



Tax & Regulatory Updates – Key developments of March 2022

A. Direct Taxation: -

1. CBDT notifies ITR forms applicable for Assessment Year 2022-23:- Notification No. 21/2022 dated 30 March 2022 and Notification No. 23/2022 dated 01 April 2022

The Central Board of Direct Taxes vide notification dated 30 March 2022, has notified Income Tax Return (ITR) Forms 1 to 7 for the Assessment Year 2022–23. There have been no modifications to Rule 12 of the Income-tax Rules, which governs the filing of income tax returns by various kinds of taxpayers. The majority of the modifications to the ITR forms are a result of the amendments made by the Finance Act 2021.

2. CBDT condones the delay in filing of Form 10-IC for AY 2020-21, subject to some conditions:- CBDT Circular No. 06 of 2022 dated 17 March 2022

CBDT vide its circular dated 17 March 2022 has provided condonation for delay in the filing of Form 10-IC for AY 2020-21 for opting taxation @22% by the domestic company under section 115BAA. The relaxation has been provided by the department on account of genuine hardships faced by the taxpayers which is subject to the following conditions:

- ITR for the AY 2020-21 has been filed on or before the due date under Section 139(1); - Assessee opted for taxation under Section 115BAA in “Filing Status” in “Part A-Gen” of ITR-6; and - Form 10-IC is filed electronically on or before June 30, 2022.

3. PAN-Aadhaar linking can be done till March 2023, but with a fine:- Notification No.17/2022 dated 29 March 2022

The Central Board of Direct Taxes on Wednesday has extended the deadline to link the PAN with Aadhaar to 31 March 2023. However, linking the two after 31 March 2022 will attract a penalty amounting to Rs.500 up to 3 months from 1 April 2022 and a fee of Rs. 1000 after that, while intimating their Aadhaar.

Earlier, the last date to link Aadhaar with PAN was 31 March 2022, without the latter becoming invalid. Individuals could get their documents linked till this date without having to pay any late fee. While the deadline has been extended for a year, persons linking the two documents from 1 April 2022 will be fined.

4. CBDT issues Circular on relaxation of Rule 114AAA(2) on non-intimation of Aadhaar upto 31 March 2023:- Circular No. 7/2022 dated 30 March 2022

CBDT has issued a circular on relaxation in applicability of Rule 114AAA(2) for non-intimation of Aadhaar upto 31 March 2023 and repercussion of non-intimation thereafter. The Circular provides that in case of failure to intimate the Aadhaar by the last extended date i.e. 31 March 2022, the PAN allotted to the person shall become inoperative.

Under Rule 114AAA, such person will not be able to furnish, intimate or quote his PAN and shall be liable to all the consequences such as:

- (i) inability to file ITR,
- (ii) non-processing of pending ITRs,
- (iii) non-issuance of pending ITRs,
- (iv) non-completion of pending proceedings,
- (v) TDS at higher rate,
- (vi) face difficulty in complying with KYC

The Circular clarifies that these consequences will not follow for FY 2022-23 as the Rule 114AAA(2) will come into effect on 1 April 2023. Thus, taxpayers with inoperative PAN shall not be deemed that they have not furnished, intimated or quoted PAN and shall not be liable for all the consequences for not furnishing, intimating or quoting PAN only upto 31 March 2023. However, such taxpayers shall be liable to pay fees as per Rule 114(5A).

5. CBDT exempts Non-Residents visiting India from TCS u/s 206C(1G):- Notification No. 20/2022 dated 30 March 2022

CBDT vide its notification dated 30 March 2022 has notified that the provisions of TCS under Section 206C(1G) shall not apply to an individual who is not a resident in India u/s 6 and who is visiting India. Section 206C(1G) provides the collection of tax at source (TCS) from remittance under the Liberalized Remittance Scheme and on sale of an overseas tour package.

The Centre, vide its notification dated March 30, 2022, has relaxed the provision of Tax Collected at Source of 5% under section 206C (1G), which means that the seller is not required to collect tax on the sale of overseas tour packages to non-resident individuals visiting India. Section 206C (1G) of the Income Tax Act, 1961 provides that the seller of an overseas tour package collects tax from a buyer, being a person purchasing such a package, at the rate of 5% of the amount of the package.

Representations were received from domestic tour operators who were facing difficulties in collecting tax from non-resident individuals visiting India who were booking overseas tour packages from such domestic tour operators. Since such persons may not have a PAN, tax is required to be collected at higher rates." Further, such non-residents may find it difficult to furnish their ITR and claim refunds. The relaxation will be extended to a buyer who is an individual who is not a resident in India in terms of clause (1) and clause (1A) of section 6 of the Act and who is visiting India.

6. Instructions on exceptions to prosecution to Black Money Act issued by CBDT:- *Instruction F. No. 285/46/2021/IT (Inv.)/645 dated 15th March,2022*

CBDT directed that prosecution under Sections 49 (failure to furnish return of income in relation to foreign income and asset) and/or 50 (failure to furnish in return of income any info. about an asset located outside India) of the Black Money Act would not be initiated where penalty under Sections 42 and/or 43 is not imposed or imposable.

The proviso of section 42 and 43 says that penalty is not imposable where one or more bank accounts has aggregate value not exceeding Rs.5 Lacs at any time during the previous year.

This instruction is provided because no exception is provided u/s 49 and 50 of the act and also to avoid genuine hardship. The instruction states "To protect persons holding foreign accounts with minor balances which may not have been reported out of oversight or ignorance, it has been provided that failure to report bank accounts with a maximum balance of upto Rs.5 lakh at any time during the year will not entail penalty or prosecution"

7. Tax department reopening old tax assessments based on algorithm:- *News Report*

Even as many people continue to wait for their ITR refunds, the Income Tax Department has begun reviewing old assessment cases using an algorithm. The Information Technology Department is utilising "INSIGHT," a programme that spits out the identities of tax evaders after scanning through enormous data sets.

According to the new law, tax officials operate based on the name generated by the platform. Previously, tax inspectors revisited earlier assessments based on indications that the assessee may have withheld some income-related facts. It is likely that tax evasion occurred four years ago and that information on the case is already available. The INSIGHT system also relies on the information being submitted to generate a name.

After being alerted by the algorithm, the I-T Department is required to issue a preliminary notification to the concerned taxpayer that his or her information has been highlighted for a certain fiscal year under the newly formed Section 148A of the I-T Act. The taxpayer is then given a week to answer or the issue is immediately reopened. If the new algorithm yields enough names, the I-T department would send up to 50,000 letters under section 148A in the Mumbai region alone, which accounts for 30% of all I-T collections.

8. PF Tax Rule, EPFO members await clarity:- News Report

Employers, subscribers, and tax experts are waiting for the clarification on the tax implications of interest on EPF payments exceeding Rs 2.5 lakh this year. There are only 15 days left to separate their PF accounts in order to execute the levy stated in last year's budget.

The EPFO and organisations that manage contributions of employees in-house are looking for information on issues such as the withholding tax liability and the timing of the taxation. There is also ambiguity on whether the taxable portion of interest is required to be offered to tax each year on an accrual basis or taxed lump sum at the time of withdrawal of the corpus on retirement.

The income received on employees' contributions to provident funds in excess of Rs 2.5 lakh per year was made taxable in the budget for FY 2022. Beginning April 1, 2021, employees with an annual contribution of more than Rs 2.5 lakh must have their accounts divided. The exempt portion of the contribution would be held in one account, while the taxable amount in excess of Rs 2.5 lakh would be held in the other.

On September 1, the Central Board of Direct Taxes (CBDT) released a circular on the subject but still more clarity is needed on the same. Furthermore, clarity is also needed on whether the employer is required to factor such taxable interest into the income of the employee suo moto or the employee has a choice on disclosing such income to the employer for the purposes of calculation of withholding tax liability by the employer. This clarity is also necessary for businesses to communicate their approach to employees so that they can organise their own tax affairs. While the EPFO normally declares the rate of interest on the accumulated balance in provident funds in March of each fiscal year, it is actually notified many months after the fiscal year ends. Taxpayers may also face difficulties as a result of this.

9. CBDT excludes cases from Faceless Penalty Scheme where pendency not created for technical reasons or non-availability of PAN:- CBDT Order, dated 10 March 2022

CBDT excludes from the scope of the Scheme "Penalty proceedings in cases where pendency could not be created on ITBA because of technical reasons or cases not having PAN, as the case may be" by issuing an order dated 10 March 2022 which comes into effect immediately. CBDT has also clarified that the order amends the earlier orders dated 20 January 2021 and 26 February 2021. However, these two orders shall apply to penalties imposable under Chapter XXI except for the prescribed exclusions.

10. Equalisation levy imposed by India on supply of services by MNC's is a "Sovereign right":- News Report

Finance Minister during a media interaction explained that India is not an exception who has imposed Equalisation levy as many other countries have also done the same and it is not a unilateral measure. She also stated that it is India's sovereign right to tax the revenues earned on the operations in the country. India will continue to impose an equalisation levy until the OECD framework is implemented.

11. Public comments on draft model rules released by for Tax base determination under amount A of pillar one released by OECD:- *OECD Press release*

Public comments received from various stakeholders are released by OECD on the Draft Model Rules for Tax Base Determination under Amount A of Pillar One. Some of the key aspects are as under:-

1. Elimination of cap on restatement adjustments.
2. Elimination of book-to-tax adjustment with respect to policy disallowed expenses.
3. Extension of time period for carry forward of losses and also clarity on what are the "business continuity conditions" which are required for carry forward of transferred losses in case of eligible business combinations.
4. Another recommendation is for relocation of taxing rights under amount A, that it should not be disadvantageous for minority shareholders.
5. Another issue is classification of "policy disallowed expenses" depends on different interpretations by the legal framework of each jurisdiction which may lead disputes between the countries involved for determination of amount A.

12. CBDT amended the faceless assessment scheme and certain time barring cases have been excluded from section 144B:- *Order dated 17 March 2022*

In addition to exceptions provided earlier, CBDT has excluded the cases for which the time limit for completion of assessment is expiring on 31 March 2022 and which cannot be completed by NFAC due to technical / procedural constraints within the said limitation. Accordingly, these cases need to be completed by the jurisdictional Assessing Officer.

13. CBDT relaxes e-filing of Form 3CF and allows physical filing until availability of e-filing facility or up to September 30:- *CBDT Circular dated 16 March 2022*

The Central Board of Direct Taxes (CBDT) vide circular dated 16 March 2022 has relaxed the requirements of electronic filing of the application in form no. 3CF for approval under section 35(1)(ii)/(ia)/(iii) read with Rules 5C(1A) and 5F(2)(aa) of the Income-tax Act, 1961 in the case of a research association. The Circular has been issued on grounds of difficulty faced in e-filing of Form No. 3CF which was notified with effect from April 1, 2021. The relaxation from e-filing is applicable from the date of issuance of this Circular up to the date on which e-filing is made available for Form No. 3CF but not beyond Sep 30, 2022.

