



**THE KOLHAPUR BRANCH OF  
WIRC OF THE INSTITUTE OF  
CHARTERED ACCOUNTANTS OF INDIA**



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## Branch Address

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Dear Members,

First of all I heartily wish you all a \*\*\*\*Very Happy, Healthy and Prosperous New Year\*\*\*\*.

Recently we have concluded with the Triennial elections for the Central and Regional Councils of our Institute. The results have come in and many aspiring candidates have been successful in making it to becoming members of the upcoming Central and Regional Councils. Let's wish the new councils all the very best for their coming tenure and hope that they will successfully bear the torch as leaders of our professional body.

Friends after the election for the central and the regional councils in the coming month of January, we will also be having election for electing the branch committees. The elections for our Kolhapur branch are due on 24th of this month. We will be electing new members for bearing the office as committee of the Kolhapur Branch for the period 2022-25. So, let's gear up and hope we get good candidates full of enthusiasm and vigor for running the activities of the Branch in the future.

Our Institute has organized a mega event in the form of International Conference on 20th to 22nd January, 2022. Earlier this conference was going to be held in physical form at Jio International Convention Centre at BKC, Mumbai which is just opposite to our WIRC Office. However, due to worsening of the pandemic situation it has been decided to shift the Conference to Virtual Mode. In fact, I see this as a blessing in disguise as we will now be able to attend the grand event from the convenience of our location and we will be able to witness and be part of the fabulous event. We will get the opportunity of having exposure to various international practices and trends. I urge upon all of you to positively register for the said conference and take advantage of such a grand conference organized by our Institute.

Friends, the month of December was one of the busiest months as we had to comply with many deadlines for our clients. Also, the upcoming month of January we will witness the same rush for getting the Tax Audits and ITR being done in time. I urge all of you to plan well in advance so that we are not under heavy mental pressure and we complete the tasks and assignments well in time.

In the month of December we had organized felicitation of newly qualified members of our Branch on 11-12-2021. It was a great event and we had the occasion of interacting with the newly qualified members and their parents. We could also hear to their experience of the journey which was very inspirational for aspiring students.

I once again request all of you to register for the International Conference of our Institute and have great knowledge gaining sessions.

Take care and be safe.

Regards

CA Tushar Anturkar  
Chairman

Chairman's Communication

CA Tushar Anturkar  
Chairman



# KOLHAPUR BRANCH OF WIRC OF ICAI

## Managing Committee



**CA TUSHAR ANTURKAR**  
CHAIRMAN



**CA SUSHANT GUNDALE**  
VICE CHAIRMAN  
WICASA CHAIRMAN



**CA CHETAN OSWAL**  
SECRETARY



**CA AMIT SHINDE**  
TREASURER



**CA ANIL CHIKODI**  
IMMEDIATE PAST CHAIRMAN

## Editorial Team

CA Girish Kulkarni  
CA Dipesh Gundesha  
CA Gangadhar Haldikar

CA Sanjay Vhanbatte  
CA Ajinkya Jagoje  
CA Subhash Pangaonkar

CA Nitin Hargude  
CA Rajat Powar  
CA Vaijayanta Chaugule





# Kolhapur Branch of WIRC of ICAI

## Details of Programme Held in the Month of December, 2021

|   | Date       |            | Programme Name                     | Topic  | Students/<br>Members | Speakers name | Venue                 | CPE<br>Hours |
|---|------------|------------|------------------------------------|--|----------------------|---------------|-----------------------|--------------|
|   | From       | To         |                                    |  |                      |               |                       |              |
| 1 | 11-12-2021 | 11-12-2021 | Felicitation of Newly Qualified CA | Felicitation of Newly Qualified CA (July 2021 attempt) | Students             | -             | ICAI Bhawan, Kolhapur | N.A.         |
| 2 | 22-12-2021 | 07-01-2022 | ICITSS - Orientation               | Virtual KOP-OP-28                                      | Students             | -             | ICAI Bhawan, Kolhapur | N.A.         |





# Income Tax Update

## Circulars and Notifications

(Compiled by CA. Ajinkya Jagoje)  
(Email - ajinkya.jagoje@abmlp.com)

### ■ FACELESS APPEAL SCHEME, 2021

**NOTIFICATION S.O. 5429(E) [NO. 139/2021/F.NO. 370142/66/2021-TPL], DATED 28-12-2021**

key changes in the new Faceless Appeal Scheme, which are listed below

- **Compulsory to allow personal hearing if requested:**

The new scheme has replaced the word 'may' with 'shall' with respect to allowing requests for a personal hearing. Thus, it would be mandatory for the Commissioner (Appeals) to allow a personal hearing if the taxpayer requests it during e-proceedings.

