non-Equity MFs	Slab rate	Slab rate	N/A	Yes, earlier same for STCG & LTCG	Slab rate	Slab rate
Bonds (Listed)	Slab rate	20%	12 months	No	10%	12.50%
REITs/InvITs	15%	20%	12 months*	Yes, earlier 36	10%	12.50%
Equity FoFs*	Slab rate	20%	N/A	Yes, earlier same for STCG & LTCG	Slab rate	12.50%
Gold/Silver ETF	Slab rate	20%	12 months	Yes, earlier same for STCG & LTCG	Slab rate*	12.50%
Overseas FoFs	Slab rate	Slab rate	24 months	Yes, earlier same for STCG & LTCG	Slab rate	12.50%
Gold Funds	Slab rate	Slab rate	12 months	Yes, earlier same for STCG & LTCG	Slab rate	12.50%

Note: Annual LTCG exempt amount hiked from **₹1 lakh** to **₹1.25 lakh** for stocks and equity MFs

Simplification of Taxation of Capital Gains

Modification in Capital Gain as explained as :-

ALL UNLISTED ASSETS

	Earlier STCG	Now STCG	Holding Period	Holding Changed?	Earlier LTCG	Now LTCG
Real Estate (Physical)	Slab rate	Slab rate	24 months	No	20%**	12.50%
Bonds (Unlisted)	Slab rate	Slab rate	24 months	Yes, earlier same for STCG & LTCG	Slab rate	Slab rate
Physical Gold	Slab rate	Slab rate	24 months	Yes, earlier 36	20%**	12.50%
Stocks (Unlisted)	Slab rate	Slab rate	24 months	No	20%**	12.50%
Foreign equities/debt	Slab rate	Slab rate	24 months	No	20%**	12.50%

*Other than those investing 90% in equity ETFs

** With indexation

Those investing in funds with at least 65% equity

All changes effective for assets sold after 23rd July 2024



Simplification of Taxation of Capital Gains

Modification in Capital Gain as explained as :-

LET'S UNDERSTAND THIS WITH AN EXAMPLE

Suppose Mr X purchased a property in March 2005-06 for Rs. 25 lakhs and then sells it in FY 2024-25 for Rs. 1 crores

Prior to Budget Announcement

(Sale Value - Indexed Cost*) x LTCG Rate
(1,00,00,000-77,56,410) x 20%
LTCG Tax Rs. 4,48,718

Post Budget Announcement

(Sale Value - Actual Cost) x new LTCG Rate
(1,00,00,000-25,00,000)*12.5%
LTCG Tax Rs. 9,37,500

*Indexed Cost = Actual Cost * CII FY25 / CII FY06
CII - Cost Inflation Index

IMPORTANT FOR PROPERTY SELLERS

- ← Indexation benefit on sale of property removed
- ← New LTCG rate of 12.5% announced for capital gains on sale of property
- ← Earlier LTCG on sale of property was taxed at 20% with indexation benefit
- ← properties bought before April 1, 2001 will have to choose the purchase price higher of the following
 1. Actual property price
 2. Fair market value of house as on April 1, 2001.



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Changes in TDS Rates

- Budget 2024 reduced the TDS rates on specified payments to facilitate business and improve taxpayer compliance. However, TDS rates are effective only either after 1st Oct 2024 or 1st April 2025. The table below shows the specified payments :-

Section	Present	New Rates	Effect from
Section 194D Payment of insurance commission (in case of person other than company)	5%	2%	1 st April 2025
Section 194DA Payment in respect of life insurance policy	5%	2%	1 st October 2024
Section 194G Commission etc on sale of lottery tickets	5%	2%	1 st October 2024
Section 194H Payment of commission or brokerage	5%	2%	1 st October 2024
Section 194-IB Payment of rent by certain individuals or HUF	5%	2%	1 st October 2024
Section 194M Payment of certain sums by certain individuals or Hindu undivided family	5%	2%	1 st October 2024

Introduction of TDS on Payments Made to Partners by Firms (Section 194T)

- This budget introduced a new TDS provision for payments made by the firms (i.e., it covers both partnership firms as well as LLPs), to the partners by way of salary, remuneration, interest, bonus or commission.
- So, now any payment by a firm of the above nature exceeding Rs. 20,000 shall be subjected to the TDS at the rate of 10% u/s 194T.



Increase in limit for Partner's Remuneration

- Under section 40(b), the partner's limit for remuneration has been increased in the Budget 2024 as follows

Book Profit	Limit
On the first Rs.6,00,000 of book profit or loss	Rs.3,00,000 or 90% of the book profit, whichever is higher
On the remaining balance of book-profit	60% of the book-profit

Abolishment of Angel Tax

- The Angel tax provisions of Section 56(2)(viib) has been proposed to be removed.
- Angel Tax is a tax levied on companies that issue fresh shares to investors at a price above the company's Fair Market Value. The excess of the Issue Price over and above the FMV was made taxable u/s 56(2)(viii) as an angel tax in the hands of the Company. This provision is proposed to be removed.
- The startup ecosystem will benefit considering the frequent fund raise that can happen in startups and the compliance cost and the time that is consumed by the said provision while conducting a fund raise in start up.

Corporate Taxes on Foreign Companies

- Corporate taxes are imposed on the company's net income or profit. In the Budget 2024, Finance Minister Nirmala Sitharaman has proposed to reduce the corporate tax on foreign companies from 40% to 35%.

