Tax & Regulatory Updates – Key developments of April 2022

A. Direct Taxation: -

1. CBDT notifies ITR-U for filing updated Return under section Sec. 139(8A): - *CBDT Notification No. 48/2022 dated 29 April 2022*

CBDT vide its notification dated 29 April 2022 has notified Form U under section 139(8A) read with newly inserted Rule 12AC of the Income Tax Rules, 1962 which provides that a person can file the ITR-U in relation to AY 2020-21 and all the subsequent years in the following cases:
(i) Return previously not filed,
(ii) Income not reported correctly,
(iii) Wrong heads of income chosen,
(iv) Reduction of carried forward loss,
(v) Reduction of unabsorbed depreciation,
(vi) Reduction of tax credit u/s 115JB/115JC,
(v) Wrong rate of tax, and
(vi) Others

ITR-U also requires the disclosure whether the updated return is being filed during the period upto 12 months from the end of the relevant AY or between 12 to 24 months from the end of the relevant assessment year and further mention whether the updated return is leading to reduction in carried forward loss or unabsorbed depreciation or tax credit.

2. CBDT notifies conditions for return-filing by persons specified under Sec.139(1)(b): - *Notification No. 37/2022, dated 21 April 22*

CBDT vide its notification dated April 21 2022, has notified a new Rule 12AB of the Income-tax (Ninth Amendment) Rules, 2022. The Rule 12AB contains additional conditions for furnishing return of income by persons referred to in Section 139(1)(b) (other than company and firm) as under i.e. the persons need to file the ROI whose:

1. total sales, turnover, or gross receipts of the business exceeds Rs. 60 lakh during the previous year; or
2. the profession's total gross receipts exceeds Rs. 10 lakh during the previous year; or
3. the aggregate of Tax deducted and Tax Collected during the previous year is Rs.25,000 or more. But in case of person who is individual resident aged 60 years or more (Senior Citizen) the amount of Tax deducted and Tax Collected is Rs. 50,000 instead of Rs. 25,000; or
4. the person deposits in aggregate Rs. 50 lakh or more in one or more savings bank accounts during the previous year

3. Guidance on updating UDIN for Audit Reports submitted by CA's: - *CBDT press release dated 11 April, 2022*

The functionality for updating UDIN against the Audit reports submitted by CA's has been enabled at e-filing portal www.incometax.gov.in. However, this functionality will not be used for updating UDIN for Forms submitted prior to April 2021 and in this functionality only those Forms will be shown which are accepted by the Assessee.

The detailed process for updating UDIN is summarised below,

View/ Update UDIN Details:

After Statutory Form is uploaded by the CA, they can login to e-Filing Portal and navigate to e-File menu -> Income Tax Forms -> View/ Update UDIN Details.

Process of updating UDIN against Single Form:

Step	Activity
Step 1	Navigate to View/ Update UDIN Details functionality and go to Single PAN/TAN tab.
Step 2	On the single PAN/TAN tab, all the Forms accepted by Assessee and pending for UDIN update will be shown. If any specific Form is not visible on the screen, then you can search it using filter criteria available on the screen.
Step 3	Click on the link 'Update UDIN', available against the Form.

Step 4	On clicking Update UDIN link, a pop up will open. In this Pop up, enter the UDIN (generated on ICAI portal) for this Form, AY combination.
Step 5	Make sure that the UDIN entered is in correct format and not been used/ consumed for any other Form.
Step 6	Select the declaration available on the pop up and then click on Submit button.
Step 7	After the UDIN is validated by ICAI, it will get updated against the selected Form.

Process of updating Bulk UDIN:

Step	Activity
Step 1	For Bulk UDIN update, navigate to View/ Update UDIN Details screen and then go to Bulk UDIN Update tab.
Step 2	On the Bulk UDIN Update tab, download the Excel template and the instruction sheet
Step 3	Go through the instruction sheet to check what all mandatory information has to be provided before uploading the Bulk UDIN CSV and the steps to convert excel file into a CSV file.
Step 4	Go to Single PAN/TAN tab and download all the list of all the Forms pending for UDIN update. This can be done by clicking on the button 'Export to Excel'.
Step 5	Copy all the entries of this exported excel and paste them in the template downloaded from 'Bulk UDIN Update' screen.
Step 6	If you want to remove any Forms from the template, you can do so.
Step 7	Update UDIN against all the entries available in the excel template. Then save this template as a .CSV file.
Step 8	Upload this .CSV file in the 'Bulk UDIN Update' screen.
Step 9	Make sure that the file size does not exceed 5MB.
Step 10	After the .CSV file is uploaded successfully, Token number will get generated. You can note down this token number for future reference.
Step 11	It will get processed by the e-Filing system. This can take maximum 24 hours.

This Functionality is enabled for these forms: Form 29B, Form 3CEB, Form 10CCB, Form 10BB, Form 29C, Form 10DA, Form 56F, Form 64E, Form 3CEA, Form 3CLA, Form 10CCC, Form 10B, Form 3CB-3CD, Form 3CA-CD, Form 10CCF, Form 62, Form 3CEJA, Form 64, Form 64A, Form 3AD, Form 3AE, Form 3CE, Form 64D, Form 64D, Form 66, Form 6B, Form 15CB.

Forms that will be enabled shortly for UDIN update – Form 26A, Form 27BA, Form 3CEJ, Form 3AC, Form 10CCBBA, Form 10CCBC, Form 10CCBD, Form 10BBC, Form 3CT, Form 10BC.

4. EPFO issues Circular clarifying ambiguities regarding TDS on interest on PF contributions: - *EPFO Circular dated 06 April, 2022*

The Employees' Provident Fund Organisation (EPFO) issues circular dated 06 April, 2022 clarifying on calculation and deduction of tax on taxable interest relating to contribution in provident fund pursuant to CBDT Notification No 95 of 2021. TDS on interest earned on excess contributions will be effective from April 1, 2022.

Industry was eagerly awaiting clarity on various implementation related aspects of this amendment and first and foremost was that whose responsibility it would be to withheld taxes on such interest i.e. EPFO or the employer entity as there would be multiple challenges in implementing the same at Employer's end as the PF accounts (in non-Trust cases) are maintained by EPFO, hence, it would be an onerous obligation for the employer.

The TDS will be deducted at the time of credit of interest in the EPF account. This circular is applicable to all EPF subscribers w.e.f. 01.04.2022 for FY 2021-22. The effective date for TDS in case of final claim settlement shall be 01.04.2022 or final settlement/ transfer whichever is later and in all other cases TDS shall be on the date of credit of interest.

TDS rate shall be: 10% if PF account is linked with valid PAN, 20% if PF account is not linked with valid PAN (i.e. TDS rate would be double the normal rate), 30% under Section 195 subject to provisions of DTAA; in case of non-resident and they are changing their systems to implement this. A fair treatment that any withdrawals will be from the taxable account and thereafter from non-taxable account.

The CBDT notification classifies the cases in which TDS would be applicable. The cases are PF settlement, Transfer claims, Transfer from exempted establishment to EPFO or vice-versa, Transfer between trusts, past accumulation transfer and also applicable in death cases in case of the live member. The circular also explains the method of computing TDS. Now the taxable part of contribution will be subject to separate accounting of interest and maintenance. The interest on contribution and claim for refund shall be divided into two components – Taxable and Non-taxable for the purposes of deduction of tax.

5. Splitting of provident fund accounts may be delayed: - *News Report*

The Employees' Provident Fund Organisation (EPFO) has not yet been able to split subscriber accounts into two for members who contributed more than Rs. 2.5 lakh last fiscal, which may cause tax complexities and reporting concerns. It is expected to split accounts only when crediting interest for FY22, which typically occurs between September and December of the following fiscal year, and it also proclaimed an interest rate of 8.1 percent for FY22.

The budget for FY22 levied an income tax on interest earned on subscriber contributions exceeding Rs. 2.5 lakh per year. Existing provident fund (PF) accounts with an employee contribution of more than Rs.2.5 lakh was to be split into two on April 1, 2022. The CBDT amended Rule 9D to the Income-Tax Rules, 1962, necessitating the maintenance of two distinct accounts inside the PF account to segregate the taxable and non-taxable contributions to the PF, as well as the interest paid.

6. CBDT notifies rules and scheme to operationalise Dispute Resolution under section 245MA: - *Notification no. 26/2022 and 27/2022 dated 5th April 2022*

Section 245MA contains the power to make rules for the constitution of Dispute Resolution Committee to settle the issues where the quantum involved is upto Rs. 10 lakhs on tax to be computed. CBDT has notified Income-tax (Seventh Amendment) Rules, 2022 containing rules 44DAA to 44DAD.

The rules contain the following provisions: -

1. The constitution of Dispute Resolution Committee.

2. The application for dispute resolution is to be made in Form No. 34BC and the form has also been notified.

3. Power to reduce or waive penalty imposable or to grant immunity or both.

4. scope and conditions for Dispute Resolution.

CBDT has also notified an **e-Dispute Resolution** scheme that prescribes the procedure for entertaining the applications electronically by the Dispute Resolution Committee and it provides that the Dispute Resolution Committee **"may approve the request for personal hearing"** by video-conferencing. Dispute Resolution committee has been given a period of 6 months from the end of the month in which application is to be admitted for deciding the application. The whole process of making an application, screening of the application and the procedure that the Dispute Resolution committee will follow along with its powers is prescribed through this scheme.

7. FAQ on taxation of crypto, virtual digital assets in works:- *News Report*

The government is working on a set of FAQs on cryptocurrency taxes, which would provide detailed clarity on the application of income tax and GST on virtual digital assets. They are being prepared by the Department of Economic Affairs, the Reserve Bank of India, and the Revenue Department, and will be reviewed by the law ministry. A FAQ on the taxation of bitcoin and other digital assets is in the works.