- **No draft appeal order:**

Goods which are not within the purview of GST, such as petroleum products, various levies like VAT, Excise duty, sales tax etc. are charged. While the treatment of GST component has been clarified in the circular no. 13 of 2021, the same is silent on other non-GST levies which have otherwise been subsumed and replaced by GST.

- **Role of Regional Faceless Appeal Centre is removed:**

In the new scheme, the board has removed Regional Faceless Appeal Centres. Now, an appeal is directly assigned to the Commissioner (Appeals) of a specific Appeal Unit.

- **Cases will be assigned to the Commissioner (Appeals):**

Now, the National Faceless Appeal Centre (NFAC) shall assign the appeal directly to a Commissioner (Appeals) of the appeal unit. Under the Faceless Appeal Scheme, 2021, the appeal unit shall have one Commissioner (Appeals) and other income-tax authority/staff to assist him.

- **No need to send a recommendation to NFAC to initiate penalty proceedings:**

The new scheme has removed the requirement to send such a recommendation. The Commissioner (Appeals) has been authorized to send a notice to the appellant through the NFAC to initiate any penalty proceedings. In the new appeal scheme, the same Commissioner (Appeals) who has completed the appeal proceedings is authorized to conduct penalty proceedings.

- **No exemption from paying tax in case of a non-filer of return**

Proviso to Section 249(4)(b) provides that where an assessee has not filed the return of income, the CIT(A) shall not admit appeal unless an amount equal to the advance tax payable by him has been paid. However, for good and sufficient reasons recorded in writing, the CIT(A) may exempt the assessee from the requirement of payment of such tax.

The relevant clause has been dropped in the new scheme. It is unclear whether it is an inadvertent omission or the board has deliberately decided not to exempt an appellant from paying the required tax before filing an appeal. As Proviso to Section 249(4)(b) allows such an exemption, it cannot be taken away by a scheme notified under the delegated legislation.



## ■ CIRCULAR NO. 21/2021 [F. NO. 225/140/2021/ITA-II], DATED 28-12-2021

### India and USA agree on a transitional approach on Equalisation Levy 2020

On October 8, 2021, India and United States joined 134 other members of the OECD/G20 Inclusive Framework (including Austria, France, Italy, Spain, and the United Kingdom) in reaching agreement on the Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalization of the Economy.

India and United States have agreed that the same terms that apply under the October 21 Joint Statement shall apply between the United States and India with respect to India's charge of 2% equalisation levy on e-commerce supply of services and the United States' trade action regarding the said Equalisation Levy. However, the interim period that will be applicable will be from 1st April 2022 till implementation of Pillar One or 31st March 2024, whichever is earlier.

The final terms of the Agreement shall be finalised by 1st February 2022.

## ■ NOTIFICATION G. S. R. 831(E) [NO. 132/2021/F.NO.370142/55/2021-TPL], DATED 23-11-2021

### ONE-TIME RELAXATION FOR VERIFICATION OF ALL INCOME-TAX RETURNS E-FILED FOR ASSESSMENT YEAR 2020-21 WHICH ARE PENDING FOR VERIFICATION AND PROCESSING OF SUCH RETURNS