14. Amendments proposed to the Finance Bill, 2022:- *Union Budget 2022, Ministry of Finance*

The Finance Ministry has proposed 39 amendments in the Finance Bill, 2022 vide a notice of amendments dated 23.03.2022 as under:

- Section 115BBH – Taxation of Virtual Digital Assets: Loss from one Virtual Digital Asset cannot be set-off against income from another Virtual Digital Asset and definition of 'transfer' shall apply even

if Virtual Digital Asset is not held as a capital asset. Also, Section 115BBH to override all other provisions to tax income from transfer of Virtual Digit Asset at 30%. Computation provision of section 115BBH would not fail even if there is no cost of acquisition of Virtual Digital Asset.

- Section 139(8A) – Updated Return: There will be a restriction on filing of updated return in case of search, survey or requisition. Second proviso makes certain persons ineligible for filing updated returns. As initially proposed, a person was not eligible for filing an updated return for AY relevant to PY in which he is subjected to search / survey/ requisition and for two assessment years preceding such AY. Amendment is proposed to substitute the words “any assessment year” for the words “two assessment years”. Thus, a person cannot file an updated return for any prior AY in case of a search etc in the past. Also, return of loss filed under section 139(3) can also be updated.

- Further Amendment to Section 155, takes the proposed retrospective amendment of Section 40(a)(ii) for not allowing any claim of Education cess as a deduction for deeming under-reporting of income and consequent penalty under Section 270A if the beneficiary of deduction does not volunteer to pay tax by recomputing the income as per the retrospective amendment.

- Power given to the Central Government to prescribe Guidelines related to the newly introduced Section 194R for TDS on perquisites or benefits to remove difficulty in operationalising. Provider of benefit or perquisite has to “ensure that tax required to be deducted has been deducted”

- Section 153(1) – Completion of assessment under Section 143/144: There is amendment to the second proviso to Section 153(1) with effect from Apr 1, 2021 to reduce time for completion of assessment under Section 143/144 for AY 2020-21 to 18 months from 21 months. Thus, the assessment order shall be passed by Sep 30, 2022.

- Section 158AB – Deferment in Filing of Appeals: There is Amendment in sub-section (1) by insertion of clause to override Sections 253(3) and 260A(2)(a) to facilitate deferment in filing of appeals where a similar question of law is pending. Also, Amendment in sub-section (2) to provide 120 days from the date of order of CIT(A) for making an application to ITAT which was originally 60 days.

- Section 170 - Continuity of assessment proceedings in case of succession: Amendment of sub-section (2A) to provide that in case of succession, assessment or reassessment or other proceedings made on a predecessor during the course of pendency of such proceedings will continue on the successor by deeming that the same had been made or initiated on the successor and the provisions of the Act shall apply accordingly.

15. Centre may seek crypto log on transactions from banks, exchanges:- News Report

As the government begins taxing profits from cryptocurrencies and non-fungible tokens on April 1, tax authorities may ask banks and crypto exchanges to record transactions involving virtual digital assets (VDAs). Until now, the tax agency relied on voluntary reports of VDA transactions. Once implemented, the sale and purchase of digital assets will reflect in the Annual Information Statement (AIS). The AIS contains details of at least 46 of the financial transactions done by a taxpayer in a financial year.

The move will ensure that the details about VDA-related transactions are available with the authorities on a real-time basis, and there would be lower chances of revenue leakage or their going unexamined.

A senior official told Business Standard that the department may consider mandating the reporting of digital asset transactions as part of specified financial transactions (SFTs) submitted by prescribed companies. However, SFT generally records transactions that surpass the threshold.

16. Centre likely to intensify exercise against income tax evaders:- News Report

The central government might intensify its exercise to establish individuals who undertake high-value monetary transactions, however keep away from submitting tax returns. The move comes regardless of the government anticipating robust income-tax collection in the financial year, because it needs to widen the tax base, which is a mere 81.3 million.

The Central Board of Direct Taxes (CBDT) makes use of artificial intelligence and data analytics to detect circumstances of tax evasion. It may additionally deploy the non-filers monitoring system (NMS) to nudge folks to file their income-tax returns. The government has so far used 10 cycles of NMS since 2013, which identifies and monitors persons who enter into high-value transactions and have potential tax liabilities, but not filed tax returns.

17. CBDT notifies Income Escaping Assessment Scheme, 2022:- Notification No.18/2022 dated 29 March 2022

The Ministry of Finance on 29 March 2022 has issued the Income Escaping Assessment Scheme, 2022. The scope of the scheme provides that the assessment, reassessment or re-computation under section 147 of the Act and issuance of notice under section 148 of the Act shall be through automated allocation, in accordance with risk management strategy formulated by the Board as referred to in section 148 of the Act for issuance of notice, and in a faceless manner, to the extent provided in section 144B of the Act with reference to making assessment or reassessment of total income or loss of assessee.

18. CBDT extends the due date of filing Form 10AB to seek registration/approval under Section 10(23C), 12A or 80G:- CBDT Circular No.08/2022 dated 31st March, 2022

Central Board of Direct Taxes (CBDT) vide circular No.08/2022 dated 31st March, 2022 and on consideration of difficulties faced by taxpayers in electronic filing of Form No.10AB extended the last date for electronic filing of such Form to 30th September, 2022. Form No.10AB is required to be filed by assesses for seeking registration/approval under section 10(23C), 12A or 80G of the income tax act, 1961.

19. Old income tax regime must be disincentivised to encourage people to opt for new regime:- News Report

Revenue secretary Mr. Tarun Bajaj in a recent media interaction said that the old income tax regime for Individuals with deductions must go and it will lead to a simplified tax structure. The new regime was introduced in 2020 with lower tax rates and exemptions but most taxpayers preferred to continue with the old regime as more deductions were available. So, to make the tax structure simple the new regime will need to be incentivised and the old regime to be disincentivised. This will be the case where people will come to the new regime as the old regime already has its own benefits.

20. Ministry of Finance notifies voluntary use of Aadhaar authentication for identity of FINnet system users:- *Notification No.S.O.1065(E) dated 10 March 2022*

The Ministry of Finance, vide notification dated 10 March 10 2022 has notified the use of Aadhaar authentication services for validation of identity of users of the FINnet system, on voluntary basis, in terms of Rule 3 of the Aadhaar Authentication for Good Governance (Social Welfare, Innovation, Knowledge) Rules, 2020.

21. Engage with taxpayers, urged FM to CBDT, CBIC:- *News Report*

Finance Minister Nirmala Sitharaman has directed the Central Boards of Indirect Taxes and Customs (CBIC) and Direct Taxes (CBDT) to resolve assesses' complaints expeditiously. FM during a press event got irritated because the majority of the inquiries she received from representatives of the trade and industry concerned about administrations and procedural issues, rather than budget or policy issues.

The finance minister met with tax officials at the field level after Karnataka Bank's general manager highlighted a concern with their bank branches in different states having to raise several GST bills with multiple registrations, with a net effect of neutrality. The Revenue Secretary intimated that there were no present plans to raise the 5% GST rate to 8%, and that rates were likely to remain where they were.

22. CPC-TDS issues Instruction for filing Form 15E:- *CPC(TDS) Instruction dated 02 March, 2022*

Centralised Processing Cell (TDS), vide Instruction dated 02 March, 2022, lays down the timelines for making applications u/s 195(2) and 195(7) of the income tax act, 1961 in Form No. 15E in view of the time taken to process the online certificates and to get the certificates issued with effect from 1st April of the financial year. As per the Instruction, no such request for issue of certificates for a particular financial year will be accepted after 15th March of the financial year, thus, the applicants seeking TDS Certificate for FY 2021-22, can move an application only upto 15 March, 2022. Therefore, applicants are advised to file form 15E applications, if required latest by 15th March.

23. OECD releases Commentary on GloBE Rules and now calls for the public comments on the implementation framework:- *News Report*

OECD/G20 Inclusive Framework on BEPS has released commentary on the application and operation of the Global Anti-Base Erosion (GloBE) Rules with an intention to promote a consistent and common interpretation of the GloBE Rules.

The Commentary provides Multinational Companies and tax administrations with detailed and comprehensive technical guidance on the operation and intended outcomes under the Rules with clarifications on the terms used. It has further explained through illustrations on the application of the rules under various fact patterns. OECD/G20 BEPS will now develop a framework to support tax authorities in the implementation and administration of the GloBE Rules which begins with a public consultation for which comments are to be submitted upto April 11, 2022.

The key highlights of the policy are as follows-

- The commentary has defined the qualifying Income Inclusion Rule as the domestic rules which are implemented in the domestic law in accordance with the GLoBE Rules. However, the commentary has remained silent on the guidance around the compatibility of US GILTI with the GloBE rules.
- Further, the commentary highlights that the taxes paid on income arising in a jurisdiction, including under Controlled Foreign Companies (CFC) regimes, are taken into account for purposes of computing the GloBE effective tax rate in that particular jurisdiction. This is because the taxes that a country applies to offshore income of a domestic company's CFC are generally allocated to that foreign entity, essentially increasing the effective tax rate of the CFC.
- The Qualified Domestic Minimum Top-Up Tax provides a low taxed jurisdiction with the primary taxing right over the top-up tax and hence precedes the Income Inclusion Rule. It is expected that many jurisdictions will safeguard their right to levy their local top-up tax by introducing a qualifying domestic top-up tax. For instance, Switzerland proposed introducing such a tax in its recently released guidance to the implementation of Pillar Two in Switzerland.
- The commentary has also provided the way to carry forward the pre-regime loss through a transition rule that would take existing deferred taxes into account as the approach to dealing with timing differences.
- The commenter further suggests the countries to use euros when implementing the new rules in their domestic law and if for any reason, the countries is not able to do so, then it may provide for a threshold in its domestic currency and should reevaluate the same each year on a consistent methodology to minimize the difference between the local threshold and those set by other countries. The same approach should be followed by the Ultimate Parent Entity group that prepares the consolidated financial statements of the group.

24. Gujarat High Court admits Amul's petitions challenging constitutionality of Secs.194A, 194Q & 194N:- News Report

Gujarat High Court has admitted the writ petitions preferred by Gujarat Cooperative Milk Marketing Federation Ltd., Anand challenging the applicability of sections 194A (TDS on Interest on securities), 194Q (TDS on purchase of goods) and 194N (TDS on payment in cash exceeding prescribed threshold) on co-operative societies and in this regard the High Court has issued notice to the Attorney General for India as constitutional validity of the provisions is under challenge. The writ petitions are before the Division Bench of the High Court of Gujarat comprising Justice J.B. Pardiwala and Justice Nisha M. Thakore. Further, the High Court has granted interim relief against the order dated Feb 9, 2021 passed by the Revenue in terms of Sections 194A and 194N.