The DEA, Revenue Department and the Reserve Bank are working to ensure that the taxation aspect is clear both for field tax offices as well as those who deal with cryptocurrencies and other virtual digital assets.

The Budget 2022–23 also suggested a 1% TDS on virtual currency transfers exceeding Rs 10,000 per year, as well as the taxes of such presents in the hands of the receiver. The TDS threshold limit would be Rs 50,000 per year for designated persons, which would include individuals and HUFs required to have their accounts audited under the I-T Act. The adjustments will become effective on July 1, 2022, with the profits taxed on April 1, 2022.

In terms of GST, the FAQ is expected to clarify whether bitcoin is a good or a service. Currently, an 18 percent goods and services tax is charged exclusively on services supplied by cryptocurrency exchanges, which are classified as financial services. The categorization of cryptocurrencies is not explicitly stated in the GST statute. In the absence of a statute governing such virtual digital currencies, the categorization must consider whether the legal framework classifies them as "actionable claims." An actionable claim is one that a creditor can make for any sort of debt that is not secured by a mortgage on immovable property.

8. Higher tax on capital gains, other passive incomes on cards as mostly rich people get the benefits: - *News Report*

Finance Minister Nirmala Sitharaman highlighted plans for the "7 engines" of the economy, among others in the recent Union Budget. Although the government has predicted a higher revenue recovery in FY 2022–2023 (Rs 19.25 lakh crore) to support these initiatives, given that over Rs 12 lakh crore in government revenues are being disputed, an increase in tax rates or the imposition of new taxes may be required to boost actual recoveries.

The government's participation appears to be founded on the belief that passive income from the stock market should not be taxed more favourably than money gained via company, because the latter requires more work and risk and encourages job creation. The idea might possibly be motivated by a desire to combat income disparity, as the Revenue Secretary stated in February 2022 that persons earning Rs 50 lakh or more got 80% of long-term capital gains from equities. However, it is equally evident that income disparity must be addressed.

9. CBDT revises instruction for grievances against high-pitched assessments in light of faceless regime: - *CBDT Instructions dated 23 April, 2022*

The Central Board of Direct Taxes (CBDT) vide its instructions dated 09 November, 2015 provided for the constitution of 'local committees to deal with Taxpayers grievances from High Pitched scrutiny assessment' in each Principal CCIT region. The local committees were constituted to expeditiously deal with tax payers grievances arising from High-pitched scrutiny assessment. A high-pitched scrutiny assessment is one where it is found that the addition of income was made on frivolous grounds, non-observance of principles of natural justice, or non-application of mind and gross negligence by the assessing officer in deciding a case.

Taking into consideration the changes in organisational setup subsequent to launch of Faceless assessment regime, the CBDT issued fresh instructions dated 23 April, 2022 regarding constitution and functioning of local committees to deal with taxpayer grievances from High pitched scrutiny assessments' and these are required to be constituted in each Principal CCIT region. The Local Committee will consist of 3 members of Principal CCIT rank and will deal with the grievances petitions of the assessee under the jurisdiction of respective Principal CCIT regarding High pitched assessments completed under both Faceless and Non Faceless assessments regimes. These committees will also handle the grievances pertaining to central charges located under the territorial jurisdiction of the Principal CCIT concerned.

10. CBDT notifies Rule 21AAA to provide tax relief on income arising from foreign retirement funds: - *CBDT Notifications dated 04 April, 2022*

CBDT vide Notification dated 24 April, 2022 has notified Rule 21AAA and Form No. 10-EE to be filed by a person claiming relief under section 89A (Relief from taxation on income from retirement benefit account maintained in a notified country). As per the notified Rule, if the income from foreign retirement funds is taxed at the time of redemption or withdrawal in the foreign jurisdiction, the assessee shall have the option to include such income in that relevant previous year (i.e. the previous year in which withdrawal/redemption is made).

Where the option has been once exercised by the assessee, the total income of the assessee for that previous year will not include income which has been,

1.) Already included in the total income of assessee in any earlier previous year and tax has been paid on that portion of income

2.) Not taxable in India due to **(a)**. Assessee being Non-resident/ Not ordinarily resident **(b)**. On Application of DTAA, if any and foreign tax paid on such income will be ignored for computing foreign tax credit.

The option under this rule shall be opted by assessee for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2022, shall be in Form No. 10-EE and it shall be furnished electronically under digital signature or electronic verification code on or before the due date of filing return under section 139(1) of the income tax act.

Also, CBDT has notified Canada, UK and USA under the notified countries in which relief from taxation in income from retirement benefit accounts is provided.

11. Supreme Court issues notice in Revenue's SLPs against Delhi High Court decisions on eligibility of MFN Clause, final disposal on July 19:- *The Supreme Court of India Notice dated 13 April, 2022*

SC issues notices on Revenue's SLPs against Delhi HC rulings in cases of **Nestle SA** and **Optum Global Solutions**, wherein Delhi HC allowed the benefit of MFN (Most Favored Nation) Clause under India's DTAAs with Switzerland and the Netherlands, respectively, to allow TDS on dividend at lower rate of 5% as provided for in India's DTAAs with Slovenia, Lithuania, and Colombia. Also, SC grants the parties time to complete pleadings and lists the matter for final disposal on July 19, 2022. The Indian government has taken a position that the said benefit is not automatic and a separate notification is required by the Indian government to grant that benefit under the respective treaties to enable the protocol of the said DTAA's.

12. FinMin asks Infosys to work on ways to access taxpayers' data accurately: - *News Report*

The finance ministry (FinMin) has asked Infosys to investigate ways to extract and access real-time data from taxpayers more quickly and accurately, as this information is critical for making policy changes. While reviewing the progress of the income tax portal 2.0, which had faced multiple glitches, officials also told the Infosys team to expand the scope of pre-filled data in ITR forms.

Senior officials in the ministry held a review meeting last month with the Infosys team and officials of the Central Processing Centre (CPC).

13. Significant doubt hangs over landmark 15% global corporate tax deal: - *News Report*

The agreement last October amongst almost 140 countries on a new way to tax multinationals was greeted by the OECD, which brokered the whole thing as a "ground-breaking deal". It would ensure that multinationals paid their fair share in a two-part agreement which sets a minimum corporate tax rate of 15% and agreed a new way of allocating where profits would be taxed. It comes to be the biggest shake-up in the taxation of big business in a generation.

As the countries have worked through the necessary detail, politics has also intervened, in a big way. The bottom line is that there is now significant doubt over whether and how the landmark deal will be implemented at all. Europe is struggling to get the required consensus agreement to introduce a minimum rate of 15 per cent across the bloc, though as only Poland is now holding out, a deal is close. Meanwhile in the US, the Biden administration, having failed to get the bones of the deal through Congress last year as part of the Build Back Better Bill, is now racing against the clock as midterm elections loom in November.

Given that one country rarely holds out on its own, most observers, including senior Irish officials and those close to the OECD process, believe Poland will probably come on board. The EU will then introduce a minimum 15 per cent tax rate, though probably from 2024 rather than the original 2023 target. The key question being asked in Dublin, Brussels and at the OECD headquarters in Paris is whether the Biden administration can get its part of the global minimum tax deal agreed as part of the OECD accord last autumn over the line. It all leaves the OECD deal hanging in the balance.

14. Indian Supreme Court has concluded the hearing in reassessment controversy for the notices issued on or after 1 April 2021 under the old law and reserved judgment

Supreme Court granted leave in Revenue's SLPs involving controversy on the validity of reassessment notices issued under the old regime on or after April 1, 2021 in the light of extension Notifications issued by CBDT under Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 when the new law came into force. The Apex Court also allowed applications for intervention and concludes hearing and reserves the judgment.

15. CBDT publishes a list of 150 countries where transactions are not considered transfers for the purpose of Capital gains as per the amendment made by Finance Act, 2021: - *Notification no. 46/2022 dated 27 April 2022*

Indian Government has notified 150 countries and territories where the Original Fund should be a resident for purposes of exemption on capital asset transfers due to relocation from the Original Fund to the Resultant Fund located in IFSC pursuant to the amendment made by Finance Act, 2021 to make India an investment hub.

B. Cross Border: -

1. OECD seeks input on new tax transparency framework for crypto-assets and amendments to the Common Reporting Standard: - *News Report*

OECD on 22 March, 2022 released a public consultation document concerning a new global tax transparency framework to provide for the reporting and exchange of information with respect to

crypto-assets, as well as proposed amendments to the Common Reporting Standard (CRS) for the automatic exchange of financial account information between countries. The purpose of the consultation is to inform policy makers decisions on the possible adoption of any such framework and its related design components.
In recent years, individuals have rapidly adopted the use of crypto-assets for a range of investment and financial activities. However, unlike traditional financial products, crypto-assets can be transferred and held without the intervention of traditional financial intermediaries and without any central administrator having full visibility on either the transactions carried out, or crypto-asset holdings. Therefore, crypto-assets could be exploited to undermine existing international tax transparency initiatives, such as the CRS.

Against this background, the G20 has asked the OECD to develop a framework for the automatic exchange of information on crypto-assets. This new framework provides for the collection and exchange of tax-relevant information between tax administrations, with respect to persons engaging in certain transactions in crypto-assets. Individuals and entities that, as a business, provide services to exchange crypto-assets against other crypto-assets, or for fiat currencies, must apply the due diligence procedures to identify their customers, and then report the aggregate values of the exchanges and transfers for such customers on an annual basis. Alongside the Crypto-Asset Reporting Framework (CARF), the OECD has also developed proposals as part of the first comprehensive review of the CRS, with the aim of further improving the operation of the CRS, based on the experience gained by governments and business over the past seven years since its adoption.

The OECD is now seeking public comments on the above proposals. Interested parties are invited to send their comments no later than 29 April 2022 by e-mail (in Word format) to taxpublicconsultation@oecd.org.