- Board to provide one-time relaxation for submission of ITR-V/e-Verification for resolving the grievances of the taxpayers associated with non-verification of ITRs for the Assessment Year 2020-21 and to regularize such ITRs which have either become non-est or have remained pending with Income-tax Department for want of receipt of respective ITR-V Form or pending e-Verification. Therefore, in respect of all ITRs for Assessment Year 2020-21 which were uploaded electronically by the taxpayers within the time allowed under section 139 of the Act and which have remained incomplete due to non-submission of ITR-V Form/pending e-Verification, the Board, in exercise of its powers under section 119(2)(a) of the Act, hereby permits verification of such returns either by sending a duly signed physical copy of ITR-V to CPC, Bengaluru through speed post or through EVC/OTP modes as listed in para 1 above. Such verification process must be completed by 28-2-2022.
- Further, Board also relaxes the time-frame for issuing the intimation as provided in second proviso to sub-section (1) of Section 143 of the Act and directs that such returns shall be processed by 30-6-2022 and intimation of processing of such returns shall be sent to the taxpayer concerned as per the laid down procedure. In refund cases, while determining the interest, provision of section 244A (2) of the Act would apply. It is clarified that this relaxation would be applicable to all such returns which are verified during the extended period.
- In case the taxpayer concerned does not get her/his return regularized by furnishing a valid verification (either ITR-V or EVC/OTP) by 28-2-2022, necessary consequences as provided in law for non-filing the return may follow.

## ■ INSTRUCTION F. NO. 225/135/2021/ITA-II, DATED 10-12-2021

### INSTRUCTION REGARDING UPLOADING OF INFORMATION ON VRU FUNCTIONALITY ON INSIGHT PORTAL FOR IMPLEMENTATION OF RISK MANAGEMENT STRATEGY FOR ISSUE OF NOTICE UNDER SECTION 148

- CBDT directs that the Assessing Officers shall identify the following categories of information pertaining to Assessment Year 2015-16 and Assessment Year 2018-19, which may require action under section 148 of the Act, for uploading on the Verification Report Upload (VRU) functionality on Insight portal:
  - (i) Information from any other Government Agency/Law Enforcement Agency
  - (ii) Information arising out of Internal Audit objection, which requires action u/s 148 of the Act
  - (iii) Information received from any Income-tax Authority including the assessing officer himself or herself
  - (iv) Information arising out of search or survey action



(v) Information arising out of FT&TR references

(vi) Information arising out of any order of court, appellate order, order of NCLT and/or order u/s 263/264 of the Act, having impact on income in the assessee's case or in the case of any other assessee

(vii) Cases involving addition in any assessment year on a recurring issue of law or fact:

a. exceeding Rs. 25 lakhs in eight metro charges at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune while at other charges, quantum of addition should exceed Rs. 10 lakhs;

b. exceeding Rs. 10 crore in transfer pricing cases.

and where such an addition:

1. has become final as no further appeal has been filed against the assessment order; or

2. has been confirmed at any stage of appellate process in favor of revenue and assessee has not filed further appeal; or

3. has been confirmed at the 1st stage of appeal in favor of revenue or subsequently; even if further appeal of assessee is pending, against such order.





# High Court Tribunal Cases

## High Court Decision

### ■ **Mon Mohan Kohli v. Assistant Commissioner of Income-tax [2021] 133 taxmann.com 166 (Delhi)**

**Issue:** Whether re-assessment Notices issued post 31st March, 2021 under Section 148 without complying with the provisions of Sections 147, 148, 148A, 149 and 151 as specifically substituted by the Finance Act, 2021 with effect from 1st April, 2021, are liable to be quashed?

#### **HELD: Hon'ble High Court, held -**

- By virtue of Section 1(2)(a) of the Finance Act, 2021, the substituted Sections 147, 148, 149 and 151 of the Income-tax Act, 1961 pertaining to reopening of assessments came into force on 1st April, 2021. The Memorandum to the Finance Bill, 2021, too, clarifies that.
- There is also no power with the Executive/Respondents/Revenue to defer/postpone the implementation the substituted Sections 147 to 151 of the Income Tax Act, 1961. Section 3(1) of Relaxation Act empowers the Government/Executive to extend only the time-limits. It does not delegate the power to legislate on provisions to be followed for initiation of reassessment proceedings. Relaxation Act, 2020 nowhere delegates power to the Central Government to postpone the date of applicability of a new law enacted by the Legislature.
- The submission of the Revenue that Section 6 of the General Clauses Act saves notices issued under Section 148 post 31st March, 2021 is untenable in law, as in the present case, the repeal is followed by a fresh legislation on the same subject and the new Act manifests an intention to destroy the old procedure. Consequently, if the Legislature has permitted reassessment to be made in a particular manner, it can only be in this manner, or not at all. The argument of the respondents (Revenue) that the substitution made by the Finance Act, 2021 is not applicable to past Assessment Years, as it is substantial in nature is contradicted by Respondents' own Circular 549 of 1989 and its own submission that from 1st July, 2021, the substitution made by the Finance Act, 2021 will be applicable. Also, the arguments of the respondents qua non-obstante clause in Section 3(1) of the Relaxation Act, 'legal fiction' and 'stop the clock provision' are contrary to facts and untenable in law.
- The Executive/Respondents/Revenue cannot frustrate the purpose of substituted statutory provisions, like Sections 147 to 151 of Income-tax Act, 1961 in the present instance, by emptying it of content or impeding or postponing their effectual operation.
- Consequently, the impugned reassessment notices issued under Section 148 of the Income-tax Act, 1961 are quashed and the present writ petitions are allowed.