25. Various steps taken to improve tax literacy in country to widen tax base:- News Report

CBDT chairman said that steps are being taken to improve tax literacy in the country so that the number of tax paying people and entities can be increased to increase the tax collection.

He also said that the IT department is trying to interact with people in tier-ii and tier-iii cities in the coming future so that the people in remote areas also get to know about the department and its work. This will help to increase "People's knowledge about the tax department, what it stands for, how does a taxpayer help in national development and subsequently the taxpayer adds his share to the growth of the economy, all that has to be culturally percolated to the taxpayers or the potential taxpayers and then things will dramatically change in the department".

26. CBDT notifies Faceless Jurisdiction of Income Tax Authorities Scheme:- Notification No.15/2022 dated 28 Mar 2022

The Central Board of Direct Taxes (CBDT) has notified the Faceless Jurisdiction of Income-tax Authorities Scheme, 2022 whereby the Board is using 'automated allocation' to conduct income tax proceedings. The Government has already launched the faceless assessment procedure to bring transparency and avoid bias in income tax proceedings.

The Scheme is notified under Section 130(1)/(2) and provides for the exercise of powers and performance of functions of income-tax authorities or vesting of jurisdiction with the AO in a faceless manner through automated allocation in accordance with and to the extent provided in–

- Faceless Assessment under Section 144B
- Faceless Appeal Scheme, 2021
- Faceless Penalty Scheme, 2021
- e-Verification Scheme, 2021
- e-Settlement Scheme, 2021 and
- e-Advance Rulings Scheme, 2021

The Scheme defines 'automated allocation' to mean an algorithm for randomised allocation of cases, by using suitable technological tools, including artificial intelligence and machine learning, with a view to optimise the use of resources.

27. Government extends time-limit for passing order under Sec.26(3) of Benami Act to 30 September 2022:- Notification No.16/2022 dated 28 March 2022

CBDT on Monday has issued Notification for extension of time limits for passing order under Section 26(3) of Prohibition of Benami Property Transaction Act, 1988.

As per the Notification, Central Government under Section 3(1) of the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, (TOLA), specified that time limit for completion of any action referred to in Section 3(1)(a) of TOLA that relates to passing of any order under Section 26(3) of Benami Act shall be extended to 30 September 2022 which was earlier extended to 31 March 2022.

28. CBDT notifies Faceless Inquiry or Valuation Scheme, 2022:- Notification No.19/2022 dated 30 March 2022

The CBDT has notified the Faceless Inquiry or Valuation Scheme, 2022 for the purpose of issuance of notice under Section 142 to file return of income, for making inquiry before assessment, to direct assessee to get his accounts audited under Section 142A or for valuation by a Valuation officer in a faceless manner. The Scheme provides that the aforesaid actions shall be in a faceless manner, through automated allocation, in accordance with and to the extent provided in Section 144B.

29. Karnataka High Court admits challenge against MFN Circular & consequent denial of lower TDS on dividend

A notice is issued by the Karnataka High Court in case of writ petition filed by a Dutch entity for repealing of CBDT's circular and consequent Certificate issued under Section 197 denying lower TDS on dividend income. As an outcome of writ petition interim relief is provided that out of 10% TDS on dividend, 5% to be treated as deposit under protest. The Income Tax Department decided Assessee's application under Section 197 as per CBDT Circular No. 3 of 2022 and denied TDS at 5% on dividend receivable from its Indian subsidiary.

On the other hand, assessee challenged the certificate and order issued under Section 197 for rejecting the assessee's claim for 5% TDS as against 10% TDS in the light of MFN Clause in the

Protocol to the India-Netherlands DTAA read with India's DTAA's with Slovenia, Lithuania and Colombia. In this case the High Court takes note of the ruling in Apollo Tyres and Delhi High Court ruling in Concentrix Services before directing the interim relief.

30. Supreme Court issues modified SOP for physical hearing, virtual hearing option on miscellaneous days:- SC Circular

The Supreme Court notified the Standard Operating Procedure to be followed for resumption of physical hearing (with hybrid option) from 4 April 2022. This has been issued in partial modification of the Modified SOP for physical hearing (with hybrid option) before the Court as notified on 07 October 2021.

Clause 1,2,3 of the SOP read as under:-

- All matters listed as non-miscellaneous on Tuesday, Wednesday, and Thursday will be heard in the courtrooms in the physical presence of counsels/parties.
- All matters listed on miscellaneous days, i.e., Monday, Friday, or any notified miscellaneous day(s), will be heard in the physical presence of the counsels/parties in the court-rooms, unless the AOR requests that the party video/teleconferencing mode (Hybrid option) be facilitated;
- The AOR for the party wishing to appear via video/teleconferencing mode on any other day(s) must exercise the option by applying online on the Supreme Court of India's official website after the publication of the cause list and up to 08:00 A.M. on the day of the hearing. If the AOR chooses not to use the hybrid option, no link will be provided in the matter.

Clause 5 of the SOP read as under:-

If the Hon'ble Bench is of the view that in a particular matter, the number of counsel is greater than the working capacity of the courtroom, as per COVID-19 norms, or for any other reason, the hearing of a matter be held through video/tele-conferencing/hybrid mode, the Registry will facilitate the hearing of such matters through video/tele-conferencing/hybrid mode;

The SOP's other clauses will remain unchanged.

31. Income Tax department's interpretation of Section 80JJAA has left staffing companies worried:- News Report

Section 80JJAA of the Income Tax Act provides deduction in relation to the new employees cost for three years on each new job added with a monthly salary cap of Rs 25,000 to the employer while computing the taxable income on the fulfilment of certain conditions. The I-T authorities have recently carried out a survey on Quess Corp in connection with the company's claims under the same provision and challenged the said deduction. The department is of the view that these kinds of manpower agencies/companies only supplies manpower to its client to step into jobs created there, but does not create jobs on its own whereas the main purpose of introducing the section was to generate employment.

The authorities in this recent case have further contended that the manpower service provider only had a forced/legal "employer-employee relationship" as it complied with statutory deductions like PF, ESI, gratuity, etc., but did not exercise control over its employees.

B. Cross Border:-

1. Global minimum tax hits roadblock as EU members failed to reach unanimous agreement:- News Report

The global minimum tax is one of the two pillars that comprise a massive international tax agreement signed by more than 130 nations in October 2021 to put an end to international tax rivalry. The EU Commission proposed an EU directive to impose the minimum tax universally across the EU. Implementing the worldwide tax agreement is one of the goals of France's presidency of the EU Council of Ministers, which will remain until the end of June 2022.

The French advocated postponing the directive's introduction by a year and making sections of the global minimum tax optional for member states with only a few companies affected by the directive during the first five years of implementation. Several finance ministers, as well as the EU Commission's economy commissioner, criticised the divergence from the original wording, but backed it regardless, "in the spirit of compromise." This third pillar of the deal would direct part of the taxes paid by extremely profitable major corporations such as Apple or Facebook to the locations where their revenue is generated rather than where their headquarters are located.

2. Apple Loses Bid to Overturn Chicago's Unique 'Netflix Tax':- News Report

Apple Inc.'s bid in the courts to overturn Chicago's Amusement Tax, also known as the "Netflix Tax", has been dismissed, however the iPhone maker still has the opportunity to file the second amended complaint within 35 days.

In 2015, Chicago implemented a 9 percent tax on streaming entertainment services as part of its amusement tax program. Judge Dan Duffy of Cook County Circuit Court granted Chicago's move to dismiss Apple's case against the Amusement Tax on Friday. The Judge's declaration came in response to Apple's original 2018 case, which claimed that the tax violated the federal Internet Tax Freedom Act, as well as the commerce and due process provisions of the United States Constitution. The action was put on hold for more than two years while the courts dealt with a separate complaint filed by Netflix, Hulu, and Spotify subscribers against Chicago.

While Chicago prevailed in the trial, Apple revised its complaint to state that the action was a "facial challenge" to the tax programme, with Apple contesting how the tax was applied to its own services. Judge Duffy, on the other hand, deemed it to be an insufficient challenge since Apple's complaint

was not detailed enough to be used in discussions regarding the constitutionality of the Amusement Tax.

3. OECD Seeks Input on New Tax Transparency Framework for Crypto-Assets And Amendments to the Common Reporting Standard:- *Press Release, dated 22 March 2022*

The Organisation for Economic Co-operation and Development ("the OECD") 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. Along with the Crypto-Asset Reporting Framework ("CARF"), the OECD has developed proposals as part of the CRS's first comprehensive review, with the aim of further improving the CRS's operation based on the experience gained by governments and businesses over the past seven years since its adoption.

The proposal extends the scope of the CRS to cover electronic money products and Central Bank Digital Currencies. In light of the development of the CARF, the proposals also include changes to

cover indirect investments in crypto-assets through Investment Entities and derivatives. At the same time, the proposal contains new provisions to ensure an efficient interaction between the CRS and the CARF, in particular to limit instances of duplicative reporting. Finally, the amended CRS seeks to improve the due diligence procedures and reporting outcomes, with a view to increasing the usability of CRS information for tax administrations and limiting burdens on Financial Institutions, where possible.

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 email (in Word format) to taxpublicconsultation@oecd.org. For more information on the CARF, the amended CRS, or to comment on the public consultation draft: view the public consultation document.

4. New results on the prevention of tax treaty shopping show progress continues with the implementation of international tax avoidance measures:- *Press Release, dated 21 March 2022*

OECD releases fourth peer review report assessing the actions taken by jurisdictions to prevent tax treaty shopping and other forms of treaty abuse under Action 6 of the OECD/G20 BEPS Project. This peer review process was the first to be carried out under the revised methodology forming the basis of the assessment of the Action 6 minimum standard.

The fourth peer review report reveals that members of the OECD/G20 Inclusive Framework on BEPS are respecting their commitment to implement the minimum standard on treaty shopping. It further demonstrates that the BEPS Multilateral Instrument (MLI) has been the tool used by the vast majority of jurisdictions that have begun implementing the BEPS Action 6 minimum standard, and that the MLI has continued to significantly expand the implementation of the minimum standard for the jurisdictions that have ratified it. The impact and coverage of the MLI are expected to rapidly increase as jurisdictions continue their ratifications and as other jurisdictions with large tax treaty networks consider joining it.

5. Multinationals fret over foreign tax credits as U.S. tightens rules:- News Report

The restaurant chains and other MNCs like Pizza hut, Burger King and Outback Steakhouse said in a recent security filing that they are analysing complicated new treasury department rules. The regulations, which limit when companies can claim US tax credits for paying foreign taxes, were released in December and are now in effect.