2. OECD launches public consultation on the draft rules for scope under Amount A of Pillar One: - *Press release, dated 4 April 2022*

The Organisation for Economic Cooperation and Development (OECD) launched a new public consultation on the Draft Model Rules for Domestic Legislation on Scope under Amount A of Pillar One and invited public comments by 20 April 2022. The purpose of the scope rules is to determine whether a Group will be in scope of Amount A for which draft Model Rules on scope ('scope rules') introduce two threshold tests to determine if a business is in scope of Amount A:

- the first test, where Group's Total Revenues must exceed an absolute amount of EUR 20 billion (or equivalent) in a Period;

- the second test, where the Group's relative profitability as measured against its Total Revenues must exceed 10%.

Further, the Model rules provide that a Group's profitability must exceed the 10% threshold in at least two of the four prior periods (referred to as "the prior period test"), following the general design of the GLoBE rules, and on average across those four prior periods and the current period (referred to as "the average test");

These rules are designed to ensure Amount A only applies to large and highly profitable Groups and have been drafted to apply in a quantitative manner, such that they are readily administrable and provide certainty as to whether a taxpayer is within scope.

3. OECD releases public consultation document on extractives exclusion under Amount A of pillar one and invites public comments by April 29, 2022: - *News Report*

The Organisation for Economic Cooperation and Development (OECD) on 14 April released a public consultation document on the exclusions under Amount A of Pillar One - part of the ongoing work of the OECD/G20 Inclusive Framework on base erosion and profit shifting (BEPS) in implementing the two-pillar solution to address the tax challenges arising from the digitalisation of the economy. As per OECD, the extractives exclusion will apply where a Group derives revenue from the exploitation of Extractive Products and the Group has carried out the relevant Exploration, Development or Extraction. This approach reflects the policy goal of excluding the economic rents generated from location-specific extractive resources that should only be taxed in the source jurisdiction, while not undermining the comprehensive scope by limiting the exclusion in respect of profits generated from activities taking place beyond the source jurisdiction, or later in the production and manufacturing chain.

4. Australia agrees to amend law for not taxing Indian firms' offshore income from technical services:- *News Report*

Hon'ble Union Minister of Commerce and Industry Shri Piyush Goyal along with Mr. Dan Tehan, the Minister for Trade from the Australian Government have signed the India-Australia Economic Cooperation and Trade Agreement (“IndAus ECTA”) through the virtual meeting in the presence of hon'ble Prime Ministers of both the country. Australia’s decision to tweak the law is a part of the India Australia Economic Co-operation and Trade Agreement (ECTA). The agreement will correct an anomaly in the 1991 Double Taxation Avoidance Treaty (DTAA) between the two countries and enable Indian IT and ITeS players to scale up their operations in Australia. Using the provisions of the India-Australia DTAA, Australia has been taxing income generated from offshore IT services rendered from India as royalty, even when the same income is being taxed in India as well. The anomaly is expected to have cost Indian IT companies about $1.3 billion since 2012, according to an industry estimate.

Since 2000, key IT firms such as Infosys, TCS, Wipro, Tech Mahindra Satyam and HCL have stepped up their operations in Australia but this taxation continues to be an issue for them. So, once it’s resolved, these firms can significantly ramp up their business there, according to a senior IT industry executive.

5. US administration moves on taxing, regulating cryptocurrency: - *News Report*

In the last month, the US administration has targeted digital assets in its federal budget proposal and separate executive order. The largest cryptocurrencies are Bitcoin and Ethereum, but others have also gained ground among investors. Cryptocurrency has been on the move in popularity in recent times, reaching a market cap of $3 trillion, up from $14 billion five years before, according to both the White House and the Treasury Department. The Biden administration's proposed budget for fiscal year 2023 would increase IRS reporting requirements on digital assets and change tax laws for cryptocurrency dealers and traders to net an estimated $11 billion in revenue from 2023 through 2032.

US President Biden issued an executive order in March directing the Treasury Department and other agencies to develop recommendations for regulating digital assets to prevent systemic financial risks, and to explore establishing a potential U.S. Central Bank for Digital Currency if the issuance is deemed in the national interest. The Biden administration's big-dollar revenue estimate that includes the contentious crypto tax reporting provisions of the infrastructure law may send signals to the IRS to go after miners, software developers and other small cryptocurrency entrepreneurs. This would go against bipartisan sentiment in Congress that these individuals and firms should not be subject to burdensome tax reporting rules.

6. The US Administration proposes Mark-to-Market Minimum Tax on Individuals With More than $100 Million in Assets: - *News Report*

The Biden Administration suggested a 20% minimum tax on persons with more than $100 million in assets. The minimum tax would be levied on all economic income, including unrealized profits. The tax would go into effect for taxable years commencing after December 31, 2022. The minimum tax would be completely phased in for taxpayers with assets of $200 million or greater. The minimal tax liability for an individual in 2023 would be paid in nine equal yearly payments. The minimal tax burden would be paid in five yearly payments beginning in 2024. To avoid the tax, give assets to section 501(c)(3) or 501(c)(4) organisations before the legislation's effective date (including private foundations or donor-advised funds).

The plan is an attempt to appeal to Senator Joe Manchin (D-WV) and address some of the objections leveled about Senator Ron Wyden's (D-OR) mark-to-market proposal. Senator Manchin has stated his support for a minimum 15% tax on individuals, which appears to be the reason for the idea. The five-year payment period is an attempt to address concerns that Wyden's plan may overtax volatile assets and to "smooth" taxpayers' cash flows without requiring the IRS to give refunds. The Biden Administration's plan would cut minimum tax installment payments to the amount of unrealized losses. The minimum tax is stated as a "prepayment" that can be credited against future taxes on realised income; it is not a tax on unrealized income, but rather a tax on realised income.

7. Stakeholders on Implementation Framework for Global Minimum Tax seek simplification, dispute resolution process, safe harbour etc.: - *Press Release, dated 18 April 2022*

The OECD has published public comments received on the Global Minimum Tax Implementation Framework. Stakeholders emphasise the importance of simplifying rules and reducing the compliance burden on MNEs, and they advocate for a single standardised format of GloBE Information Report to be filed by the Ultimate Parent Entity in its jurisdiction, as well as the sharing of information from such reports with other jurisdictions by concerned authorities.

It is suggested by stakeholders that no standalone audits by local countries be permitted and also recommended the framework consider a dispute resolution process through MAP, the report calls for more guidance on CFC Rules, Credit Method, and tax preferential regimes, as well as coexistence with other regimes such as GILTI.

8. Developing Nation Group asks for leeway on Digital Taxes:- *News Report*

Carlos Correa, the leader of South Center which is a Geneva-based intergovernmental organization funded through voluntary contributions from a pool of 54 developing countries has emphasised upon the need of fiscal space of developing nations on account of COVID-19 pandemic which has completely de-stabilized the economies around the globe. It is fairly seen that the tremendous cost of the pandemic response and the pandemic-induced collapse of government revenue have massively diminished the fiscal spaces in developing countries. The group has further highlighted that half of Africa are not members of the organization's inclusive framework, which includes 141 countries and territories. Only 137 signed the most recent political agreement. Hence, referring to the above situation, he emphasised that the sovereign rights of these countries to tax multinational enterprises as they see fit must be respected. Correa has further criticized the action taken by the United States in order to prevent countries from putting in place unilateral measures and mentioned it as clearly illegitimate. Many countries have raised their concerns, about being unclear what they will receive in return for giving up digital services taxes.

9. US Asst. Secy. for Tax Policy asserts two-pillar solution, reforms in GILTI & BEAT as top priority of Biden Administration: - *News Report*

Assistant Secretary for Tax Policy Lily Batchelder of the Biden administration recently in her address at Hutchins Center at Brookings Institute and the Urban-Brookings Tax Policy Center specified the goals in relation to the global tax agreement that the Biden Administration wants to achieve. She claimed that the global tax agreement has been one of the biggest accomplishments of the Biden Administration till date that would stabilize the international tax landscape and make it fairer to the benefit of US workers and businesses. The OECD average corporate tax rate has declined from 40% forty years ago to just 23% today which this global agreement is trying to resolve as it would end this race to the bottom by largely eliminating the benefits from engaging in it. She further stated that the current GILTI rules are poorly designed and the tax reforms passed last year would align the domestic law with the global deal and “dramatically reduce profit shifting incentives, for both US multinationals, and foreign multinationals operating in the US”. She further emphasised on the commitment of Biden's Administration to to reform GILTI and BEAT by referring to it as a top priority and hopes to meet the commitment of enacting Pillar Two in 2022.

10. UK warned over rush to implement global tax plan: - *News Report*

The Chartered Institute of Taxation has urged the UK government not to hurry into implementing new globally agreed-upon corporate tax regulations ahead of other competing nations. The government's focus should be to ensure that the minimum global corporate tax rules are effectively implemented, both in detail and in concept, so that the final result is a multilateral system of interlocking laws that accurately achieve the policy goals.

More than 135 countries in the OECD/G20 Inclusive Framework on BEPS agreed to a two-pillar solution to reform international tax to address the challenges posed by the digitalisation of the global economy, with the goal of ensuring that multinational enterprises (MNEs) pay a fair share of tax wherever they operate and generate profits. "Pillar 1" entails a partial reallocation of taxation rights over MNE earnings to jurisdictions where customers are situated. "Pillar 2" aims to guarantee that MNEs pay a minimum of 15% corporate tax (or their equivalent) in each nation where they operate. However, the rapid development of the regulations has resulted in substantial issues with the rules as stated, resulting in arbitrary and undesirable conclusions.

Furthermore, establishing flawed legislation in the UK ahead of other jurisdictions risks making the UK less appealing to companies in contrast to other nations, at least in the near term and no other country will be implementing the Pillar 2 rules in 2023. CIOT has also expressed reservations about various sections of the Model Rules. Furthermore, the requirement that deferred tax balances be recast at the minimum rate jeopardises the regulations' ability to meet the policy goal of smoothing the effective tax rate. The government takes more time to obtain international agreement to amend the rules or agree that deviations from them are permitted in domestic rules and prefers an agreement through the Inclusive Framework to amend the rules themselves, but it remains unclear whether there is political will for this approach.