### ■ **R. Pannerselvam v. PCIT, Central-1 [2021] 133 taxmann.com 228 (Madras)**

**Issue:** Whether refund claim can be filed beyond 6 years under section 237 in case assessee has failed to file ITR?

#### **HELD: Hon'ble High Court, held -**

- A reading of Section 237 makes it clear that there is no limitation prescribed for filing a claim for refund of income tax.



- The 6-years time-limit specified in CBDT's Circular No.9/2015, for considering any refund claim other than through ITRs filed u/s 139(1)/(4), would only apply if the application u/s 119 was made to claim exemption for the first-time after the returns were filed in time and after the period prescribed for revising the assessment had expired (6 years time-limit for re-assessment under old sections 147 to 151) and the assessment had attained finality.
- Where no ITR was filed by applicant within the time stipulated under section 139(1)/139(4) and refund claim was made by him for the first-time after the 6-years time limit specified in Circular No.9/2015, AO must consider the refund claim on merits u/s 237 r/w section 119 and assess the tax due and determine the amount refundable. The non-issue of re-assessment notice within the old 6 -years time-limit will not be held to the detriment of the assessee. The AO would, however, be at liberty to impose any penalty/interest applicable under the law for non-filing of ITR within the time-limit stipulated u/s 139
- **CIT, Mumbai City-I v. Maharashtra Hybrid Seeds Co. Ltd. [2021] 133 taxmann.com 43 (Bombay)**  
**Issue:** Provision for foreign travel expenses payable, whether to treated contingent in case travel is taken at future date ?
- **HELD: Hon'ble High Court, held:**  
Provision for foreign travel expenses payable, as per binding contract, in respect of dealers/distributors who have achieved sales targets for last three years as of 31st March, crystallises the moment the dealer/distributor achieves the sales target for three years as per contract and not when foreign trip is undertaken/booked or when claim is made by dealer/distributor. The provision is in respect of an ascertained liability and is not a contingent liability and is deductible u/s 37(1).

## Tribunal Decision

- **Pradeep Kumar Joshi vs. ITO, International Taxation, Ahmedabad [2021] 133 taxmann.com 283 (Ahmedabad - Trib.)**  
**Issue:** Whether both the date of arrival and date of departure from India, should be considered while calculating days of stay India for determining 'Residential status' ?
- HELD:**
- Assessee claimed that he stayed in India during the year under consideration for 175 days whereas the case of the Revenue is this that the assessee stayed in India for 184 days.
- Assessee argued that only date of departure should be considered as "stay in India". In support of the case of excluding the date of arrival in India as made by the assessee, the assessee further relies upon the order passed by the Hon'ble Mumbai Bench in the case of ITO (IT) v. Faustac Cordeiro [2012] 24 taxmann.com 193/53 SOT 522 and Karnataka High Court in the case of DIT International Taxation v. Manoj Kumar Reddy Nare [2011] 201 Taxman 30/ 12 taxmann.com 326.
- Bangalore Bench in the case of Manoj Kumar Reddy v. ITO (International Taxation) [2009] 34 SOT 180 has made observation -

*3.22 We have heard both the parties. The Hon'ble Delhi High Court in the case of Praveen Kumar (supra) had an occasion to consider as to whether the suit was filed in time. In that case, deed of performance was stipulated as 30-7-2002. In case the deed of performance was to be excluded then the limitation will commence from the next date, i.e., 31-7-2005. The Hon'ble Delhi High Court referred to section 9 of the General Clauses Act. If the word 'from' is used then the first day in a series of days will stand excluded and if the word 'to' is used, then it will include the last day in a series of days or any other period of time.*





- Following the the Bangalore Bench decision Tribunal allowed to exclude the day of arrival to be excluded.