Companies are just beginning to get a sense of which foreign tax credits they may no longer claim and how the rules affect their profits. Analysts say many more companies are likely to provide details on how the rules affect their financial statements and disclose any impact in first quarter earnings reports that are due out this spring.

6. Thailand Deposits Ratification Instrument for BEPS MLI:- Press Release, dated 1 April 2022

On 31 March 2022, Thailand deposited its instrument of ratification for the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI). Based on the date of deposit, the MLI will enter into force for Thailand on 1 July 2022, although its entry into force for Thailand's covered agreements (tax treaties) will depend on the ratification of the MLI by the counterparty to a particular covered agreement.

7. UK Supreme Court held that accounting debits relating to the grant of share options to employees are a deductible expense for corporation tax purposes:- News Report

In the case of Commissioners for Her Majesty's Revenue and Customs v NCL Investments Ltd and another, the UK Supreme Court held that accounting debits relating to the grant of share options to employees are a deductible expense for corporation tax purposes.

Facts of the case:- The taxpayer is a wholly owned subsidiary of a holding company i.e. Smith & Williamson Holdings Ltd. In 2003, SWHL set up an employee benefit trust that gave employees a contractual right to acquire shares in SWHL for a specified price. When options were granted to the taxpayer's employees, the relevant taxpayer was required by IFRS 2 to recognise a debit in its income statement to SWHL equal to the fair value of the options. That debit had to be matched by a corresponding credit on the taxpayers' balance sheets, which had to be treated as a capital contribution received from the holding company.

The taxpayers claimed the debits as deductions in the computation of the profits of their trade for the purposes of corporation tax. The UK HM Revenue & Customs (HMRC) refused the corporation tax deduction and issued closure notices disallowing the deductions.

Issues Involved:-

1. Whether disregarding the debits is an "adjustment required or authorised by law,"
2. Whether the deduction is disallowed as an expense that was "not incurred wholly and exclusively for the purposes of the trade.
3. Whether the deduction is disallowed, on the basis that the debits are of a capital nature.
4. Whether the deduction is disallowed or deferred as a deduction in respect of "employee benefit contributions

Decision:- The Supreme Court unanimously dismissed the appeal and held that the correct treatment, for corporation tax purposes, of accounting debits relating to the grant of share options to employees is that they are a deductible expense.

8. Congress and the IRS Make Moves to Improve Taxpayer Compliance for Cryptocurrency Transactions:- News Report

Some of the key aspects are as under:

Virtual currency disclosure on Form 1040:

The IRS has consistently taken the view that cryptocurrencies are property for U.S. federal income tax purposes. US individual taxpayers are generally required to report gains realized on the sale of property (including cryptocurrency) and pay tax on these gains. To remind taxpayers of this requirement, Form 1040 now specifically asks taxpayers whether they have received, sold, exchanged or otherwise disposed of any financial interest in any virtual currency. The question on Form 1040 requires an affirmative answer of “yes” or “no” from all taxpayers.

Expansion of 1099-B and 8300 reporting to digital assets:

Under the new law, “any person who (for consideration) is responsible for regularly providing any service effectuating transfers of digital assets on behalf of another person” is a “broker” for purposes of Internal Revenue Code Section 6045 and required to report those transfers to the IRS on Form 1099-B. The new reporting requirements are effective for returns required to be filed and statements required to be furnished after December 31, 2023. The new reporting requirements are projected to raise additional revenue of \$28 billion over the next ten years, according to estimates prepared by the Joint Committee on Taxation—a sizable sum, though unlikely to make a significant impact on the tax gap.

9. US Assistant Secretary for Tax policy emphasizes on level playing field, reforming GILTI through two-pillar solutions:- News Report

Assistant Secretary for Tax Policy Lily Batchelder in her address at the 2022 Tax Conference hosted by the Federal Bar Association emphasized the importance of global minimum tax that sets a floor so that multinational corporations, whether headquartered in the United States or abroad pay taxes on their foreign earnings of at least 15% which further makes sure that owners of capital bear their fair share of the tax burden. The global minimum tax agreement has included a strong enforcement mechanism that ensures that countries honor their commitments, while heavily incentivizing non-signatory countries to join the common framework.

Further, With respect to Pillar two, Asst. Secy. emphasizes on the benefits of strengthening the current minimum tax system to align with the global deal, observes that the current GILTI Rules are poorly designed to combat profit shifting and the US International Tax proposals would strengthen and reform GILTI so that it aligns with the global deal, including by applying on a per country basis; Explains that it would dramatically reduce profit shifting incentives, which inefficiently inhibit domestic productivity, expresses that US is will meet its commitment to enact Pillar Two in 2022.

C. Indirect Taxation: -

1. GST evasion: CBIC cautions against sharing Aadhaar, PAN details without valid reasons:- News Report

The CBIC cautioned the public against sharing Aadhaar and PAN details without a valid reason or for monetary gains, saying that the information could be misused by fraudsters for GST evasion. In a tweet, the Central Board of Indirect Taxes and Customs (CBIC) said Aadhaar and PAN details can be used for creating fake entities in GST for evasion of taxes and hence people should refrain from sharing these without a valid reason. "Protect your personal data which may be used for creating fake entities in GST for evasion of taxes," the CBIC tweeted.

2. Lowest GST slab may be raised by 3 percent, says report:- News Report

The Goods and Service Tax (GST) council may be mulling a hike in the lowest GST slab of 5% in its next council meeting to take it up to 8%. Furthermore, the GST council may trim the list of goods and services exempted from the GST regime. The council may be looking to rationalise the tax regime with a view to bringing the revenues up and also decrease the dependence of states on the centre for compensation, as per a report by news agency PTI which cites sources. The raising of the lowest slab by 3% may bring additional revenue of Rs 1.5 lakh crore annually, as per the sources.

3. GST collection in February crosses INR 1.30-lakh crores mark for 5th time:- News Report

The gross GST revenue collected in the month of February 2022 is INR 1,33,026 crore of which CGST is INR 24,435 crore, SGST is INR 30,779 crore, IGST is INR 67,471 crore (including INR 33,837 crore collected on import of goods) and cess is INR 10,340 crore (including INR 638 crore collected on import of goods). February, being a 28-day month, normally witnesses revenues lower than that in January. This high growth during February 2022 should also be seen in the context of partial lockdowns, weekend and night curfews and various restrictions that were put in place by various States due to the omicron wave, which peaked around 20 January 2022.

4. GST body finds more instances of tax fraud at fintech firm BharatPe:- News Report

The Directorate General of Goods and Services Tax Intelligence (DGGI) has found instances of fraud at BharatPe, and the tax probe body has recovered Rs 12.5 crore so far from the fintech firm, a person aware of the development said.

5. Amendment to scope of 'Proper officer under sections 73 and 74 of the GST Act:- Circular no. 169/01/2022-GST dated 12 March 2022

The Government has issued a circular stating that the Central Tax officers of Audit Commissionerate's and Directorate General of Goods and Services Tax Intelligence (DGGI) shall exercise the powers only to issue show cause notices. A show cause notice issued by them shall be adjudicated by the competent Central Tax officer of the executive Commissionerate in whose

jurisdiction the noticee is registered when such cases pertain to jurisdiction of one executive Commissionerate of Central Tax only.

In respect of show cause notices issued by officers of DGGI, there may be cases where the principal place of business of noticees fall under the jurisdiction of multiple Central Tax Commissionerate or where multiple show cause notices are issued on the same issue to different noticees, including the persons having the same PAN but different GSTINs, having principal place of business falling under jurisdiction of multiple Central Tax Commissionerate's. For the purpose of adjudication of such show cause notices, Additional/Joint Commissioners of Central Tax of specified Commissionerate's have been empowered with All India jurisdiction vide Notification No. 02/2022-Central Tax dated 11

March 2022. Such show cause notices may be adjudicated, irrespective of the amount involved in the show cause notice(s), by one of the Additional/Joint Commissioners of Central Tax empowered with All India jurisdiction. In respect of show cause notices issued by the officers of DGGI prior to issuance of Notification No. 02/2022-Central Tax dated 11 March 2022, involving cases mentioned above and where no adjudication order has been issued till date, the same may be made answerable to the Additional/Joint Commissioners of Central Tax, having All India jurisdiction, in accordance with the criteria mentioned above, by issuing corrigendum to such show cause notices.

In respect of a show cause notice issued by the Central Tax officers of Audit Commissionerate, where the principal place of business of noticees fall under the jurisdiction of multiple Central Tax Commissionerates, a proposal for appointment of common adjudicating authority may be sent to the Board.

6. Enhanced Registration application user interface (UI):- GSTN update dated 10 March 2022

The user Interface (UI) with respect to the address fields in the Registration Application GST REG-01 has been enhanced as follows:-

- Incorporation of a map tile along with a drag and drop facility of address pinhead on to the exact location of the applicant's address.
- Once selected, the details will automatically fill in the various address input fields given in the application
- Address fields have been linked so as to auto- fill other macro level address entry fields based on the entry in one of such fields particularly PIN Codes. For example; on entering the PIN code, the corresponding State and Districts will get auto- filled.
- The user can also directly fill-up the address input fields which are now aided with suggestive address input dropdowns from which the user can select the appropriate/relevant address field(s). This action will reduce errors in the address texts and will also ease the filling up of the appropriate address input fields by the user.
- The address fields have been segregated appropriately to reduce confusions while entering the relevant inputs under various address heads.
- Based on the address entries given by the user, the Latitude/ Longitude of the address will get auto populated which is non-editable.

7. Refund of CENVAT credit of service tax paid under RCM allowed:- Madras High Court in M/s. Ganges International Private Ltd. and Ors. vs. Union of India and Ors. in WP no. 528, 1092 & 1160 of 2019

The Petitioner had filed application under section 142(3) of GST Act for refund of service tax paid under reverse charge mechanism after 01.07.2017. The claim for refund was rejected citing that there is no provision under the GST Act to allow for such refund. The Court observed that, in these kind of special situations, for which, the provision if not Section 142(3), no other eligible provision is available, there can be no impediment for invoking Section 142(3) of the Act by invoking the "Doctrine of Necessity". Accordingly, the writ petitions were allowed.

8. Don't hike GST, trade bodies urge Nirmala, cite Covid impact:- News Report

Trade bodies have urged the Union Finance Minister to drop the proposed increase in (GST) rates saying it would make things difficult for genuine tax paying firms at a time when they are limping back to normal from the impact of Covid-19.