11. USTR places India on priority watch list, again: - *News Report*

The USTR (United States Trade Representative) added seven nations on its Priority Watch List in its 2022 Special 301 Report. Argentina, Chile, China, India, Indonesia, Russia, and Venezuela are among them. In the report's India section, the USTR stated that India's progress on IP protection and enforcement has been inconsistent over the past year. While India made significant progress in some areas to improve IP protection and enforcement over the last year, it failed to address recent and long-standing issues, creating fresh concerns for right holders.

According to the report, India's 2018 accession to the World Intellectual Property Organization (WIPO) Performances and Phonograms Treaty and WIPO Copyright Treaty, known collectively as the WIPO Internet Treaties, and 2019 admission to the Nice Agreement were both encouraging milestones. The USTR, on the other hand, stated that the potential threat of patent revocation, lack of presumption of patent validity, and restricted patentability requirements under the Indian Patents Act have an impact on enterprises in a variety of industries.

Also, certain data governance frameworks, whether proposed or implemented, raise issues about intellectual property protection in general and proprietary and trade secret protection in particular. The Personal Data Protection Bill in India and the new Non-Personal Data Governance Framework are two instances of projects that could jeopardise innovation and economic progress.

C. Indirect Taxation:-

1. GSTR-1 enhancements & improvements: - *GSTN update dated 27 April 2022*

The GSTN has made the following changes as per phase 2 of the GSTR-1/IFF enhancements:

(a) Removal of 'Submit' button before filing: The present two-step filing of GSTR-1/IFF involving 'Submit' and 'File' buttons will be replaced with a simpler single-step filing process. The upcoming 'File Statement' button will replace the present two-step filing process and will provide taxpayers with the flexibility to add or modify records till the filing is completed by pressing the 'File Statement' button.

(b) Consolidated Summary: Taxpayers will now be shown a table-wise consolidated summary before actual filing of GSTR-1/IFF. This consolidated summary will have a detailed & table-wise summary of the records added by the taxpayers. This will provide a complete overview of the records added in GSTR-1/IFF before actual filing.

(c) Recipient wise summary: The consolidated summary page will also provide recipient-wise summary, containing the total value of the supplies & the total tax involved in such supplies for each recipient. The recipient-wise summary will be made available with respect to the following tables of GSTR-1/IFF, which have counter-party recipients.

2. Advisory to composition taxpayers: - *GSTN updated dated 30 April 2022*

Since FY 2019-20, composition taxpayers has to pay the liability through Form GST CMP-08 on quarterly basis while return in Form GSTR-4 is required to be filed on annual basis after end of a financial year.

Reason of Negative Liability in GSTR-4: The liability of the complete year is required to be declared in GSTR-4 under applicable tax rates. Taxpayers should fill up table 6 of GSTR-4 mandatorily. In case, there is no liability, the said table may be filled up with '0' value. If no liability is declared in table 6, it is presumed that no liability is required to be paid, even though, taxpayer may have paid the liability through Form GST CMP-08. In such cases, liability paid through GST CMP-08 becomes excess tax paid and moves to Negative Liability Statement for utilization of same for subsequent tax period's liability.

What the taxpayer did wrongly: Liability paid through Form GST CMP-08 is auto-populated in table 5 of the GSTR-4 for convenience of the taxpayers. Taxpayers who do not fill up table 6 of GSTR-4 i.e. no liability is declared, even though, taxpayer may have paid the liability through Form

GST CMP-08; since the 'Tax payable' in GSTR-4 is computed after reducing the liability declared in GST CMP-08 which is auto-populated in table 5. Thus, if nothing is declared in table 6, then the negative liability entry appears in GSTR-4.

Debit of the negative liability: In the past, lot of tickets were received on the Helpdesk for reducing the negative liability from the Negative Liability Statement and the same was being done. For convenience of the taxpayers, the amount available in negative liability statement have been debited for all taxpayers. It has been noticed that some taxpayers had utilised the amount available in negative liability statement for paying the liability to file statement in Form GST CMP-08 or GSTR-4 of subsequent financial year. In such cases, the amount utilised out of negative liability statement has been debited in the cash ledger. Though, such liability should have been paid by depositing the amount through challan but in some cases the amount had not been deposited by the taxpayers. The taxpayer who have deposited the amount in cash ledger, the debited amount has been adjusted whereas in case the amount of liability has not been deposited through challan, the balance in cash ledger becomes negative. In such cases, the taxpayers are advised to deposit the past liability through challan of equal amount urgently.

The details of the debit so made have been communicated to all such taxpayers through emails available on the portal. In case, the liability had been paid through adding in the next years' liability, the same can be claimed as refund through application in Form GST RFD-01.

3. Refund of inverted duty structure available in respect of supplies which are same at the input and output stage: - *Calcutta High Court in M/s Shivaco Associates & Anr. vs. Joint Commissioner of State Tax, Directorate of Commercial Taxes & Ors. in WPA No. 54 of 2022*

The Petitioner approached the Court in respect of refund rejected by the adjudicating authority by relying on a circular no. 135/2020-GST dated 31.03.2020 wherein it has been mentioned that the tax-payers cannot claim refund in terms Section 54(3)(ii) of the CGST Act, 2017 in cases where the input and output supplies remain the same.

The issue framed by the Court was whether the benefit which is available under the Act can be taken away and/or restricted by the circular. The Court observed that any circular issued under Section 168(1) of the Act is only for the purpose of bringing uniformity in the implementation of the Act. The intention of the legislature as expressed in Section 54(3) of the Act is clear and unambiguous. The Section, in absolute uncertain terms, mentions that refund of any unutilized input tax credit may be claimed where credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies. The Act does not restrict refund only in respect of supplies which are different at the input and output stage. The Petition was allowed and refund was directed.

4. CBIC proposes mandatory GST scrutiny on quarterly basis:- *News Report*

The Central Board of Indirect Taxes and Customs (CBIC) has proposed mandatory Goods and Service Tax (GST) scrutiny on a quarterly basis to enhance compliance through effective and standardised scrutiny of returns. The CBIC would use business intelligence and other enterprise data available to run the quarterly scrutiny, the report said. It was reported on April 11 that the CBIC began an inspection of the first tranche of about 50,000 taxpayers for alleged lapses in the financial year 2018. The examination of GST returns is initiated to bring transparency and plug tax leakages that remain undetected in the system.

5. GST Council likely to end 5% rate next month: - *News Report*

In order to raise the revenue of states, the GST Council at its next meeting in May is expected to take up a proposal to remove the 5 per cent slab. It may do so by moving some goods of mass consumption to the 3 per cent slab and the remaining to 8 per cent categories, sources told PTI. The move comes at a time when most states are on board to raise revenue in order to no longer be dependent on the central government for compensation.

6. ITC should be restored in case it is wrongly utilised and taxpayer pays the applicable tax to correct the error: - *Gujarat High Court in I-Tech Plast India Pvt. Ltd. vs. State of Gujarat in R/Special Civil Application No. 3653 of 2021*

The Writ-applicant was importing raw- material under the advance license without payment of the import duty. The finished goods produced using the raw-material so imported have been exported by the writ-applicant. The writ- applicant opted for payment of IGST on exports, and thereafter claimed refund of such IGST on exports instead of opting for exports under the Letter of Undertaking. However, inadvertently, the writ-applicant utilized the ITC for payment of the IGST on exports (instead of paying the IGST separately) which, in turn, was automatically refunded. In view of rule 96(10), the writ-applicant could not have utilized the ITC for payment of the IGST on exports. Upon realizing the aforesaid mistake, the writ-applicant separately paid the requisite IGST (which was refunded in past) along with the interest thereon. The taxpayer approached the Court for restoration of IGST wrongly utilised. The department did not allow the same in view of rule 96(10) of GST Rules.

The Court framed the issue restoration of the ITC, which was erroneously refunded and subsequently recovered. The Court observed that if the authorities have accepted that there was an error and resultantly, accepted repayment of the erroneous refund, as a corollary, the credit of the ITC must be restored. It cannot be that for the purpose of repayment, there was an error, and for the purpose of restoration of the ITC, there was no error. There is no question of any refund of the ITC at all. The question is one of restoration of the ITC in the electronic credit ledger and not a refund thereof. Hence, any reference to rule 96(10) of the CGST Rules is completely misconceived and not tenable. Accordingly, the Court directed for restoration of ITC.

7. Incentive received from foreign company liable to GST:- *Maharashtra AAR in Mek Peripherals India Pvt. Ltd. in GST-ARA-59/2020-21/B-56*

The Applicant purchase goods from various GST registered distributors who import the product from Intel inside US LLC (IIUL) and the Applicant purchases the products from the said Distributors and further sells the same product to various retailers. They have entered into agreement with Intel inside US LLC under Intel Authorized Components Supplier Program (IACSP) and thereby will receive a non-binding Plan of Record Target (POR Target) under which, Applicant will earn certain incentive as percentage of performance to quarterly goal on eligible Intel products. The Applicant raised the query whether the Incentive received from Intel inside US LLC under Intel Approved Component Supplier Program (IACSP) can be considered as Trade Discount and if not considered as Trade Discount then whether it is consideration for any supply which can qualify as export of service?

The AAR observed that the Applicant purchases the goods from the distributors and is not receiving discounts from the said distributors. Therefore, there is no supply of goods or services or both from IIUL to the applicant, no sale transaction of goods in the instant case between the applicant and IIUL and hence, the 'incentives' received by the applicant from IIUL cannot be called trade discount. in the absence of supply of goods between the concerned persons it appears that IIUL is paying consideration (in the form of incentives) to the applicant for receiving marketing services which would augment the sale of Intel products in the country.