■ **Krishna Mohan Choursiya. v. Income tax Officer, Rajgarh, [2021] 133 taxmann.com 15 (Indore - Trib.)**

**Issue:** whether where land initially purchased by assessee was a rural agricultural land and was thus not a capital asset land, per provision of section 2(14)(iii) till date of it being diverted into a non-agricultural land, capital gain accruing to assessee till date of diversion of land shall be exempt from tax?

**HELD:**

- It is found that agricultural lands purchased during the financial years 1978-79 and 1988-89 were rural agricultural lands and were not capital assets as per section 2(14)(iii). The only contention of the assessee was that the agricultural land which was initially purchased by the assessee was a rural agricultural land till the date of diversion i.e. till 25-11-2010 and as such, capital gain till the date of diversion was not liable to be taxed.
- *On perusal of records filed, it is found that the land in question was situated at a distance of 2.5 kms from the panchayat office of Village Lasudalya Ramnath which is a gram panchayat having a population of 4,115 as per the census of 2011. The Madras High Court in the case of CIT v. P.J. Thomas [1995] 211 ITR 897 it is found that there was a clear distinction between a municipality and a gram panchayat, therefore, it is viewed that the land in question was not situated within the limit of any municipality or cantonment board.*
- *Thus, in view of these facts and circumstances of the case, it is found that the agricultural land initially purchased by the assessee was not a capital asset as per section 2(14)(iii). Accordingly, the amount of capital gain accruing to the assessee till the diversion of agricultural land on 25-11-2010 shall not be eligible to tax.*
- *The fair market value of land computed on the basis of reverse indexation method comes to Rs. 68.90 lakhs. The reverse indexation method for determination of fair market value of a capital asset is duly accepted and approved in different judgments. On consideration of above, there is force in the contention of the assessee that fair market value of land as on the date of diversion i.e. on 25-11-2010 shall be taken as Rs. 68.90 lakhs. Thus, capital gain accruing to the assessee till the date of diversion using fair market value of Rs. 68.90 lakhs shall be exempt from tax. Further, it is viewed that fair market value of Rs. 68.90 lakhs as on the date of diversion shall be considered as cost of acquisition for the purpose of determination of the amount of capital gain chargeable to tax during the year under consideration. The indexed cost of acquisition of land comes to Rs. 91 lakhs for the financial year 2013-14 (assessment year 2014-15). The assessee sold land for consideration of Rs. 91 lakhs on 2-5-2013. Thus, effectively there shall be no capital gain chargeable to tax in the hands of the assessee during the assessment year 2014-15 in respect of sale of land in question. The capital gain accruing to the assessee till the date of diversion of land is exempt from tax as the land in question was not a capital asset as per the provision of section 2(14)(iii) till the date of its diversion. Thereafter, capital gain computed considering the fair market value of land on the date of diversion of Rs. 68.90 lakhs comes to NIL and as such, capital gain is chargeable to tax in the hands of the assessee.*