9. Industry bats for inclusion of jet fuel, natural gas in GST:- News Report

Petroleum products should be brought under the Goods and Services Tax (GST) regime to remove existing anomalies and to let businesses claim input tax credit, industry body PHDCCI said on Thursday. "It is suggested to bring the aviation turbine fuel and piped natural gas under GST to enable the companies avail the benefit of input tax credit," the industry body said. IndiGo CEO on Wednesday said that the surge in jet fuel price since January was impacting business given that aviation turbine fuel makes up 45% of the operational costs and said "We have been in talks with the government to bring ATF under GST as it brings the benefit of input tax credit. We believe that such measures are needed now more than ever to offset this increase in cost and make flying viable for airlines and affordable for consumers,"

10. Maharashtra settlement of arrears of Tax, Interest, Penalty or late fees scheme 2022:- News Report

The Government of Maharashtra has introduced a separate scheme on 11th March, 2022 named as "Maharashtra Settlement of Arrears of Tax, Interest, Penalty, or Late fees Scheme-2022". The complete details of the scheme are awaited. This scheme is applicable regarding concessions on various taxes levied by Sales Tax Department before introduction of GST Act i.e., for the periods up to 30th June 2017. It means the Government is in full endeavour to complete pending disputes of Maharashtra VAT, etc. Due to which, disputes that are carried forward from years will be settled as well as the Government will collect tax. Also, expenditure on disputes will be cut down. But how the taxpayers respond to this scheme, this has to be seen.

Disputed amount means Tax, Interest, penalty, late fees payable as per any Statutory order under the relevant act before GST i.e., Maharashtra VAT, or notice, litigation, etc. even if any amount is payable as per other disputes, this scheme shall be applicable. To avail the benefit of this scheme, the appeal filed by the dealer needs to be withdrawn unconditionally. The duration of this Amnesty Scheme will be from April 1, 2022, to September 30, 2022. The dealer has to pay the required

amount at one time within the stipulated period. However, the dealers having arrears of more than Rs. 50 lakhs have been provided an option to pay the required amount in instalments.

11. Over INR 53,600 crore GST compensation yet to be released to states this fiscal:- FM

Over INR 53,600 crore of GST compensation for the current fiscal is yet to be released to the states, Finance Minister said in the Rajya Sabh. So far this fiscal, INR 96,576 crore has been released to the states on account of GST compensation, and an additional INR 1.59 lakh crore has been given as back-to-back loan to make good the revenue shortfall on account of Goods and Services Tax (GST) implementation. The shortfall is calculated assuming a 14 per cent annual growth in GST collections by states over the base year of 2015-16. This include INR 11,563 crore to be released to Maharashtra, INR 6,954 crore to Uttar Pradesh, INR 6,733 crore to Tamil Nadu, INR 5,461 crore to Delhi and INR 4,292 crore to West Bengal. It was further informed that GST compensation for financial years 2017-18, 2018-19, 2019-20 and 2020-21 has already been paid to the States/UTs.

12. Standard Operating Procedure (SOP) for Scrutiny of returns for FY 2017-18 and 2018-19:- Instruction No. 02/2022-GST dated 22 March 2022

The Government has issued SOPs for scrutiny of GST returns as under.

Selection of returns for scrutiny

Selection of returns for scrutiny is to be based on specific risk parameters. For this purpose, the Directorate General of Analytics and Risk Management (DGARM) has been assigned the task to select the GSTINs registered with Central tax authorities, whose returns are to be scrutinized, and to communicate the same to the field formations from time to time through the DDM portal (to the nodal officer of the Commissionerate concerned) for further action.

Proper officer for scrutiny of returns

Scrutiny of returns of a taxpayer may be conducted by Superintendent of Central Tax in-charge of the jurisdictional range of the said taxpayer.

Scrutiny Schedule

Once the list of GSTINs, whose returns have been selected for scrutiny, is communicated to the field formations, the proper officer, with the approval of the divisional Assistant / Deputy Commissioner, shall finalize a scrutiny schedule. Such scrutiny schedule will specify month-wise schedule for scrutiny in respect of all the GSTINs selected for scrutiny. While preparing the scrutiny schedule, the scrutiny of the GSTINs, which appear to be riskier based on the likely revenue implication indicated by DGARM, may be prioritized.

Indicative List Of Parameters For Scrutiny:

- Tax liability on account of “Outward taxable supplies (other than zero rated, nil rated and exempted)” and “Outward taxable supplies (zero rated)” as declared in table 3.1(a) and table 3.1(b) respectively of FORM GSTR-3B may be verified with corresponding tax liability in respect of outward taxable supplies declared in table 4 (other than table 4B), table 5, table 6, table 7A(1), table 7B(1), table 11A and table 11B (along with the net effect of amendments thereof in Table 9, 10 and 11(II)) of FORM GSTR-1. Where the tax liability in respect of supplies declared in the aforementioned tables of FORM GSTR-1 exceeds the liability

declared in table 3.1(a) and table 3.1(b) of FORM GSTR-3B, it may indicate short payment of tax.

- Tax liability on account of “Inward supplies (liable to reverse charge)” as declared in Table 3.1(d) of FORM GSTR-3B may be verified with the following (i) ITC availed in Table 4(A)(2) and Table 4(A)(3) of FORM GSTR-3B (ii) ITC in respect of inward supplies attracting reverse charge as available in Table 3 and Table 5 (along with the net effect of amendments thereof in Table 4 and Table 6 respectively) of FORM GSTR-2A.
- Tax/Cess paid in cash as per column 8 of Table 6.1 of FORM GSTR-3B. In respect of inward supplies liable to reverse charge, tax/cess is to be paid in cash. Besides such RCM payments in cash, there may also be other payments in cash by the registered person. In any case, tax liability off-set in cash should not be less than the liability arising on account of reverse charge as per table 3.1(d) of FORM GSTR-3B. Where the tax liability off-set in cash is less than the liability arising on account of reverse charge, it may indicate short payment of tax.
- ITC availed in respect of “Inward supplies from ISD” in Table 4(A)(4) of FORM GSTR-3B may be verified with Table 7 (along with the net effect of amendments thereof in Table 8) of FORM GSTR-2A.
- ITC availed in respect of “All other ITC” in Table 4(A)(5) of FORM GSTR-3B may be verified with Table 3 and Table 5 (along with the net effect of amendments thereof in Table 4 and Table 6 respectively) of FORM GSTR-2A.
- Taxable value declared on account of “Outward taxable supplies (other than zero rated, nil rated and exempted)” in Table 3.1(a) of FORM GSTR-3B is not less than the net amount liable for TCS and TDS credit as per Column 6 of Table 9 of FORM GSTR-2A. A discrepancy on the aforementioned count may indicate short payment of tax.
- Liability on account of outward supplies in Table 3.1(a) and 3.1(b) of FORM GSTR-3B should be verified with the Tax liability as declared in e-way bills.
- Claim of ITC in respect of supplies from taxpayers whose registrations have been cancelled retrospectively. In case of retrospective cancellation of registration of a supplier, the recipient is not entitled to claim ITC in respect of invoices or debit notes issued after the effective date of cancellation of the registration. Effective date of cancellation of registrations of the suppliers, if any, is made available in relevant tables of FORM GSTR-2A. Accordingly, it may be verified whether the registered person has availed ITC in respect of such invoices or debit notes issued by the suppliers after the effective date of cancellation of their registrations.
- Ineligible ITC availed in respect of invoices / debit notes issued by the suppliers who have not filed their GSTR-3B returns for the relevant tax period. FORM GSTR-2A of the registered person contains the details of “GSTR-3B filing status” of the supplier in respect of each invoice / debit note received by the registered person. Where the said status is “No”, it indicates the supplier has furnished invoice details in his FORM GSTR-1, but has not furnished the return in FORM GSTR-3B for the corresponding tax period. The availment of ITC in respect of such invoices / debit notes may be checked.
- Whether GSTR-3B of a tax period is filed after the last date of availment of ITC in respect of any invoice / debit note as per section 16(4). In such cases, no ITC shall be availed in the return. Section 16(4) of CGST Act provides for availment of ITC only till the due date of furnishing of FORM GSTR-3B for the month of September following the end of FY to which such ITC pertains or furnishing of relevant Annual Return, whichever is earlier. Accordingly,

if any return in FORM GSTR-3B is furnished after such time by the registered person under scrutiny, any ITC availed therein is inadmissible.

- ITC availed in respect of “Import of goods” in Table 4(A)(1) of FORM GSTR-3B may be verified with corresponding details in Table 10 and Table 11 of FORM GSTR-2A. Wherever required, the details of such imports may also be cross-verified from ICEGATE portal.
- Whether the registered person has made reversals of ITC in accordance with provisions of rule 42 and rule 43 of the CGST Rules.
- Whether the registered person has paid interest liability in terms of section 50.
- Whether the registered person has paid late fee in terms of section 47 in respect of returns/statements.

13. Tamil Nadu Govt. establishes Litigation Risk Management System to monitor high-risk litigations:- News Report

The Tamil Nadu Finance Minister announced the establishment of a Litigation Risk Management System (LRMS). The system will have six sorts of cases classified as "High Risk Litigation" (HRL). These include all taxation cases when the government's claim against an individual or company exceeds Rs. 100 Cr., as well as contractual disputes and wage settlements before arbitration tribunals and judicial forums if the loss exceeds Rs. 500 Cr.

14. GST collections hit all-time high in March 2022 at Rs 1.42 trillion:- News Report

GST collection in March touched an all-time high of over Rs 1.42 trillion, an increase of 15% annually, on the back of rate rationalisation and anti-evasion steps, the finance ministry said. The gross GST revenue collected in March 2022 is Rs 1.42 trillion, of which CGST is Rs 25,830 crore, SGST is Rs 32,378 crore, IGST is Rs 74,470 crore (including Rs 39,131 crore collected on import of goods) and cess is Rs 9,417 crore (including Rs 981 crore collected on import of goods). The revenues for the month of March 2022 are 15% higher than the GST revenues in the same month last year and 46% higher than the GST revenues in March 2020.

15. Framework for GST summons in works:- News Report

The government is drawing up a framework for issuing summons to the top management of companies or arrest by goods and services tax (GST) authorities amid growing concerns about arbitrariness and harassment, said officials. There has been a surge in summons to top management of companies by GST authorities requiring CFOs or CXOs to be mandatorily present in person for hearings. In some instances, multiple summons have been issued over the same issue. An official said that the Central Board of Indirect Taxes and Customs is working on a code for field officials.

16. New GST rate structure for brick kilns w.e.f. 01 April 2022:- Notification no. 03/2022 and 04/2022 dated 31 March 2022

The Government has notified new GST rate structure brick kilns who are engaged in Fly ash bricks or fly ash aggregate with 90 per cent. or more fly ash content; Fly ash blocks; Bricks of fossil meals or similar siliceous earths; Building bricks and; Earthen or roofing tiles as 6% (without ITC) and 12% (with ITC). Further, option for composition scheme under section 10 of the GST Act has been withdrawn.