The AAR held that the Applicant provides marketing services in respect of goods which are made physically available by the recipient of services (i.e IIUL, through its distributors) to the supplier of marketing services (i.e. the Applicant), in order to provide the services. Therefore, per Section 13(3)(a), the place of provision of services is the location of the supplier of services i.e the applicant, which is in India accordingly, the impugned supply does not qualify as export of services and would attract GST.

8. 35,000 GST Returns From FY18 Up For Scrutiny:- *News Report*

The Central Board of Indirect Taxes and Customs has identified 35,000 GST returns pertaining to fiscal 2017-18 to scrutinise for discrepancies and mismatches on liability, input tax credit and such, a senior tax official told. The cases were selected for scrutiny based on "specific risk parameters" as directed in a department notice in March. The scrutiny process is expected to take six months and should not be presumed to add to revenue, the official said on the condition of anonymity as details are not public yet.

9. Tax authorities alert foreign tech firms of GST to avert nasty surprises:- *News Report*

Indian tax authorities are alerting overseas gaming, fintech and content service providers in distant jurisdictions like the US, Malta, and Curacao about the goods and services tax (GST) law to spare these offshore firms of nasty surprises later. An email, in the nature of an information flyer, is being sent to these offshore business-to-customer (B2C) entities by the Bangalore nodal office of Central Board of Indirect Taxes and Customs which administers the common indirect tax which came into effect from July 1, 2017. Several companies whose platforms are being used by Indian residents for entertainment, trading as well as educational purposes have so far received the communique from the tax office.

10. Amount of on-road component raised through a Debit note should form part of the value of supply of 'Operational lease' undertaken by Lessor:- *Tamil Nadu AAR in Sundaram Finance Limited in TN/14/ARA/2022*

The Applicant enters into a Master Agreement for 'operating lease' with their lessee outlining the terms and conditions for such operating lease to be extended by them to the lessee. Further the Applicant enters into supplemental Operating Lease agreement when the Lessee approaches them to lease a desired vehicle wherein the terms and conditions of the Master Agreement are referred and agreed to be adopted. The registration certificate pertaining to the vehicle will bear an endorsement of the Applicant's name as “Lessor”, which will continue until the termination of lease or its early determination. It's the responsibility of the supplying/selling dealer to deliver the vehicle/s after proper registration and hence the supplying dealer demand further payments towards Motor Vehicle Tax, RTO fee, insurance premium, fastag etc., which are also released to the supplying dealer by the Lessor at the request of the Lessee. The query was regarding GST on on-road component paid by the Lessor on behalf of the Lessee.

The AAR observed that the vehicle is given on 'Operating lease', wherein the ownership of the vehicle is held by the Applicant and through the terms and conditions for the leasing transactions, the Applicant has permitted the lessee to register the vehicle in the name of the lessee. The fact that the vehicle is allowed to be registered in the name of the lessee does not alter the other fact that the applicant is the owner of the vehicle and the lessee is a mere bailee of the goods on account of the applicant. Making payment of registration fees, Road Tax, RTO charges and Insurance Premium (On-road components) to the dealer is the responsibility of the applicant and not lessee as the vehicle is owned by the applicant and not the lessee. The applicant is not paying these charges on behalf of the lessee to the dealer but is paying the charges to make the vehicle usable on road following the provisions of Motor Vehicle Act and related statutory provisions etc before leasing such vehicles to the lessee for operations.

Accordingly, it was held that on-road component is not in nature of pure agent and the same forms part of the supply of Leasing services and therefore should form part of the taxable supply.

11. GST revenue collection hits record INR 1.68 lakh crore in April: *News Report*

Goods and services tax (GST) collections touched an all-time high of over INR 1.68 lakh crore in April on the back of improving economic activities. This comes after the second highest collection of INR 1.42 lakh crore that was reported in the month of March 2022. The April collection is INR 25,000 crore higher than that in March. It was the first time that the gross GST collection has crossed the mark of INR 1.5 lakh crore. In a statement, the finance ministry said that there is a *"clear improvement in the compliance behaviour, which has been a result of various measures taken by the tax administration to nudge taxpayers to file returns timely, to making compliance easier and strict enforcement action was taken against errant taxpayers identified based on data analytics and artificial intelligence"*.

D. REGULATORY: -

1. RBI releases key guidelines for establishing Digital Banking Units: - *RBI Guidelines dated 07 April, 2022*

The Reserve bank of India on 07 April, 2022 issued guidelines for establishing "Digital banking units" in line with the announcement made by FM Nirmala Sitaraman during her union budget 2022-23 speech, in which she said that 75 Digital Banking units (DBUs) will be set up in 75 districts to commemorate the 75 years of independence. The RBI has set up a committee to outline the roadmap for establishment of DBUs which gives recommendations on different aspects of a DBU like digital banking unit model, facilities to be offered in DBUs, monitoring of functionings, cybersecurity and other IT related aspects. Based on these recommendations, RBI issued guidelines on Establishment of DBUs.

Digital banking unit is a specialised fixed point business unit/hub housing certain minimum digital infrastructure for delivering digital banking products and services, and servicing existing financial products and services digitally. The products and services of digital banking would generally mean those whose design and fulfillment have nearly end-to-end digital life cycle, with the initial customer acquisition, necessarily taking place digitally through self-service or assisted self-service. As per RBI, banks are required to report their digital banking segment as a sub-segment within their existing "Retail banking segment".

The key guidelines on Digital banking units are as follows,

1.) The DBUs of the bank will be treated as banking outlets. These apply on all Domestic scheduled commercial banks, excluding regional rural banks, payments banks and local area banks.
2.) Each DBU will have separate entry and exit provisions and they will be separate from an existing banking outlet, with design most appropriate for digital banking users.
3.) To set up each DBU should choose suitable smart equipment such as Interactive Teller Machines, for digital banking.
4.) The back-end for the digital banking products and services can be shared with that of the incumbent systems with logical separation, and banks can adopt more core-independent digital-native technologies.
5.) Banks can adopt an in-sourced or out-sourced model for operations of the digital banking segment, including DBUs.
6.) All DBUs should offer certain minimum digital banking products and services.

2. Company Law Committee suggests 24 key amendments to Companies Act, for improving ‘Ease of Living’ for Corporate Stakeholders:- *Report of the Committee*

The Companies Act Committee report (2022) recommends significant changes to the 2013 Companies Act. The proposed changes include awareness of new concepts, protection of company processes, improved compliance requirements, and removal of ambiguity from existing regulations. Company Law Committee 2022 also proposes an amendment to the Limited Liability Act of 2008 to allow producer organizations to cover under the Limited Partnership Act of 2008.

The Report proposes amendments to deliver Indian organization regulation in song with globally regarded exceptional practices and enhance ease of dwelling for corporates and stakeholders. The key pointers of the Committee concerning the Companies Act, 2013, are summarised hereunder:

1. Recognising issuance and retaining of fractional shares, Restricted Stock Units and Stock Appreciation Rights;

2. Easing the requirement of elevating capital in distressed businesses;

3. Replacing the requirement of furnishing affidavits with the submitting of self-certification/ declaration;

4. Clarification to include a "free reserve" when determining the company's share repurchase limit.

5. Prohibits corporations from registering trusts in the membership register.

6. Allows companies to hold general meetings virtually, physically, or hybrid manner.

7. Creation of an electronic platform for retaining legal registration by a company.

8. Strengthening the national financial reporting agency.

9. Review and strengthen the audit framework and introduce mechanisms to ensure auditor independence.

10. Standardize the way examiners present their qualifications.

11. Recognize and provide a framework that enables the establishment of a risk management committee.

12. Clarification of the term of office of an independent director.

13. Amendments to the rules regarding removal from the board of directors and leave of absence.

14. Clarification of resignation procedures for key executives.

15. Strengthening mergers and regulations regarding mergers.

16. Recognizing special purpose companies.

17. Modernization of enforcement and decision-making activities in electronic mode.

18. Strengthen the framework for the establishment and governance of Nidhis.

19. Remove ambiguity from the current provisions of the Companies Act 2013 by modifying the wording and results.

3. Master Direction – Credit Card & Debit Card – Issuance & Conduct Directions, 2022: - *RBI Master Directions dated 21 April, 2022*

The Reserve Bank of India (RBI) vide its directions dated 21 April, 2022 has issued master directions for the issuance of credit and debit cards. The provisions relating to credit cards under the RBI (Credit Card and Debit Card - Issuance and Conduct) Directions, 2022 shall apply to every Scheduled Bank (excluding Payments Banks, State Co-operative Banks and District Central Cooperative Banks) and all Non-Banking Financial Companies (NBFCs) operating in India.

"These directions cover the general and conduct regulations relating to credit, debit and co-branded cards which shall be read along with prudential, payment and technology & cyber security related directions applicable to credit, debit and co-branded cards, as issued by the Reserve Bank," stated RBI. and these directions will be effective from July 1, 2022.

Here is a look at some important points that credit card holders should know.

Types of credit cards:

(a) Card-issuers may issue credit cards/charge cards to individuals for personal use together with add-on cards wherever required.

(b) Card-issuers may also issue cards linked to overdraft accounts that are in the nature of personal loans without any end-use restrictions subject to the conditions as stipulated in the overdraft account.

(c) Card-issuers may issue business credit cards to business entities/individuals for business expenses. The business credit cards may also be issued as charge cards, corporate credit cards or by linking a credit facility such as overdraft/cash credit provided for business purpose as per the terms and conditions stipulated for the facility concerned. Corporate credit cards can be issued together with add-on cards wherever required.

(d) The liability of the corporate/business entity on account of business cards shall form part of their total assessed credits for compliance to instructions issued by the Reserve Bank on Exposure Norms as well as Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.