# Due Dates for Dec 2021

Co-Authors: CA Prasanna Kamble and Yash Kadam of Kunte & Chaugule

| Sr.No | Particulars   | Due Date   |
|-------|---|------------|
| 1     | GSTR-6 (For the month of Dec, 2021)   | 13-01-2022 |
| 2     | Due date for deposit of Tax deducted/collected for the month of December, 2021  | 07-01-2022 |
| 3     | GSTR-7 (For the month of Dec, 2021)   | 10-01-2022 |
| 4     | GSTR-8 (For the month of Dec, 2021)   | 10-01-2022 |
| 5     | GSTR-1 (For the month of Dec, 2021)   | 11-01-2022 |
| 6     | GSTR-1 (Oct-Dec, 2021)  | 13-01-2022 |
| 7     | TDS Certificate for For the month of November   | 14-01-2022 |
| 8     | Due date for filing of audit report under section 44AB for the assessment year 2021-22  | 15-01-2022 |
| 9     | Quarterly statement of TDS for the quarter ending December 31, 2021   | 31-01-2022 |
| 10    | Quarterly statement of TCS for the quarter ending December 31, 2021   | 15-01-2022 |
| 11    | Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of December  | 15-01-2022 |
| 12    | CMP-08 (Oct-Dec, 2021)  | 18-01-2022 |
| 13    | GSTR-3B (For the month of Dec, 2021)  | 20-01-2022 |
| 14    | GSTR-5 (For the month of Dec, 2021)   | 20-01-2022 |
| 15    | GSTR-5A (For the month of Dec, 2021)  | 20-01-2022 |
| 16    | GSTR-3B (For the month of Oct-Dec,2021)   | 22-01-2022 |
| 17    | Challan-cum-statement For the month of December   | 30-01-2022 |
| 18    | Quarterly return of non-deduction at source by a banking company from interest on time deposit in respect of the quarter ending December 31, 2021   | 31-01-2022 |
| 19    | Intimation under section 286(1) in Form No. 3CEAC, by a resident constituent entity of an international group whose parent is non-resident  | 31-01-2022 |
| 20    | Audit report under section 44AB for the assessment year 2021-22 in the case of an assessee who is also required to submit a report pertaining to international or specified domestic transactions under section 92E | 31-01-2022 |



# Amendments Related to Section 10(11) and 10(12)

Co- Authors: CA Vaibhav Chaugule and Snehal Ghorpade of Kunte & Chaugule

## Background of Section 10(11) and 10(12):

### A) Section 10(11):

Provides for the exemption with respect to any payment from a provident fund to which the Provident Funds Act, 1925 (19 of 1925), applies or from any other provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette;

### B) Section 10(12)

Provides for the exemption with respect to the accumulated balance due and becoming payable to an employee participating in a recognised provident fund, to the extent provided in rule 8 of Part A of the Fourth Schedule;

## Amendments by the Finance Act, 2021:

### 1) Proviso to section 10(11):

Following provisos has been inserted in clause (11) of section 10 by the Finance Act, 2021, w.e.f. 1-4-2022 :

*Provided also that the provisions of this clause shall not apply to the income by interest accrued during the previous year in the account of a person to the extent it relates to the amount or the aggregate of amounts of contribution made by that person exceeding two lakh and fifty thousand rupees in any previous year in that fund, on or after the 1st day of April, 2021 and computed in such manner as may be prescribed :*

*Provided further that if the contribution by such person is in a fund in which there is no contribution by the employer of such person, the provisions of the first proviso shall have the effect as if for the words "two lakh and fifty thousand rupees", the words "five lakh rupees" had been substituted;*

### 2) Proviso to Section 10(12):

Following provisos has been inserted in clause (12) of section 10 by the Finance Act, 2021, w.e.f. 1-4-2022 :

*Provided also that the provisions of this clause shall not apply to the income by way of interest accrued during the previous year in the account of a person to the extent it relates to the amount or the aggregate of amounts of contribution made by that person exceeding two lakh and fifty thousand rupees in any previous year in that fund, on or after the 1st day of April, 2021 and computed in such manner as may be prescribed :*

*Provided further that if the contribution by such person is in a fund in which there is no contribution by the employer of such person, the provisions of the first proviso shall have the effect as if for the words "two lakh and fifty thousand rupees", the words "five lakh rupees" had been substituted;*



### Let's try to understand the amendments with examples:

| Sr.No | Amount Contributed by assessee during Previous Year | Whether employer contributing to fund? | Whether interest earned shall be taxable? | How much interest of employee's contribution shall be taxable? |
|-------|---|--|---|--|
| 1.    | Rs. 1,50,000  | Yes                                    | No  | Not taxable till amount Rs.2,50,000/-                          |
| 2.    | Rs. 2,50,000  | Yes                                    | No  | Not taxable till amount Rs.2,50,000/-                          |
| 3.    | Rs. 2,50,000  | No                                     | No  | Not taxable till amount Rs.5,00,000/-                          |
| 4.    | Rs.4,00,000   | Yes                                    | Yes                                       | Interest on contribution of Rs.1,50,000/- ( 4,00000-250000)    |
| 5.    | Rs.4,00,000   | No                                     | No  | Not taxable till amount Rs.5,00,000/-                          |
| 6.    | Rs.5,50,000   | No                                     | Yes                                       | Interest on contribution of Rs. 50,000/- (5,50,000-5,00,000)   |
| 7.    | Rs.5,50,000   | Yes                                    | Yes                                       | Interest on contribution of Rs. 300,000/- (5,50,000-2,50,000)  |

### Addition of new Rule:

For calculation of taxable interest relating to contribution in a provident fund or recognised provident fund, exceeding the specified limit, a new Rule 9D has been added. The rule requires all PF accounts to be split into separate accounts - one with the taxable contribution and interest earned on that component, and another with the non-taxable contribution that shall include the closing balance of the PF account as on March 31, 2021 and all fresh non-taxable contributions and interest thereon.

