

# TAXTIME

## NEWSLETTER

### DIRECT TAX NEWS

## I-T: ₹100 CR UNACCOUNTED INCOME UNEARTHED AT CHEMICAL FIRM



The Income Tax Department has carried out a search and seizure operation on a prominent group engaged in manufacturing of chemicals and development of real estate on November 18. Without revealing the name of the Group, the IT department said that the search action covered more than 20 premises spread over Vapi and Sarigam in Gujarat, Silvassa and also in Mumbai.

A preliminary analysis of the documents/evidence unearthed during the search has indicated that estimation of unaccounted income is likely to be more than ₹ 100 crore, according to an official release. A large number of incriminating evidences in the form of documents, diary notings and digital data showing earning of huge unaccounted income by the group and its investment in assets have been found and seized.

The evidences clearly indicate evasion of taxable income by adopting various modus-operandi such as suppression of production, use of bogus purchase invoices without actual delivery of the goods to inflate purchases, availing of bogus GST credit, claim of bogus commission expenses.

## RETROSPECTIVE TAX CASES: 14 FIRMS HAVE APPROACHED GOVT, SAYS REVENUE SECY

As many as 14 companies against whom retrospective tax demands were raised have approached the government to settle cases.

The government in August enacted a law to end all retrospective taxation imposed on indirect transfer of Indian assets. The rules under the law seek to withdraw tax demands made using a 2012 retrospective legislation to tax the indirect transfer of Indian assets and also refund the amount paid in these cases without any interest.

17 companies against whom retrospective tax demand was raised, barring three or four entities, all have given an undertaking to the government to resolve the cases.





## **TURKEY'S NEW LAW AMENDS TAXATION SYSTEM: CHANGE IS THE ONLY CONSTANT**



Turkish Law No. 7338, regarding amendments to the tax procedure law and certain other laws, has entered into force following its publication in the Official Gazette on 26 October 2021. The new law includes numerous amendments to the income tax law, corporate tax law, tax procedure law, value-added tax (VAT) law, stamp tax law, and special consumption tax law.

The new law aims to make changes to improve tax compliance, increase tax security, strengthen social justice and the competitive environment, encourage investment, settle disputes, and ensure predictability in tax applications. In this context, certain changes could have a positive impact on tax problems in business life.



## **MINISTRY SAYS UNIFORM GST IN TEXTILES ACROSS CATEGORIES TO BOOST GROWTH, CREATE JOBS**

The Textile Ministry has said that removal of inverted duty structure in the Man Made Fibre (MMF) sector with the notification of uniform GST at 12 per cent on MMF yarn, fabrics and apparel, to be effective from January 1 2022, will save working capital and reduce compliance burden leading to growth and creation of jobs.

Some manufacturers, however, say that the decision to implement a uniform GST of 12 per cent on all garments, including items below ₹1,000, which used to attract a duty of just 5 per cent, will hit small players.

"The GST on MMF, MMF Yarn and MMF Fabrics were 18 per cent, 12 per cent and 5 per cent respectively. The taxation of inputs at higher rates than finished products created build-up of credits and cascading costs. It further led to accumulation of taxes at various stages of MMF value chain and blockage of crucial working capital for the industry," a release issued by the Textile Ministry, on Monday, stated.

Though there is a provision in GST law to claim the unutilised input tax credit (ITC) as a refund, there were other complications that resulted in more compliance burden, the release added.

## **CAMPCO SEEKS TO LOWER GST FOR ARECANUT, COPPER SULPHATE**

The Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) has sought a reduction in GST on arecanut and copper sulphate. In a letter to Karnataka Chief Minister Basavaraja Bommai, the convenor of the group of ministers to review the rate slab structure, President of Campco Kishore Kumar Kodgi said GST of 5 per cent is charged on arecanut and 18 per cent on copper sulphate. Requesting the GST Council to reduce the rate of arecanut from 5 per cent to 2 per cent, he said such measures would encourage farmers to sell their produce to cooperatives and regulated marketing committee platforms.

Copper sulphate as a micronutrient, attracts a GST of 12 per cent, and as a fungicide, a GST of 18 per cent. Kodgi said micronutrients are classified as fertilisers attracting a GST of 5 per cent. Since it is mainly small growers who use copper sulphate as a fungicide, Kodgi requested that GST for copper sulphate used in agriculture be fixed at 5 per cent.





# TODAY'S QUOTE

*"Life gives you plenty of time to do whatever you want to do if you stay in the present moment."*

*— Deepak Chopra*

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