(e) The add-on cards shall be issued only to the persons specifically identified by the principal cardholder under both personal and business credit card categories. Add-on cards shall be issued with the clear understanding that the liability will be that of the principal cardholder. Similarly, while issuing corporate credit cards, the responsibilities and liabilities of the corporate and its employees shall be clearly specified. The liability of the corporate/business entity shall form part of its assessed credits.

Closure of Credit Card:

(a) Any request for closure of a credit card shall be honoured within seven working days by the credit card-issuer, subject to payment of all dues by the cardholder. Subsequent to the closure of the credit card, the cardholder shall be immediately notified about the closure through email, SMS, etc. Cardholders shall be provided an option to submit a request for closure of credit card account through multiple channels such as helpline, dedicated email-id, interactive Voice Response (IVR), prominently visible link on the website, internet banking, mobile-app or any other mode. The card-issuer shall not insist on sending a closure request through post or any other means which may result in the delay of receipt of the request. Failure on the part of the card-issuers to complete the process of closure within seven working days shall result in a penalty of Rs 500 per day of delay payable to the customer, till the closure of the account provided there is no outstanding in the account.

(b) If a credit card has not been used for a period of more than one year, the process to close the card shall be initiated after intimating the cardholder. If no reply is received from the cardholder within a period of 30 days, the card account shall be closed by the card-issuer, subject to payment of all dues by the cardholder. The information regarding the closure of the card account shall also accordingly be updated with the Credit Information Company/ies within a period of 30 days.

(c) Subsequent to closure of credit card account, any credit balance available in credit card accounts shall be transferred to the cardholder's bank account. Card-issuers shall obtain the details of the cardholder's bank account, if the same is not available with them.

Interest rates and other charges:

(a) Card-issuers are directed to be guided by the instructions on interest rate on advances issued by the Reserve Bank as amended from time to time, while determining the interest rate on credit card dues. Interest charged on credit cards shall be justifiable having regard to the cost incurred and the extent of return that could be reasonably expected by the card-issuer. Card-issuers shall also prescribe an interest rate ceiling in line with other unsecured loans, including processing and other charges, in respect of credit cards as part of their Board approved policy. In case card-issuers charge interest rates which vary based on the payment/default history of the cardholder, there shall be transparency in levying such differential interest rates. The interest rates as prescribed in the board approved policy and the rationale for the same shall be auditable. The card-issuers shall publicise through their website and other means, the interest rates charged to various categories of customers. Card-issuers shall indicate upfront to the credit cardholder, the methodology of calculation of finance charges with illustrative examples, particularly in situations where only a part of the amount outstanding is paid by the customer.

(b) Further, the card-issuers shall adhere to the following directions relating to interest rates and other charges on credit cards:

i. Card-issuers shall quote Annualized Percentage Rates (APR) on credit cards for different situations such as retail purchases, balance transfer, cash advances, nonpayment of minimum amount due, late payment etc., if different. The method of calculation of APR shall be given with clear examples for better comprehension. The APR charged, and the annual fee shall be shown with equal prominence. The late payment charges, including the method of calculation of such charges and the number of days, shall be prominently indicated. The manner in which the outstanding unpaid amount has been arrived at for calculation of interest shall also be specifically shown with prominence in all the billing statements. These aspects shall also be shown in the Welcome Kit in addition to being shown in the billing statements.

ii. The terms and conditions for payment of credit card dues, including the minimum amount due, shall be stipulated so as to ensure there is no negative amortization. The unpaid charges/levies/taxes shall not be capitalized for charging/compounding of interest.

iii. Card-issuers shall inform the cardholders of the implications of paying only 'the minimum amount due'. A legend/warning to the effect that "Making only the minimum payment every month would result in the repayment stretching over months/years with consequential compounded interest payment on your outstanding balance" shall be prominently displayed in all the billing statements to caution the cardholders about the pitfalls in paying only the minimum amount due. The MITC shall specifically explain that the 'interest-free credit period' is suspended if any balance of the previous month's bill is outstanding. The card-issuers shall specify in the billing statement, the level of unpaid amount of the bill i.e., part payment beyond 'minimum amount due', at which the interest-free credit period benefits would not be available to cardholders.

iv. For this purpose, card-issuers shall work out illustrative examples and include the same in the Welcome Kit sent to the cardholders and also place it on their website.

v. Card-issuers shall report a credit card account as 'past due' to credit information companies (CICs) or levy penal charges, viz. late payment charges and other related charges, if any, only when a credit card account remains 'past due' for more than three days. The number of 'days past due' and late payment charges shall, however, be computed from the payment due date mentioned in the credit card statement, as specified under the regulatory instructions on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances' amended from time to time. Penal interest, late payment charges and other related charges shall be levied only on the outstanding amount after the due date and not on the total amount.

vi. Changes in charges shall be made only with prospective effect giving prior notice of at least one month. If a cardholder desires to surrender his/her card on account of any change in charges to his/her disadvantage, he/she shall be permitted to do so without levying any extra charge for such closure, subject to payment of all dues by the cardholder. vii. There shall not be any hidden charges while issuing credit cards free of charge.

Billing:

(a) Card-issuers shall ensure that there is no delay in sending/dispatching/emailing bills/statements and the customer has sufficient number of days (at least one fortnight) for making payment before the interest starts getting charged. In order to obviate frequent complaints of delayed billing, the card-issuer may consider providing bills and statements of accounts through internet/mobile banking with the explicit consent of the cardholder. Card-issuers shall put in place a mechanism to ensure that the cardholder is in receipt of the billing statement.

(b) Card-issuers shall ensure that wrong bills are not raised and issued to cardholders. In case, a cardholder protests any bill, the card-issuer shall provide explanation and, wherever applicable, documentary evidence shall be provided to the cardholder within a maximum period of 30 days from the date of complaint.

(c) No charges shall be levied on transactions disputed as 'fraud' by the cardholder until the dispute is resolved.

(d) Card-issuers do not follow a standard billing cycle for all credit cards issued. In order to provide flexibility in this regard, cardholders shall be provided a one-time option to modify the billing cycle of the credit card as per their convenience.

(e) Any credit amount arising out of refund/failed/reversed transactions or similar transactions before the due date of payment for which payment has not been made by the cardholder, shall be immediately adjusted against the 'payment due' and notified to the cardholder.

(f) Card-issuers shall seek explicit consent of the cardholder to adjust credit amount beyond a cut-off, one percent of the credit limit or ?5000, whichever is lower, arising out of refund/failed/reversed transactions or similar transactions against the credit limit for which payment has already been made by the cardholder. The consent shall be obtained through e-mail or SMS within seven days of the credit transaction. The card-issuers shall reverse the credit transaction to the cardholder's bank account, if no consent/response is received from the cardholder. Notwithstanding the cut-off, if a cardholder makes a request to the card-issuer for reversal of the credit amount outstanding in the card account into his/her bank account, the card-issuer shall do it within three working days from the receipt of such request.

4. RBI extends guidelines on LEI to Primary UCBs & NBFCs:- *RBI Guidelines dated 21 April, 2022*

The Reserve Bank of India vide its fresh guidelines dated 21 April, 2022 has extended the guidelines on LEI to Primary (Urban) Co-operative Banks (UCBs) and Non-Banking Financial Companies (NBFCs). It is further advised that non-individual borrowers enjoying aggregate **exposure** of **₹5 crore** and above from banks and financial institutions (FIs) will be required to obtain LEI codes as per the timeline given below,

Total Exposure	LEI to be obtained on or before
Above ₹25 crore	April 30, 2023
Above ₹10 crore, up to ₹25 crore	April 30, 2024
₹5 crore and above, up to ₹10 crore	April 30, 2025

“Exposure” for this purpose shall include all fund based and non-fund based (credit as well as investment) exposure of banks/FIs to the borrower. Aggregate sanctioned limit or outstanding balance, whichever is higher, shall be reckoned for the purpose. Lenders may ascertain the position of aggregate exposure based on information available either with them, or CRILC database or declaration obtained from the borrower.

Borrowers who fail to obtain LEI codes from an authorized Local Operating Unit (LOU) shall not be sanctioned any new exposure nor shall they be granted renewal/enhancement of any existing exposure. However, Departments/Agencies of Central and State Governments (not Public Sector Undertakings registered under Companies Act or established as Corporation under the relevant statute) shall be exempted from this provision.

5. 90% states published draft rules on 4 labour codes and implementation is expected soon:- *News Report*

29 central labour laws have been merged and simplified into four labour codes, i.e. the Code on Wages, 2019; the Industrial Relations Code, 2020; the Code on Social Security, 2020; and the Occupational Safety, Health & Working Conditions Code, 2020. The central government has also published the draft rules for all four codes. Now states are required to frame regulations on their part as labour laws are part of concurrent list and around 90 per cent of the states have already published draft rules on four labour codes and are expected to become operational soon. Union Labour Minister Bhupender Yadav has claimed all these numbers and has further intimated that the government is working to provide social security to the entire workforce in the country and that is why e-Shram portal or national database of informal workers is being created. Almost 28 crore informal workers are registered on the e-Shram portal and the remaining 10 crore would be enrolled during this calendar year of 2022.

6. MCA has notified the Companies (Registration of Charges) Amendment Rules 2022:- *Notification No. G.S.R. 320(E) dated 27 April 2022*

MCA vide its notification dated 27 April 2022 has amended rule 3 of Companies (Registration of Charges) Rules, 2014 (Registration of creation or modification of charge), and notified that rule 3 shall not apply to any charge required to be created or modified by a banking company under section 77 (Duty to register charge) in favour of the Reserve Bank of India when any loan or advance is made to it u/s 17(4)(d).

Rule 3 imposes a duty on the company that the particulars of the creation/modification of the charges shall be filed with the Registrar of Companies in E form CHG-1 (for other than debentures) or CHG-9 (for debentures).