17. Validity of show cause notice and order passed by State GST officer upheld even though taxpayer was assigned to Central GST Officer:- Allahabad High Court in Ajay Verma vs. Union of India and Ors. in Writ Tax No. - 1169 of 2021

The Petitioner after obtaining registration was assigned to Central Government jurisdiction. A show cause notice for assessment was issued by the officer of the State GST. The Petitioner submitted reply to the show cause notice but did not raise any objection as to the jurisdiction on the ground of assignment of the case to Central Officer. The proper officer under the Act completed the assessment proceedings and passed the assessment order. The Petitioner approached the Court against the said notice and order citing lack of jurisdiction on part of the State GST officer. The Court observed that proper officer under the State GST Act and proper officer under the CGST Act both have jurisdiction over assessee falling within their territorial jurisdiction but for administrative convenience, assignment of taxpayers have been made by the designated committee.

Thus, a proper officer under the State GST Act / CGST Act has inherent jurisdiction over assessee falling within his territorial jurisdiction but that jurisdiction has to be exercised as per cases assigned by the designated committee. Considering the facts and circumstances, the Court held that the impugned show cause notice and the impugned assessment order do not suffer from any inherent lack of jurisdiction and instead it is the result of contributory error of jurisdiction, in the circumstances that the petitioner submitted to the jurisdiction of the State GST officer without informing or without raising objection as to the assignment of the case to the central officer and after well participating in the assessment proceedings allowed the assessment order to be passed by the State GST officer. The Court dismissed the Petition.

D. Regulatory: -

1. MCA filing update & Login related advisory:- MCA Announcement dated 12 March 2022

MCA portal has not been properly operational from the past few days due to which the Ministry has released the following procedural guide to tackle the situation:-

- Use Firefox browser instead of google chrome and internet explorer.
- Please raise a ticket against the errors you've been facing on the portal.

- In the event of challan issues, save the form, then go to Track SRN, enter the SRN, and download the challan copies.

Further, for the existing V2 users having V2 login IDs and Passwords, there is No need to re-register on the V3 portal.

- The existing users may use their respective V2 user IDs and Password for the first time;
- After Login: To access the services of filing LLP forms in V3, the users need to upgrade their profile from Registered to Business user (option available on top right corner);
- For Company related filings in V2: the Users are required to use ?Login to Company Filings? option on the login page with their existing V2 credentials only.

2. MCA advisory on Associating DSC in V3 & Helpdesk No.:- MCA Announcement dated 12 March 2022

Certain Stakeholders have raised concerns over Associating DSC in V3. They are advised to follow the below simple steps:

- You can associate your DSC as a Business user in V3.
- Login using your credentials and Go to MCA Services ->FO LLP Services - >Associate DSC
- Download & run- embridge - 2nd option provided on the screen.
- Change the DSC password/PIN (for 1st time users on V3).
- In the Token field, select the ePass option from the available drop downs.
- Select Certificate Details from the drop down and enter the DSC password.
- Click on Register and you will receive a confirmation message on the portal.

3. Government extends timeline for submission of online annual returns for Year 2020-21 under FCRA:- Ministry of Home Affairs Public notice dated 31st March, 2022

The Central Government has extended the last date of submission of online annual returns in Form FC-4 for year 2020-21 up to June 30, 2022 under rule 17 of Foreign Contribution (Regulations) Rules, 2011. Under Rule 17 of Foreign Contribution (Regulations) Rules, 2011, every person who receives foreign contribution under Foreign Contribution (Regulation) Act, 2010 (FCRA) is required to submit a signed report in E-form FC-4 along with copies of income and expenditure statement, receipts and payment account, and Balance sheet for every year beginning 1st day of April within 9 months of closure of the Financial year.

4. Government extends the tenure of Foreign Trade Policy and the benefit of exemption to EOUs and others:- Directorate General of Foreign Trade (DGFT) Notification no. 64/2015-2020 and Public notice No. 53/2015-2020 dated 31st March, 2022

The Central Government has extended the validity of existing Foreign trade policy to 30 September, 2022 which was valid upto 31 March 2022. Corresponding to the above the Validity of existing Handbook of procedures, 2015-2020 is also extended upto 30 September, 2022. The validity of status certificate expiring on 31 March 2022 is also extended till 30 June 2022.

The reason specified for such extension is that foreign trade policy cell is working on aspects that will benefit Special Economic Zones (SEZs) and the ways in which they can sync new foreign trade policy with the new framework for Special Economic Zones. In this regard, the Government has also proposed to replace the existing law governing SEZs with a new legislation to enable states to become partners in the 'Development of Enterprise and Service Hubs' (DESH) and the new legislation will also comply with World Trade Organization (WTO) laws and rules.

Further, Central Board of Indirect taxes and Customs (CBIC) vide Notification no. 19/2022 dated 31 March, 2022 has also extended the exemption from payment of integrated tax and compensation cess which is required to be paid on imports made under Advance Authorisation (AA) and Export Promotion Capital Goods (EPCG) scheme from 31 March 2022 to 30 June 2022. A similar extension is also given for imports made by Export Oriented Units, Electronic Hardware Technology Parks, Software Technology Parks and Bio-Technology Parks.

The Central Government has also made the provisions of section 51A of Customs Act, 1962 effective from 1 June 2022 vide CBIC notification no. 20/2022 dated 30 March, 2022. The said provision was inserted vide Finance Act, 2018 and deals with electronic cash ledger which can be used for payment of duty, interest penalty, fee and any other amount payable under Customs. Further, Customs (Electronic Cash Ledger) Regulations, 2022 has also been prescribed in this regard.

5. Extension of the validity of FCRA registration certificates:- Public Notice no. II/21022/23(22)2020-FCRA-III

The Central Government has agreed to extend the validity of Foreign Contribution (Regulation) Act and FCRA registration certificates for certain types of FCRA registered firms.

The Home Ministry stated that the validity of registration certificates of such businesses whose validity was extended until March 31, 2022 and whose renewal application is pending would be extended until June 30, 2022, or until the date of disposal of the renewal application, whichever is sooner.

The Ministry stated that the validity of FCRA entities whose five-year validity period expires between April 1st, 2022 and June 30th, 2022 and who applied for renewal before the expiry of their five-year validity period will be extended until June 30th, 2022, or until the date of disposal of the renewal application, whichever is earlier.

The government warned all FCRA-registered associations that if an application for renewal of a certificate of registration is refused, the validity of the certificate would be assumed to have expired on the date of the rejection. The association is ineligible to receive or utilise the foreign contribution.

6. MSME issues Draft Policy for Micro, Small and Medium Enterprises in India:- Notification No. PY-10024/6/2020-POLICY-DCMSME (E-17555) dated 2 March 2022

The Ministry of Micro, Small and Medium Enterprises (MSME) on March 2, 2022 has issued Draft Policy for Micro, Small and Medium Enterprises in India.

The key aspects of the policy are as under:-

- Committees Feedback and Follow up - Government of India has taken several steps to strengthen the MSME sector in recent years. The Ministry also constituted several committees to review the status of MSMEs for suitable correction.

- Need for Policy - The purpose is to bring together a comprehensive frame-work of strategies and actions for suitable adaptation and inclusion in the state level policies.

- Vision - Stimulate efficiency and productivity of MSME sector to generate income, employment and become part of domestic and global value chains taking into account structural transformation, competitive edge, demographic dividend and regional balance.

- Action Areas - In the light of the vision and objectives, specific action areas which need deliberations for a national policy to guide, motivate, and handhold states. Whereas intergovernmental actions define potential actions, the sectoral issues provide scope of work in respective areas to be taken up by various stakeholders.

Comments from all stakeholders/ Industry Associations/ MSME units/ General public on the draft document may be sent at aktamaria@dcmsme.gov.in and policydivision@dcmsme.gov.in by 15 March 2022.

7. EPFO members can now change EPF/EPS nomination online:- News Report

Employees' Provident Fund Organisation (EPFO) has recently announced on its twitter handle that its members can now change their EPF and EPS nominees online by logging in at the EPFO website – epfindia.gov.in. New EPF nomination will override the previous nomination and the latest

EPF/EPS nomination will be considered as the final one. The detailed process for doing the same has been given as under.

- 1] Login at EPFO website – epfindia.gov.in;
- 2] Go to 'Service' option and select 'For Employees';
- 3] Click at 'Member UAN/ Online Service (OCS/OTP)';
- 4] Login with UAN and password;
- 5] Select 'E-nomination' under 'Manage' tab;
- 6] 'Provide Details' tab will appear on your monitor, click on 'Save' option;
- 7] Click on 'Yes' to update your family declaration;
- 8] Click at 'Add Family Details' option and add one or more than one nominee as per your wish;

- 9] Click at "Nominee Details' option and declare the nominee's share;
- 10] Click at 'Save EPS Nomination' tab;
- 11] Click at 'E-sign' to generate OTP; and
- 12] Submit the OTP received on your Aadhaar-linked mobile phone.

8. Latest information on implementation of New Labour Codes:- News Report

Shri Rameswar Teli, Minister of State, Ministry of Labour & Employment shared the latest developments going on the four labour codes during a media interaction.

Total of 27, 23, 21 and 18 States/UTs have pre-published draft Rules under the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 respectively.

Various consultations were asked while drafting these codes:-

1. The codes were placed on the website and comments were invited from all stakeholders including the general public.
2. Total of Nine tripartite consultations were undertaken on all the four Codes from Central Trade Unions, Employers' Associations and State Governments
3. Various regional conferences were also held.

9. Ministry of Electronics & Information Technology (Meity) has issued draft Draft India Data Accessibility & Use Policy 2022 for public consultation:- Press Release

While a comprehensive Data Protection Bill is under active discussion before the Parliament, Meity has issued this key Policy with the following:

India's ambition of becoming a \$5trillion-dollar digital economy depends on its ability to harness the value of data. Considering this, the India Data Accessibility and Use Policy aims to enhance access, quality, and use of data, in line with the current and emerging technology needs of the decade.

Objective & Purpose:

This policy aims to radically transform India's ability to harness public sector data for catalysing large scale social transformation. Any data sharing shall happen within the legal framework of India, its national policies and legislation as well as the recognised international guidelines.

Applicability:

This policy will be applicable to all data and information created/generated/collected/archived by the Government of India directly or through authorised agencies by various Ministries/Departments/Organizations/Agencies and Autonomous bodies. State Governments will also be free to adopt the provisions of this policy and the protocols as applicable.

Institutional Framework:

India Data Office (IDO) shall be set up by MeitY with an objective to streamline and consolidate data access and sharing of public data repositories across the government and other stakeholders.

India Data Council– comprising India Data Officer and Chief Data Officers of Departments of Government of India and State Governments–shall be constituted with an objective of undertaking tasks that require deliberations across Ministries, Departments and State Governments.

The India Data Office will coordinate closely with line ministries, states and other schematic programs to identify and accelerate access to high value data (HVD) housed with these custodians.