Increased Deduction on Employer's Contribution to Pension Scheme

Section 80CCD provides a deduction for the employer's contribution to the Pension scheme up to 10%. Budget 2024 has now increased the limit deduction limit to 14% of the salary of the employee during the previous year.



STT on Futures and Options

- The Securities Transaction Tax (STT) on futures has been increased from 0.0125% to 0.02% and STT on options has been increased from 0.0625% to 0.1%.

Other Direct Tax Updates

- **Reopening of ITR**—Only if the escaped income is Rs 50 lakh or more can an assessment be reopened beyond three years from the end of the assessment year, up to a maximum period of five years from the end of the assessment year. In the case of search cases, the time limit of 10 years is reduced to six years.
- **Income Tax Appeals**—To reduce the number of pending cases, the monetary limits for filing tax dispute appeals in tax tribunals, high courts, and supreme courts have been raised to Rs.60 Lakh, Rs.1 Crore, and Rs.2 Crore.
- **Vivaad se Vishwas Scheme**—This scheme has been reintroduced to facilitate the settlement of income tax disputes and eliminate litigation.



MCA UPDATES



Ministry of Corporate Affairs
Government of India



- The Central Processing Centre (CPC) has disposed off 22857 eforms from April 24 to June 24 as compared to 21704 eforms processed by different RoCs during the same period in previous year for the 12 eforms migrated to CPC.
- The MCA department is merging IEPF forms (3 with 4, 7 with 1) in Version 3. The payment process will also change. [Read Circular](#).
- Provided also that If an individual intends to update his mobile number or email address again at any time during the financial year in addition to the updation allowed under the third proviso, he shall update the same by submitting e-form DIR-3 KYC on payment of fees of five hundred rupees.
- The due date of web form PAS-7 without payment of additional fees is extended to 05th August 2024.



BUSINESS & FINANCE

HEADLINES



- ✍️ India successfully tests ballistic missile defence system
- ✍️ 66 pc taxpayers opted for new ITR filing regime in current season: CBDT chairman
- ✍️ KPIT Tech Q1 Results: Net profit jumps 52% YoY to Rs 204.2 crore; co ups revenue growth guidance for FY25
- ✍️ IEX Q1 Results: Net profit soars over 27% YoY to Rs 96 crore
- ✍️ Kolkata-based Suraksha Diagnostic files IPO draft papers with Sebi
- ✍️ Private sector activity hits 3-month high of 61.4 in July
- ✍️ Adani Group submits investment proposal to upgrade Nairobi airport
- ✍️ CG Power and Industrial Solutions to acquire 55% stake in GGT for Rs 319 cr
- ✍️ Acko acquires health tech startup OneCare in all-cash deal
- ✍️ Sequoia Capital-backed Vanta raises funding at \$2.45 billion valuation
- ✍️ Angel fund FAAD Capital invests in four agritech startups
- ✍️ 263 startups funded with a total of Rs 60 crore by Karnataka govt
- ✍️ CCI junks complaint against Indiabulls Housing Finance, 19 officials
- ✍️ Vedanta Resources seeks partners to develop Zambia mines it's regaining
- ✍️ BSNL losses narrow to Rs 5,371 crore in FY24, Ebitda at Rs 2,164 crore

- ✍️ RIL gets US nod to resume crude imports from Venezuela despite sanctions
- ✍️ JK Paper Q1 results: Net profit declines 55% to Rs 140.79 cr as prices fall
- ✍️ Axis Bank Q1FY25 results: Net profit increases 4% to Rs 6,035 crore
- ✍️ L&T Q1FY25 results: Net profit rises 11.7% to Rs 2,786 cr on higher revenue
- ✍️ Hindustan Zinc launches Asia's first low-carbon zinc brand, EcoZen
- ✍️ Piramal Finance eyes overseas bond market for funding diversification
- ✍️ Rlys on the move, eyes to ferry 7.4 bn passengers, 1,650 mt freight in FY25
- ✍️ Govt prepares for Rs 10,000 crore war chest to fight food inflation
- ✍️ Over 70% intraday traders suffered losses during FY23, reveals Sebi study
- ✍️ Net credit card additions down to 2 mn due to seasonal, regulatory factors
- ✍️ China Banks Trim Deposit Rates to Bolster Record-Low Margins
- ✍️ Govt has no plan to reconsider real estate LTCG tax changes, says report
- ✍️ ESIC adds 2.30 million new employees in May 2024
- ✍️ Sebi reveals 7 out of 10 intraday trade in cash segment made losses in FY23
- ✍️ ServiceNow raises annual subscription revenue forecast on robust demand
- ✍️ Federal Bank posts Q1 profit growth of 18.2% YoY at Rs 853.74 crore, NII at Rs 2291.98 crore
- ✍️ Adani Green subsidiary operationalises 250 MW of wind power project in Gujarat

MCA UPDATES



Ministry of Corporate Affairs
Government of India



1. Due dates for Compliances under GST

GST Compliance Calendar:

11-08-2024: Last date for GSTR-1 for taxpayers with turnover above INR 1.5 crores.

20-08-2024: Due date for GSTR-3B for annual turnover above and below INR 5 crores in the previous **FY**.

13-08-2024: Deadline for non-resident taxpayers to file GSTR-5.

20-08-2024: GSTR-5A due for non-resident OIDAR service providers

10-08-2024: GSTR-7 filing deadline for TDS deductors

10-08-2024: GSTR-8 filing for e-commerce operators for TCS .

2. Due dates for Compliances under Income Tax

07-08-2024: Due date for deposit of Tax deducted/collected for the month of July, 2024.



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