Section 17 (4) (d) the RBI can grant loan against the security of promissory notes of any scheduled bank or State co-operative Bank, supported by documents of title to goods, assigned, or pledged to any such bank as security for a [loan or advance made] for bona fide commercial or trade transactions, or for the purpose of financing agricultural operations or the marketing of crops.

7. SEBI issued (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2022:- *SEBI's Notification No. SEBI/LAD-NRO/GN/2022/77 dated 11/04/2022*

SEBI has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2022. The key amendments include a) maintenance of 100% coverage by listed entities, b) furnishing of separate due diligence certificate, c) disclosures for creation of charge in the debenture trust deed, and d) insertion of new schedule IVA. The amended regulations are as under:

1. Amendment to Regulation 23 – Issuer to ensure 100% security cover or higher

The amended regulation requires an issuer to ensure that the secured debt securities are secured **by 100% security cover or higher security cover as per the terms of the offer document** and/or Debenture Trust Deed sufficient to discharge the principal amount and interest. There will be consequential amendments in other regulations also.

2. Amendment to Regulation 38 – lead manager to ensure 100% security cover or higher

As per new norms, the lead manager is required to ensure that the secured debt securities are secured by **100% security cover as per the terms of the offer document** and/or Debenture Trust Deed sufficient to discharge the principal amount and interest.

3. Debenture trustees now need to file a due diligence certificate at the time of filing the draft offer document with the stock exchange(s) and prior to opening of the public issue of debt securities and the format of the certificate is specified schedule IV and IVA.

8. SEBI issued (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2022:- *SEBI's Notification No. SEBI/LAD-NRO/GN/2022/79. dated 11/04/2022*

SEBI has amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and key amendments are as under:

1. According to **regulation 54**, "Asset cover" is the ability of any entity in which it is able to repay debt obligations. It is the extent to which the company's assets regulate risk management.

2. By regulation 3, "Asset cover" is replaced by "security cover" in **regulation 54**.

3. Listed entities are under the obligation to provide documents and certificates. The debt securities are non-convertible and the "asset cover" has to be maintained at cent percent or at a higher rate.

4. As per the provisions of **regulation 54(2)** asset cover certificate and statement of value of pledged securities need to be submitted in *quarterly, half-yearly, year-to-date*.

Following are the amendments that are to be incorporated in **regulation 54**–

in sub-regulation (1),

(a) before the words and symbols "listed non-convertible debt securities", the word "secured" shall be inserted;

(b) the words "asset cover or higher asset cover" shall be replaced with the word "security cover or higher security cover"

(c) after the words "principal amount", the words "and the interest thereon" shall be inserted;

(d) in sub-regulation (3), the words "asset cover" shall be replaced with the words "security cover".

5) The listed entities have to forward the documents and intimations to the debenture trustees under **regulation 56** of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6) "Asset cover" is maintained at 100% or higher capacity offer document/ Information Memorandum and/or Debenture Trust Deed.

7) In **regulation 56(1)(d)**, the words "asset cover or higher asset cover" is replaced with the words "security cover or higher security cover".

9. Rationalization of certain compliance requirements by IRDA:- *IRDA circular dated 27 April, 2022*

The Insurance Regulatory and Development Authority of India (IRDA) vide its circular dated 27 April, 2022 rationalizes certain compliance requirements pertaining to actuarial matters for both Life insurers and non-life insurers which are briefly highlighted below,

A.) For life insurers:

1. The following items have been omitted from "information to be submitted as part of the annual actuarial valuation and related reports submission":

(a). Peer Review Report, except for Domestic Systemically Important Insurers

(b). Audited Annual Financial Report along with all the Financial Statements

2. The circular dated 25.03.2013 regarding submission of product planner has been repealed.

3. The requirement to submit quarterly ALM returns as per circular dated 03.01.2012 regarding "Asset Liability Management and Stress Testing" is dispensed with, except for Domestic Systemically Important Insurers. However, all insurers shall continue to regularly monitor their ALM position, with appropriate internal reporting and analysis, as part of their risk management and monitoring process.

4. The circular dated 27.10.2008 regarding "money market instruments in unit linked products" is repealed.

5. The circular dated 23.05.2003 regarding standard format for appointment letter of Appointed Actuary is repealed.

B.) For non-life insurers (including standalone health insurers):

1. The following item has been omitted from "information to be submitted as part of the annual actuarial valuation and related reports submission" namely Audited Annual Financial Report along with all the Financial Statements

2. Domestic Systemically Important Insurers (including reinsurers) will submit Peer Review Report, prepared as per the applicable standards of the Institute of Actuaries of India, along with the IBNR Report.

3. The requirement to submit quarterly ALM returns as per circular dated 03.01.2012 regarding "Asset Liability Management and Stress Testing" is dispensed with, except for Domestic Systemically Important Insurers. However, all insurers shall continue to regularly monitor their ALM position, with appropriate internal reporting and analysis, as part of their risk management and monitoring process.

4. The circular dated 23.05.2003 regarding standard format for appointment letter of Appointed Actuary is repealed.

10. MCA has issued FAQs on the newly launched V3 portal to address login and user registration issues:- *MCA21 V3 Login FAQs, dated 18 April 2022*

The MCA had received numerous inquiries from stakeholders regarding user login, registration and other service-related issues encountered while using the MCA V3 portal. MCA has issued a number of FAQs regarding the use of the V3 portal in order to address the issues that users have encountered. The MCA addresses the login issue, user registration, track Service Request Numbers (SRNs) of the forms filed and procedure to check the resubmission remarks, in a case where the filed form is sent for resubmission.

The FAQ's covers important points like:-

1. The registration process for new users.

2. Registration process of users registered under version 2 and now want to register in V3.

3. Who all can be upgraded from registered user to business user.

4. Can a CA/CS/CMA who is registered in a professional role also get registered with the same user I'd as director role also.

5. Process to change the DSC if the user has registered the wrong DSC.

11. The IBBI has notified the IBBI (Voluntary Liquidation Process) (Amendment) Regulations, 2022:- *Notification no. F.No. IBBI/2022-23/GN/REG.081, dated 05.04.2022*

The IBBI *vide*. Notification no. F. No. IBBI/2022-23/GN/REG.081 has notified the IBBI (Voluntary Liquidation Process) (Amendment) Regulations, 2022. Amendments have been made with the objective to reduce the timeline for completion of the liquidation process. The amended regulations have reduced the liquidation timeliness drastically now the liquidator needs to complete the liquidation process and submit the Final Reports within 270 days/90 days while earlier it was 12 months. Further, as per the amended regulations, the liquidator shall distribute the proceeds from realization within 30 days from the receipt of the amount to the stakeholders, the earlier timeline was of 6 months.

The Key highlights of the amendments are discussed hereunder:

1. Amendment in Regulation 10 (2) (r); Corporate Debtor is substituted by Corporate person

As per Regulation 10 (2) (r) the liquidator shall maintain such other books or registers as may be necessary to account for transactions entered into by him concerning the corporate person. The word corporate person is substituted with the word Corporate Debtor.

2. Amendment in Regulation 30 (2); Reduction in the timeline for preparation of the list of stakeholders in case where no claims are received.

As per the Regulation 30 (2) the liquidator shall prepare the list of stakeholders within 45 days from the last date for receipt of claims. The amendment notification inserts a provision in regulation 30 (2), as per the provision the liquidator shall prepare the list of stakeholders within 15 days from the last date for receipt of claims where no claims from creditors have been received till the last date for receipt of claims

Earlier there was no different timeline was prescribed in case where no claims from creditors

3. Amendment in Regulation 35; Reduction in the timeline for distribution of the proceeds from realization

As per Regulation 35 the liquidator shall distribute the proceeds from realization within *6 months* from the receipt of the amount to the stakeholders. The amended regulation reduces the period for distribution of proceeds from realization to the stakeholders from the current *6 months* to a period of *thirty days* from the receipt of the amount.

4. Amendment in Regulation 5(2); Enhancement in the timeline for intimation of appointment as liquidator to the Board

As per Regulation 5(2) an insolvency professional shall, within seven days of his appointment, intimate the Board about his appointment as liquidator within 3 days of his appointment. The amended regulation enhanced the timeline for intimation from the current 3 days to a period of 7 days.

12. DGFT has notified additional features in the scrip transfer recording module: - *Trade notice no. 01/2022-23, dated 11 April 2022*

The Directorate General of Foreign Trade ("DGFT") vide its notification dated 11th April 2022, has decided to re-operationalise the scrip transfer recording module with additional features/limitations which are as follows:

- DGFT has introduced a time-lag for transferring scrip from the original scrip owner to the next transferee and for further transfer, which will be possible after 'n' days from the scrip issue date and after 'y' hours from last transfer respectively. Further, once IEC has been modified in the IT database, the IEC holder will be able to transfer scrips only after ‘x’ number of hours of IEC modification date/time;

- DGFT has Introduced limit on the number of scrip transfers which can be initiated for transfer or accepted by each IEC per day;

- Further, the users from IEC will be de-linked automatically every 6 months and digital signature and aadhaar registration de-linked every 90 days.

13. Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2022: - *Notification no S.O. 1802(E), dated 12 April 2022*

The Ministry of finance has amended the FEMA (Non-debt Instruments) Rules, 2019 via Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2022 as under:

- The amended rules allow a startup to issue convertible notes for a maximum of 10 years, up from 5 years previously. A more defined and explicit definition of equity shares has been provided. The term 'Body corporate' has been added to the definition of the Indian Company. The existing rules did not prescribe any specific provision in respect of foreign investment in LIC which have now been added.

- Further as per the amended rules, the educational institutions, recreational facilities, city and regional level infrastructure, townships, real estate broking services shall not be considered as the real estate business. Earlier no such exclusions were provided.

- Scope of rule 19 widened with respect to Merger or demerger or amalgamation of Indian companies. Further amended rules also clarifies cases of mergers and acquisitions taking place in sectors under automatic route where government approval shall not be required.