Making Data Open By Default*:

All data for every Government Ministry/Department/Organisation shall be open and shareable by default unless:

- Categorised under the negative list of data sets that won't be shared;
- Categorised under restricted access and shared only with trusted users- as defined by the concerned Ministry/Department- under a controlled environment.

[*Open by Default, as widely used in the contexts of Open Government and Open Data, is the principle in which the government makes its data accessible to the public by default, unless there is a sufficient justification to explain that greater public interest may be at stake, as a result of disclosure.]

High-Value Data Sets:

An indicative Framework for identifying High-Value Datasets(HVDs) will be notified by India Data Council. HVDs will be defined based on their degree of importance in the market, degree of socio-economic benefits, impact on India's AI strategy and performance on key global indices. All government ministries/departments will adopt the HVD framework to identify, publish and maintain their high-value datasets.

Pricing & Licensing:

Minimally processed datasets shall be made available at no cost to promote innovation and research & development.

To promote innovation and unlock the value potential of data, certain detailed datasets that have undergone value addition/transformation may be valued appropriately by the owner Departments/Ministries of Central & State Government organisations and institutions.

Data Quality & Meta-Data Standards:

Each Central Ministry/Department shall adopt and publish its domain-specific metadata and data standards. These standards should be compliant with the interoperability framework, policy on open standards, Institutional Mechanism for Formulation of Domain-specific Metadata and Data Standards and other relevant guidelines published on the e-gov standards portal.

Data Anonymisation & Privacy Preservation:

Reference anonymisation tools and decision-making frameworks will be provided to all ministries/departments to assist data officers in managing data sharing requests.

Any data sharing shall happen within the legal framework of India, its national policies and legislation as well as the recognized international guidelines. This will prevent misuse of data and assure security, integrity and confidentiality of data.

Data Retention:

Each Central Ministry/Department shall define its data retention period for specific datasets and ensure compliance with the same.

A broad set of guidelines would be standardized and provided to help ministries / departments define their data retention policy. These can be based on the DQGI framework notified by NitiAayog.

Data Sharing Toolkit:

A data-sharing toolkit will be provided to all ministries/departments to help assess and optimally manage risk associated with data sharing and release.

Data shall remain the property of the agency/department/ ministry/entity which generated/collected it.

Access to data under this policy shall not be in violation of any acts and rules of the government of India in force. Legal framework of this policy shall be aligned with various acts and rules covering the data.

All data being shared must ensure compliance to guidelines for legal, security, IPR, copyrights and privacy requirements.

Policy Enforcement:

India Data Council– comprising India Data Office and Chief Data Officers of 5 Departments of Government of India–shall be the entity responsible for finalizing Data standards and Metadata Standards. The department which is the primary owner of a particular data set shall also be an associate member of India Data Council for the concerned dataset.

This draft of the policy is put up for public consultation.

The feedback may be sent to Ms. Kavita Bhatia, Scientist F at the email kbhatia@gov.in and pmu.etech@meity.gov.in.

The last date of submission for inputs/feedback is March 18, 2022

10. Limited Liability Partnership (Second Amendment) Rules, 2022:- MCA Notification dated 04 March 2022

MCA vide its notification dated 04 March 2022 has made amendments to the existing Limited Liability Partnership Rules, 2009. The key amendments introduced by the ministry are as follows:

- The application for the allotment of DPIN can now be made by 5 individuals at the time of incorporation itself.
- The PAN and TAN number shall now be mentioned in the Certificate of Incorporation issued to the LLP in Form 16 at the time of incorporation itself.
- In the cases where the Corporate Insolvency Resolution Process has been initiated against the LLP, then the Statement of Account and Solvency may be signed by an interim resolution professional or resolution. Further, if the LLP having turnover upto 5 Crores during the corresponding financial year or contribution upto 50L rupees has come under liquidation under the Insolvency and Bankruptcy Code, 2016, then the said annual return may be signed on behalf of the LLP by interim resolution professional or resolution professional, or liquidator or LLP administrator and no certification by a designated partner shall be required.
- Form 29 has been merged with Form 28 only that used to give the details regarding alteration in the COI, names and addresses of any of the persons authorised to accept service on behalf of a foreign limited liability partnership (FLLP); cessation to have a place of business in India etc.

11. EPFO interest rate for 2021-22 slashed from 8.5% to 8.1%, lowest in over 4 decades:- News Report

The Employees' Provident Fund Organisation has reduced interest rates on provident fund deposits to 8.1 percent for 2021–22, down from 8.5 percent credited in 2020–21 and 2019–20. Based on EPFO's expected income for the year of Rs 76,768 crore, an interest rate of 8.1 percent has been published, leaving the retirement fund body with a surplus of Rs 450 crore to maintain a balance of investment with social security.

Though EPFO's corpus has increased from Rs 8.29 lakh crore in 2020–21 to Rs 9.4 lakh crore in 2021–22, maintaining an interest rate of 8.5 percent would have resulted in a Rs 3,500 crore shortfall. The finance ministry has been urging the labour ministry to reduce the interest rate on provident deposits in order to put them in line with other modest savings plans.

12. Last date extended for applications under MEIS, ROSCTL, ROSL:- Notification no. 58/2015-2020, dated 07 march 2022

DGFT via notification dated 7 March 2022 has extended the last date for submission of application under certain scrip based schemes. The extended last date for submitting online applications are as follows:

Details of Scheme	Extended last date
MEIS (for export made in the period 1.4.2020 to 31.12.2020)	30 April 2022
2% additional ad hoc incentive (for export made in the period 1.1.2020 to 31.3.2020)	30 April 2022
ROSCTL (for exports made in the period 7.3.2019 to 31.12.2020)	15 March 2022
ROSL (for exports made up to 6.3.2019)	15 March 2022

13. Government reopens application window for PLI Scheme for White Goods (ACs and LED Lights):- Ministry of Commerce & Industry Press note dated 07 March, 2022

The Union Cabinet had given approval for the PLI Scheme for White Goods for manufacture of components and sub-assemblies of Air Conditioners (ACs) and LED Lights on 7.04.2021 in pursuance of Prime Minister's clarion call for 'Atmanirbhar Bharat' to bring manufacturing at the center stage and emphasize its significance in driving India's growth and creating jobs. The Scheme is to be implemented over a seven-year period, from FY 2021-22 to FY 2028-29 and has an outlay of Rs. 6,238 crore.

The Scheme was notified by the Department for Promotion of Industry & Internal Trade (DPIIT) on 16.04.2021. Applicants were given flexibility to choose the gestation period either up to March 2022 or up to March 2023.

Now, Government reopens application window for PLI Scheme for White Goods (ACs and LED Lights) from 10th March, 2022 to 25th April, 2022 to give second chance to prospective investors to take benefits of the Scheme. The application window for the Scheme shall remain open for the period from the 10th March to 25th April, 2022 (inclusive) on the on-line portal having URL as <https://pliwhitegoods.ifcilttd.com/>.

14. RBI issues guidelines for extended interest equalisation scheme for export credit:- RBI/2021-22/180 dated 8 March 2022

The Reserve Bank of India (RBI) on Tuesday has issued modified norms on Interest Equalization Scheme for export credit after the extension of the scheme till March 2024 by the government. The move is expected to boost outbound shipments from the country. Exporters get subsidy under the 'Interest Equalisation Scheme for pre and post-shipment Rupee Export Credit.

The Interest Equalisation Scheme (IES) was first implemented on 1st April 2015 to provide pre and post-shipment export credit to exporters in rupees. In April last year, the scheme was first extended till June end and later till September 2021.

The modifications made by the Government to the Scheme are detailed below:

- The interest equalisation rates under the scheme have been revised to 2 per cent and 3 per cent for specified categories of MSME manufacturer exporters.
- The scheme will not apply to telecom instruments and entities availing benefits under the Production Linked Incentive (PLI) scheme of the government.
- While issuing approval to the exporter, the bank will be required to furnish the prevailing interest rate, the interest subvention being provided, and the net rate being charged to each exporter, so as to ensure transparency and greater accountability in the operation of the scheme.
- From 1 October 2021 to 31 March 2022, banks shall identify the eligible exporters as per the scheme, credit their accounts with the eligible amount of interest equalisation and submit a sector-wise consolidated reimbursement claim for the said period to the RBI by 30 April 2022, according to the notification.

- Further, from 1 April 2022, banks shall reduce the interest rate charged to the eligible exporters upfront as per the guidelines and submit the claims in original within 15 days from the end of the respective month in the prescribed format.

15. RBI notifies amendment to Payments and Settlement Systems Regulations, 2008 dated 17th March, 2022

Certain monthly / quarterly / annual returns prescribed in sub-regulations (a) to (g) of regulation 6 (2) have been discontinued and redundant operational guidelines listed in the 'schedule' to regulation 5 have been removed in order to reduce the compliance burden on Regulated Entities (REs). Regulation 6 deals with submission of returns, documents etc in which every system provider is bound to submit to the Bank such returns, documents and other information as may be required by the Bank from time to time.

16. Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022:- RBI Master Direction No. DoR.FIN.REC.95/03.10.038/2021-22 dated 14 March 2022

The Reserve Bank has issued Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 for regulating microfinance loans. The Directions will come into force from April 01, 2022.

Key Points:

- **Applicability:** The provisions of these directions shall apply to the following entities
 1. All Commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks) excluding Payments Banks;
 2. All Primary (Urban) Co-operative Banks/ State Co-operative Banks/ District Central Co-operative Banks; and
 3. All Non-Banking Financial Companies (including Microfinance Institutions and Housing Finance Companies).

- **Assessment of Household Income:**
 1. Each RE(Regulated Entity) shall put in place a board-approved policy for assessment of household income.
 2. Self-regulatory organisations (SROs) and other associations/ agencies may also develop a common framework based on the indicative methodology. The REs may adopt/ modify this framework suitably as per their requirements with approval of their boards.
 3. Each RE shall mandatorily submit information regarding household income to the Credit Information Companies (CICs).

- **Limit on Loan Repayment Obligations of a Household**
 1. Each RE shall have a board-approved policy regarding the limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income. This shall be subject to a limit of maximum 50 per cent of the monthly household income.

2. The computation of loan repayment obligations shall take into account all outstanding loans (collateral-free microfinance loans as well as any other type of collateralized loans) of the household. The outflows capped at 50 per cent of the monthly household income shall include repayments (including both principal as well as interest component) towards all existing loans as well as the loan under consideration.
3. Existing loans, for which outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income exceed the limit of 50 per cent, shall be allowed to mature. However, in such cases, no new loans shall be provided to these households till the prescribed limit of 50 per cent is complied with.

- Pricing of Loans:

1. Each RE shall put in place a board-approved policy regarding pricing of microfinance loans.
2. Interest rates and other charges/ fees on microfinance loans should not be usurious subjected to supervisory scrutiny by the Reserve Bank.
3. Any fees to be charged to the microfinance borrower by the RE and/ or its partner/ agent shall be explicitly disclosed in the factsheet.
4. Each RE shall prominently display the minimum, maximum and average interest rates charged on microfinance loans in all its offices, in the literature (information booklets/ pamphlets) issued by it and details on its website.

