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NEWSLETTER

DIRECT TAX NEWS

NOT FILING I-T RETURNS CAN AFFECT VISA APPLICATIONS

If you are planning to travel abroad, be sure your Income Tax Returns has been filed before the due date for easier processing of visa application, Income Tax Department has cautioned. For individuals and entities whose books of accounts are not required to be audited, December 31 is the last date for filing returns for the Assessment Year 2021-22 (Financial Year 2020-21).

As of now, there is no indication from the Income Tax Department about any further extension.
In an advertisement, the Department said that filing on time will also help in receiving full refund and for hassle-free access to loans and credit facilities.

Listing the consequences for not filing, the Department said the assessee is liable for interest. Also, certain unadjusted losses cannot be carried forward. As the IT return is one of the basic requirements for visa applications to most countries and the ITR should be the latest one, the Income Tax Department appears to be under-scoring this to caution late filers.

If not filed on or before December 31, the assessee gets three more months to do so but with costs. First, she/he will be required to pay ₹1,000 as late filing fee, if the annual income is less than ₹5 lakh. For others, the late filing fee is ₹5,000. This fee is over and above the penal interest on the tax due.

OECD PLANS FOUR CONSULTATIONS ON TAX MATTERS UNDER TWO-PILLAR DEAL

The OECD announced on December 21 that it will seek stakeholder input on four elements of the October 8 international tax agreement. Two of the consultations will address components of the Pillar 1 profit allocation rules, and the other two will address global minimum tax matters under Pillar 2.

The announcement of the consultations comes the day after the OECD released model rules under Pillar 2.

Following up on the Pillar 2 model rules, the OECD expects to hold a consultation on the "implementation framework" for Pillar 2 in February, with a focus on administration and compliance issues to be completed by the end of 2022.

This will be followed in March 2022 by a draft model provision and commentary on the subject to tax rule under Pillar 2, as well as a draft multilateral instrument to facilitate the rule's implementation. The OECD states that it will include a defined set of questions on the model provision and commentary for input.

Regarding Pillar 1, separate consultations will cover "Amount A" and "Amount B." Amount A refers to the portion of residual profit of in-scope businesses to be allocated to market jurisdictions for tax purposes. Amount B refers to a fixed return for baseline marketing and distribution activities in a market jurisdiction in approximation of the arm's length principle.

On Amount A, the OECD plans to release for consultation a working document "in the coming months" that will cover "the separate building blocks of Amount A." OECD work on a comprehensive document on Amount A will continue in parallel with the consultation.

The consultation document on Amount B will follow in "mid-2022."

ANTI-DUMPING DUTY ON FIVE CHINESE GOODS

India has imposed anti-dumping duty on five Chinese products, including certain aluminium goods and some chemicals, for five years to protect local manufacturers from cheap imports from the neighbouring country.

According to separate notifications of the Central Board of Indirect Taxes and Customs (CBIC), the duties have been imposed on certain flat-rolled products of aluminium — sodium hydrosulphite used in the dye industry, silicone sealant, used in manufacturing solar photovoltaic modules and thermal power applications, and hydrofluorocarbon (HFC) component R-32 and hydrofluorocarbon blends, both used in refrigeration.

These duties were imposed following recommendations of the Commerce Ministry's investigation arm, the Directorate General of Trade Remedies (DGTR).

The DGTR, in separate investigations, has concluded that these products have been exported at a price below normal value in Indian markets, which has resulted in dumping. The domestic industry has suffered material injury due to the dumping, the DGTR said. The CBIC has imposed the duty on a vehicle component — axle for trailers in CKD/SKD (complete and semi knocked down) form to protect domestic makers from cheap Chinese imports.

It has also slapped the duty on imports of calcined gypsum powder from Iran, Oman, Saudi Arabia and the UAE for five years

KARNATAKA HIGH COURT STAYS RETRO TAX CALL ON ANNUITY TO INFRA COMPANIES

The Karnataka High Court has stayed proceedings initiated by the goods and services tax (GST) authorities seeking retrospective payment of tax on annuity to infrastructure companies. The high court, on December 23, stayed the proceedings initiated after summons were issued by the authorities as well as the circular issued by the Central Board of Indirect Taxes and Customs (CBIC) in June clarifying that GST was leviable on annuity payments. The high court's decision came in response to a writ petition filed by DPJ Bidar Chincholi (Annuity) Road Project Pvt Ltd. On June 17, subsequent to the recent 43rd GST Council meeting, a circular was issued which provided that the annuity for construction related charges should be liable to GST and only toll charges had been exempted under GST. According to the industry, however, the highways authority had communicated that annuity was also exempt based on its communication with tax authorities.

This meant payment of GST on annuity since the roll-out of the tax in July 2017. Tax authorities, acting on the clarification issued last June, began issuing notices and summons to road construction companies for recovery.

TODAY'S QUOTE

One must not focus on the risk of saying, "Yes."
The greater risk is missing opportunities by saying, "No."

– Charles Sullivan

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