14. Relaxation of time limit for depositing ESI Contribution for March 2022 and filing of its return:- ***Notification No. P-11/12/Misc./1/2019(M)-Rev.II dated 13/04/2022***

Given the difficulties that employers are having in depositing ESI contributions for the contribution period March 2022, the Director General has relaxed the provision and given a one-time opportunity. Employers may deposit contributions for the month of March 2022 up to 30.04.2022, rather than 15.04.2022. As a result, employers are now permitted to file the Return of Contribution up to 26.05.2022 rather than 11.05.2022 for the contribution period from October 20, 2021 to March 20, 2022.

15. Splitting of provident fund accounts may be delayed:- ***News Report***

The Employees' Provident Fund Organisation (EPFO) has not yet been able to split subscriber accounts into two for members who contributed more than Rs. 2.5 lakh last fiscal, which may cause tax complexities and reporting concerns. It is expected to split accounts only when crediting interest for FY22, which typically occurs between September and December of the following fiscal year, and it also proclaimed an interest rate of 8.1 percent for FY22.

The budget for FY22 levied an income tax on interest earned on subscriber contributions exceeding Rs. 2.5 lakh per year. Existing provident fund (PF) accounts with an employee contribution of more than Rs. 2.5 lakh was to be split into two on April 1, 2022. The CBDT amended Rule 9D to the Income-Tax Rules, 1962, necessitating the maintenance of two distinct accounts inside the PF account to segregate the taxable and non-taxable contributions to the PF, as well as the interest paid.

16. Panel backs raising monthly EPFO wage ceiling to Rs. 21,000:- ***News Report***

A high-level committee has recommended raising the Employees' Provident Fund Organisation (EPFO) wage ceiling to Rs. 21,000 per month, up from the current Rs. 15,000 per month. The committee has stated, however, that the government can implement the increase at a later date after considering all inputs. The proposal will add an estimated 7.5 million new workers to the scheme when implemented. According to current regulations, any company with more than 20 employees must register with the EPFO, and the EPF scheme is required for all employees earning less than Rs.15,000.

17. IFSCA notifies the IFSCA (Fund Management) Regulations, 2022; prescribes detailed norms for Fund Management Entities:- ***Notification no. IFSCA/2021-22/GN/RE024, dated 19-4-2022***

International Financial Services Centres Authority (IFSCA), has notified a comprehensive regulatory framework for Investment Funds in the official gazette on April 19, 2022.

The salient features of the regulations include:

- A Fund Management Entity will be registered with IFSCA and will be able to manage different types of funds and schemes subject to meeting the eligibility criteria;

- IFSCA prescribes the manner of conduct, roles and limitations of all the entities that register themselves with the Authority as a Management Entity;

- It defines the investment valuation norms, governance strategies in the code of conduct by the entities;

- Venture Capital Schemes or non-retail schemes soliciting money from accredited investors only shall qualify for a green channel i.e. the schemes filed can open for subscription by investors immediately upon filing with IFSCA. The requirements on scheme size, number of investors, permissible investments, etc. have been detailed in the regulations.

- Considering that ETFs offer a means to gain exposure to specific markets or asset classes at a low cost, registered fund managers in IFSC shall be able to launch not just Index based ETFs but also Active ETFs and Commodity based ETFs.

- Growing number of investors expect fund managers to make ESG issues integral to their investment strategies. With the intent of making IFSC a hub for a host of activities related to sustainable finance, disclosures have been proposed to be mandated at the entity level and scheme level.

- Globally, there is an increasing need for having a formal structure for managing and preserving the wealth of the High Networth Individuals (HNIs) and Ultra HNIs and their families. Accordingly, a framework to facilitate a self-managed investment fund of a family office has been provided in the regulations

In addition to the above, the regulations detail the role of various entities, prescribe code of conduct, advertisement code, investment valuation norms and important governance requirements, including the substance requirement.

18. Draft battery swapping policy released by NITI Aayog for stakeholders comments: - *Press Release*

At the COP26 summit in Glasgow, India committed to reduce carbon emission intensity by 45%, and take our non-fossil energy capacity to 500 GW by 2030 and meet 50% of our energy requirements from renewable energy by 2030 and to achieve the Net Zero target by 2070. The major sector contributing to Co2 is the road transport sector. To **decarbonize** this sector transition is required towards electric vehicles which transit clean energy. Various initiatives have been started for electric vehicles manufacturing like PLI for National Programme on Advanced Cell (ACC)

Battery Storage (NPACC), Manufacturing of Electric (Hybrid) Vehicles in India (FAME) I and II and many more.

Battery swapping is an alternative which involves exchanging discharged batteries for charged ones. Battery swapping offers three key advantages relative to charging: it is time, space, and cost efficient, provided each swappable battery is actively used and thus is **useful for 2 and 3 wheelers**. **This is being introduced as there is constraint of space in urban areas for setting up of charging stations thus battery swapping policy is a good option. NITI aayog** has made robust and comprehensive Battery Swapping policy framework and have asked for stakeholders comments.

19. EPFO's Action Plan to improve performance in the determination of Contractors and Principal Employers Registration:- *C-I/3(28)2016/7A& 14B/Pt./7212 dated 27 April 2022*

Earlier an electronic facility on Employer Interface of EPFO's Unified Portal was launched for Principal Employers to declare and monitor the EPF compliance of their contractors in respect of contract employees. Now, an additional feature added on the same portal through which a contractor establishment can declare its Principal Employer for Ease of Compliance and to generate intelligence input for EPFO Field Offices to reduce coverage gaps. Further, this notification also covers a standard draft informed letter instructing principal employers to declare contractors they have engaged with detailed instructions on how to verify the PF compliances on the part of such Principal employers.

20. Clarification regarding final withdrawal of PF for International Workers (IWs):- *EPFO Order No. IWU/12061/1/2022-IWU/7213 Dated 27th April 2022*

In this clarification, it is clarified that IWs from non-SSA countries are eligible for complete withdrawal of their PF accumulations after reaching the age of 58, provided they have ceased to be employed by an EPF covered firm.

21. Master Circular for Infrastructure Investment Trusts (InvITs) issued by SEBI:- *SEBI Master circular dated 26 April, 2022*

For effective regulation of Infrastructure Investment Trusts, Securities and Exchange Board of India (SEBI) has been issuing various circulars from time to time. In order to enable the industry and other users to have access to all the applicable circulars at one place, SEBI has prepared a Master Circular for Infrastructure Investment Trusts which is a compilation of relevant circulars issued by SEBI up to March 31, 2022 which are operational as on date of this circular. Circulars providing temporary relaxations with regards to certain compliance requirements for InvITs in the wake of the COVID-19 pandemic have not been included in the master circular. In case of any inconsistency between the master circular and the applicable circulars, the contents of the relevant circulars issued from time to time will prevail.

22. Master Circular for Real Estate Investment Trusts (REITs) issued by SEBI:- *SEBI Master circular dated 26 April, 2022*

In order to effectively regulate Real Estate Investment Trusts, the Securities and Exchange Board of India (SEBI) has issued various circulars from time to time. Now, the Master Circular for Real Estate Investment Trusts has been issued by compiling relevant circulars issued by SEBI up to 31 March 2022 that are operational as of the date of this circular, with the exception of those circulars that provide temporary relaxations of certain compliance requirements for REITs in the wake of the COVID-19, to provide the industry and other users with access to all relevant circulars in one place. In case of any inconsistency between the master circular and the applicable circulars, the contents of the relevant circular shall prevail.

23. Framework for FinTech Entity in the International Financial Services Centres (IFSCs):- *Circular no. F.No. 521/IFSCA/FinTech/FE Framework/2022-23, dated 27 April 2022*

The International Financial Services Centres Authority (IFSCA) published a detailed Framework for FinTech Entities in the IFSCs on April 27, 2022.

The framework proposes to cover (i) financial technology (FinTech) solutions that result in new business models, applications, processes, or products in areas/activities related to IFSCA-regulated financial services, as well as (ii) advanced/innovative technological solutions that aid and assist activities related to financial products, financial services, and financial institutions (TechFin)

The framework establishes the IFSCA FinTech Regulatory Sandbox as a dedicated Regulatory Sandbox for FinTech products or solutions, and empowers IFSCA to grant Limited Use Authorization within the FinTech Regulatory Sandbox to eligible financial technology entities in the IFSC. They would be able to apply for and receive grants under the IFSCA FinTech Incentive Scheme 2022 as a result of this.

It also allows some types/categories of technology companies with I a deployable advanced/innovative technology solution that aids and assists activities in relation to financial products, financial services, and financial institutions, and (ii) a credible track record, including financial performance, to obtain Direct Entry (Authorization by IFSCA) from IFSCA without entering the Regulatory Sandbox.

The framework also includes the IoRS (Inter Operable Regulatory Sandbox) mechanism. IoRS is a proposed mechanism to make it easier to test innovative hybrid financial products and services that are regulated by multiple financial sector regulators. IFSCA will make it easier for Indian FinTechs to access foreign markets and for foreign FinTechs to enter India.

24. Extension of Date for Mandatory electronic filing of Non-Preferential Certificate of Origin (CoO):- *Department of Commerce Trade Notice No. 04/2022-2023 Dated 27th April 2022*

The date for mandatory electronic filing of non-preferential Certificates of Origin (CoO) through a shared digital platform has been extended by the Director General of Foreign Trade (DGFT) to August 1, 2022.While exporters and NP CoO Issuing Agencies will have the option to use the online system, it will not be necessary until August 1, 2022. It is permissible to use existing methods for processing non-preferential CoO applications in manual/paper mode. The Help Manual and FAQs may be obtained at https://coo.dgft.gov.in for assistance with registration and online application submission. Also, all stakeholders are informed that issuing agencies that do not use the Online System to issue non-preferential CoOs after August 1, 2022 may be penalised and "de-listed" as an approved agency.

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