- Qualifying Assets Criteria: The minimum requirement of microfinance loans for NBFC-MFIs also stands revised to 75 per cent of the total assets.

17. Securities And Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2022:- Notification No. SEBI/LAD-NRO/GN/2022/75 dated 16th March, 2022

SEBI vide its Notification No. SEBI/LAD-NRO/GN/2022/75 dated 16th March, 2022, the Board makes the regulations to further amend the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 to the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2022.

The clause (d) of Regulation 15 of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, shall be substituted with Category III Alternative Investment Funds wherein they may direct or indirectly invest up to 20% of their investable funds in an Investee Company. They may not invest more than 10% of their assets in other Alternative Investment Firms' units.

18. FIRC submission allowed in case of exports to OFAC listed countries under advance authorisation:- Public Notice No. 50/2015-2020-DGFT dated 17th March, 2022

Guidelines of ANF-4F of Handbook of Procedures, 2015--2020 have been amended to allow submission of FIRC in case of exports made to OFAC listed countries under Advance Authorization.

19. Operationalisation of new online IT Module for Interest Equalisation Scheme w.e.f. 01.04.2022:- Trade Notice 38 /2021-22 dated 15 March 2022

The Directorate General of Foreign Trade vide its Trade Notice 38 /2021-22 dated 15th March 2022, has decided to operationalise a new online module for filing of electronic registration for Interest Equalisation Scheme w.e.f. 1st April 2022. All exporters seeking advantages under the Interest Equalisation Scheme must apply online at the DGFT website (<https://dgft.gov.in>) – Services – Interest Equalisation Scheme. A Unique IES Identification Number (UIN) would be generated automatically and must be supplied to the relevant bank when requesting interest equalisation on pre and post shipment rupee export credit applications.

The UIN created will be valid for one year from the date of registration, during which time an application for the benefit of IES can be made to the relevant bank. To take advantage of the IES benefit, the auto-generated acknowledgement including the UIN number must be sent to the concerned bank together with the specified application by the bank, if any. Furthermore, for any applications submitted on or after April 1, 2022, exporters must submit UIN acknowledgement to the relevant bank.

20. Parliamentary Panel suggests third-party audit of CSR spending by companies:- News Report

The Parliamentary Standing Committee on Finance, headed by Jayant Sinha, recommended the government to conduct a third-party audit of corporate social responsibility (CSR) spending by companies. Sinha further stated that monitoring compliance of CSR norms is a difficult task, and information regarding such spending by companies is "insufficient and difficult for a layperson to access". However, the ministry believes that the existing legal provisions provide adequate safeguards.

21. Latest information on implementation of provisions for gig and platform workers:- News Report

Shri Rameswar Teli, Minister of State, Ministry of Labour & Employment shared the latest developments on provisions for gig and platform workers under Code on Social Security, 2020 during a media interaction.

The provision relating to gig and platform workers have been introduced for the first time as earlier no provision relating to them was available. This code envisages the social security benefits by formulating various schemes for gig and platform workers which can be implemented through Employees' Provident Fund Organisation (EPFO) and Employees' State Insurance Corporation (ESIC). The social security fund is also set up and aggregator being one source of fund to contribute between 1 to 2% of annual turnover of an aggregator subject to the limit of 5% of the amount paid or payable by an aggregator to such workers.

22. Ministry of Labour to implement the National Career Service (NCS) to provide a variety of employment related services:- Posted by PIB Delhi dated 21 March 2022

The Ministry of Labour and Employment on 21 March 2022 has notified the implementation of the National Career Service (NCS) Project to provide a variety of employment related services like job search and matching, career counselling, vocational guidance, information on skill development courses, etc. The services are available online on the National Career Service Portal (www.ncs.gov.in)

The portal also allows jobseekers to add their skill certificates on NCS through Digilocker. The certificate of candidates undertaking Pradhan Mantri Kaushal Vikas Yojana (PMKVY) training is also accessible to NCS through integration with Skill India Portal. The candidate registered on NCS Portal can also provide information related to their key skills and education etc. based on which they can find relevant jobs.

Further the Government has also announced linking of NCS Portal with ASEEM Portal of Ministry of Skill Development and Entrepreneurship, eShram Portal of Ministry of Labour & Employment and UDYAM Portal of Ministry of Micro, Small and Medium Enterprises. This will further enhance the skill based database of candidates on the NCS Portal.

23. RBI launches Reserve Bank Innovation Hub in Bengaluru:- RBI Press Release 2021-2022/1903 dated 24 March 2022

Reserve Bank of India (RBI) governor Shaktikanta Das on Thursday inaugurated the Reserve Bank Innovation Hub (RBIH) in Bengaluru which is intended to encourage and nurture financial innovation in a sustainable manner through an institutional set-up. The RBI has set up RBIH as a wholly owned subsidiary with an initial capital contribution of Rs. 100 crore.

The Hub has an independent Board with S. Gopalakrishnan as Chairman and other persons from industry and academia as members. RBIH aims to create an ecosystem that focuses on promoting access to financial services and products for the low-income population in the country. The Hub is also expected to collaborate with various government Ministries, Departments and academia to identify problem statements in different domains and explore potential solutions.

24. Maharashtra Government introduces The Maharashtra Shops And Establishments (Regulation Of Employment And Conditions Of Service) (Amendment) Act, 2022:- Notification no. No. XXIV of 2022 dated 23 March 2022

The Government of Maharashtra vide notification no. No. XXIV of 2022 has introduced The Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) (Amendment) Act, 2022. Following amendments have been made:

- The name board of every establishment shall be in Marathi language in Devnagari script for the establishments employing ten or more workers or less than ten workers.
- The Marathi language shall essentially be written in the beginning of the name board and the font size of the letters in Marathi Language shall not be smaller than the font size of the letters in any other language.

- The establishments serving or selling liquor shall not have names of legends or forts in a name board.
- The requirement for the Aadhaar card number in the identity card for workers has been removed.

25. SEBI amends LODR norms and relaxes the requirement of splitting role of Chairperson and CEO roles for listed entities:- NOTIFICATION F. NO. SEBI/ LAD-NRO/GN/2022/76 dated 22 March, 2022

The Securities and Exchange Board of India vide notification dated 22 March, 2022 has notified the amendment to the LODR Regulations whereby it has relaxed the requirements to split the role of Chairperson and Managing Director (MD) or Chief Executive Officer (CEO) positions at listed companies by making it voluntary. Mandatory separation of roles of MD, CEO and Chairperson was to be effective from April 01, 2022, for top 500 companies, however, SEBI in its board meeting held on 15-02-2022 decided to make the requirement of separation of roles voluntary.

26. The NSWS site now supports 146 central approvals:- News Report

Setting up of an Investment Clearance Cell (ICC) was announced in the Budget 2020-21 with the objective to provide “end to end” facilitation and support to investors, including pre investment advisory, provide information related to land banks and facilitate clearances at Centre and State level. The cell was to operate through an online digital portal.

The ICC/National Single Window System (NSWS) [www.nsws.gov.in] was soft-launched on September 22nd, 2021 by Hon'ble Commerce & Industry Minister as a one-stop shop for taking all regulatory permissions and services in the country. Currently, the NSWS portal may be used to apply for 146 central approvals from 21 Ministries/Departments. The Single Window Systems of 14 states/UTs have been integrated with the NSWS Portal, allowing approvals from these states/UTs to be sought for with a single login id. All pertinent Central Government and State Ministries and Departments have been asked to link their approval processes with the NSWS.

27. Advisory for E-scrip to avail Export Incentive Schemes (RoSCTL, RoDTEP): Advisory No: 06/2021

A new scheme, Remission of Duties and Taxes on Exported Products (RoDTEP) has been launched by the government for exporters. The scheme provides for rebates of Central, State and Local duties or taxes or levies which are not refunded under any other duty remission schemes. The E-scrip module is developed by ICEGATE, CBIC to provide a digital service to exporters to avail benefits defined under various incentive schemes like RoDTEP and RoSCTL.

The exporter can log in into his account and generate a scrip after selecting the relevant shipping bills. E-scrip account can be used by the Importer/Exporter/CHA only after creating it at ICEGATE. The user has to be a valid IEC Holder registered on ICEGATE with a DSC. Below are the steps to create an E-scrip Account with ICEGATE.

Said advisory also covers a complete step-by-step guide for the user to create an escrip account, generate scrips and transfer the scrips to any other IEC to avail the benefit of the scheme.

28. The MCA has notified the Companies (Accounts) Second Amendment Rules, 2022:- Notification No. G.S.R. 235(E), dated 31.03.2022

According to the amended notification, the MCA has extended the implementation of Audit Trail software from FY 2023-24 from FY 2022-23. Also, the timeline for filing web form CSR-2 has also been extended to 31 May 2022, earlier, such form was to be filed by 31 March 2022.

29. Clarification on applicability of Regulation No. 23 of SEBI (LODR) Regulations, 2015 in relation to Related Party Transactions (RPT):- SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2022/40 dated 30 March 2022

SEBI vide Circular dated 30th March, 2022 has provided clarifications and guidance for smooth implementation of the amended Regulation 23 of the SEBI (LODR) Regulations, 2015 that were introduced by it back in November 2021 to strengthen the monitoring of Related Party Transactions and for better governance. The board has clarified that:

- The Related Party Transaction (RTP) that has already been approved by the audit committee and shareholders prior to 1st April, 2022, listed companies will not be required to obtain fresh approval from the shareholders; and all those RTPs that continues beyond such date and becomes material as per the revised materiality threshold* shall be placed before the shareholders in the first General Meeting held after 1st April, 2022.

(*A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower. [Amended vide SEBI notification dated 9th November, 2021)

- Further, all those RPTs for which the company's audit committee has granted omnibus approval, should continue to be placed before the shareholders if it is material* in terms of the new norms.

Contact Us:-

Rahul Garg

Partner

Corporate Tax & Regulatory

garg.rahul@asire.in

+91 9891091307

Anuj Kakkar

Partner

Indirect Tax & EXIM

kakkar.anuj@asire.in

+91 9820315318

Tax | Regulatory | M&A

www.asire.in

Office Addresses:-

Indian Offices

Gurgaon

529, Fifth Floor, Tower

B-4, Spaze i-Tech Park,

Sector-49 Sohna Road,

Gurgaon 122018,

Haryana

Delhi

R-89, Greater Kailash-1

New Delhi-110048

Bangalore

FF1, Nasco Olives

Nagayanapalya

Maruthi Sevenagar-560033

Overseas Offices:

United Kingdom

The Minister Building

21 Mincing Lane, London

EC3R 7AG