### Income taxable under which Head?:

The interest income shall be taxable under the head 'Income from other sources' as this income is not generated from employer-employee relationship. This interest income will become part of the total taxable income of the taxpayer. There are no special rates for the taxability of this interest. Hence, such income shall be taxed at the prevailing income tax rates.

### Whether contribution to PPF A/c is also included while computing the limit of Rs.2.5 Lakhs/ Rs 5 Lakhs?:

It should be noted that the phrase used in the new proviso is "in that fund" which makes it quite clear that while computing the threshold limit for purpose of exemption for interest income, the same should be computed for each fund separately. Since the maximum investment in PPF gets restricted to Rs. 1.5 Lakhs per annum, the question of crossing the threshold limit will never arise.

### Suggestion at the time of ITR filing:

While filing ITR for AY 2022-23, the amount of Voluntary contribution to PF by employees (commonly known as VPF) should be specifically analysed in light of these amendments.





# GST Notifications

(Compiled by CA. Gangadhar V Haldikar)

## GST updates - Important Changes in GST effective from 1st January, 2022

1. Taxpayer cannot file GSTR 1 if he has not furnished the return in FORM GSTR-3B for the preceding month. In case if the taxpayer is liable for filing for filing of SGTR 3B quarterly, he shall not be allowed to furnish FORM GSTR-1 or upload invoices using the invoice furnishing facility, if he has not furnished the return in FORM GSTR-3B for preceding tax period. [ NOTIFICATION NO. 35/2021-Central Tax dated 24-09-2021 ]

2. Clause (aa) in Section 16(2) inserted vide Finance Act, 2021 mad operational from 1st January, 2022. According to which, the taxpayer will not be eligible for ITC unless the Invoice / Debit Note is communicated by supplier through filing of GSTR1.

(The main intention to insert this clause is to end up the ambiguity regarding non availability of enabling provision in the Statute which is restricting the taxpayer form availing ITC on the basis of GSTR 2A/ GSTR 2B)

3. Rule 36(4) amended, according to this newly amended Rule 36(4) the taxpayer is eligible to take ITC if the supplier has furnished GSTR 1 and it is appearing in GSTR 2B. The margin of 5% is removed and with effect from 1st January, 2022 the taxpayer can claim ITC which is appearing in GSTR 2B. [NOTIFICATION No. 40/2021 - Central Tax].

4. Explanation to Section 75(12) was inserted vide Finance Act, 2021 and made operation with effect from 1st January, 2022. According to which GST on invoices reported in GSTR 1 but it is not paid through GSTR 3B shall be treated as Self Assessed Tax and recovered under Section 79 without issuing SCN.

5. Aadhaar authentication for registered person:

**With effect from 1st January 2022** without Aadhar Authentication; the register person cannot apply for -

a) filing of application for revocation of cancellation of registration in **FORM GST REG-21** under Rule 23

b) filing of refund application in **FORM RFD-01** under rule 89

c) refund under rule 96 of the integrated tax paid on goods exported out of India

**Aadhar Authentication of Following Persons is required according to their business model**

| Sr. No | Particulars                           | Person whose Aadhar authentication required |
|--------|---------------------------------------|---|
| 1.     | Proprietorship firm                   | Proprietor                                  |
| 2.     | Partnership firm                      | Partner                                     |
| 3.     | HUF                                   | Karta                                       |
| 4.     | Company                               | Managing Director or Whole Time Director    |
| 5.     | Any of the members                    | AOP / BOI                                   |
| 6.     | Any Trustee                           | Trust                                       |
| 7.     | Authorised Signatory appointed if any | Authorised Signatory                        |





# Kolhapur Branch of WIRC of ICAI Activity for the month of December, 2021

