

TAXTIME

NEWSLETTER

DIRECT TAX NEWS

CLARIFICATION ON FORM 3CA-3CD, 3CB-3CD (06.01.2022)

The Central Board of Direct Taxes ("CBDT") issued clarification on Form 3CA-3CD, 3CB-3CD to avoid errors in form filing and verification. In order to avoid errors in form filing and verification, kindly ensure that following points are considered:

1. Use the latest version of the utility for generating JSON
2. Please re-enter data, if any, in clauses 11, 18, 20, 21, 26 and 34 and generate JSON for uploading on portal
3. Ensure that the below details are correctly entered in the utility and selected in portal for which form is being filed:
 - a. PAN of Taxpayer
 - b. Assessment Year
 - c. CA Membership Number
 - d. Form Filing Type
4. Consider the below points for form verification by DSC:
 - a. The latest Emsigner/Embridge application is installed in your system
 - b. The token must be logged in by the user
 - c. Profile and contact details are updated in taxpayer and CA login
 - d. Local Host e-Mudhra is not blacklisted by the system Admin
 - e. e-Mudhra token drivers is updated

CBDT NOTIFIES FORM 56FF TO BE FURNISHED BY ASSESSEE CLAIMING SEC. 10A DEDUCTION

NOTIFICATION G.S.R. 903(E) [NO. 140/2021/F.NO. 370142/59/2021-TPL

In exercise of the powers conferred by sub-section (5) of section 10A read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct taxes inserted Rule 16DD. Form of particulars to be furnished along with return of income for claiming deduction under clause (b) of sub-section (1B) of section 10A

TAX DEPT. CONDUCTS SEARCH ON TWO MAJOR MOBILE MANUFACTURING COS; MORE THAN RS. 5500 CRORE ARE UNDER SCANNER

The Income Tax Department carried out search and seizure operations pan-India on 21.12.2021 in the case of certain foreign controlled Mobile Communication & Mobile Hand-set Manufacturing Companies and their associated persons. Various premises in the states of Karnataka, Tamil Nadu, Assam, West Bengal, Andhra Pradesh, Madhya Pradesh, Gujarat, Maharashtra, Bihar, Rajasthan, Delhi & NCR have been covered in the action. The search action has revealed that two major companies have made remittance in the nature of royalty, to and on behalf of its group companies located abroad, which aggregates to more than Rs.5500 crore. The claim of such expenses does not seem to be appropriate in light of the facts and evidence gathered during the search action. The search operation has also brought out the modus operandi of purchase of the components for manufacturing of mobile handsets. It is gathered that both these companies had not complied with the regulatory mandate prescribed under the Income-tax Act, 1961 for disclosure of transactions with associated enterprises. Such lapse makes them liable for penal action under the Income-tax Act, 1961, the quantum of which could be in the range of more than Rs.1000 crore

US IRS EXTENDS TIME TO FIX R&D TAX CREDIT CLAIMS UNDER NEW REQUIREMENTS



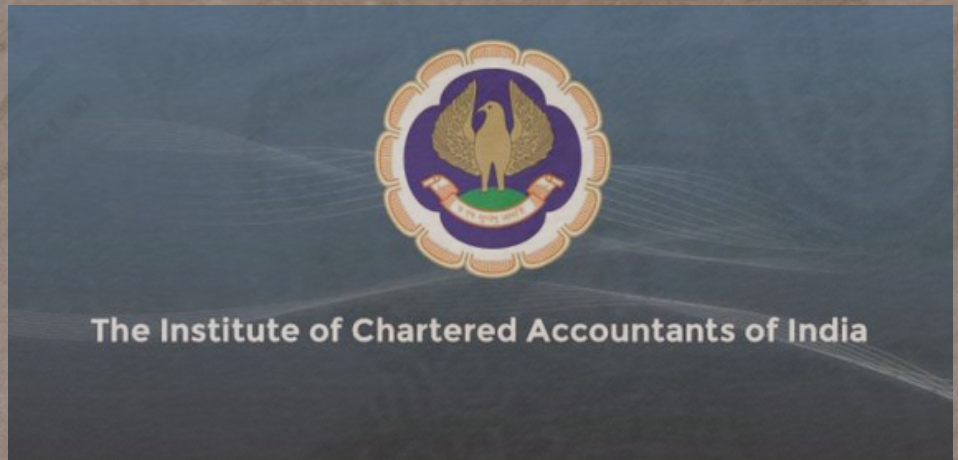
The Internal Revenue Service will give taxpayers a little more time to “perfect” research and development (R&D) tax credit claims that fall short of new information requirements, according to a January 5 IRS update.

In October, the IRS had released guidance specifying new information that taxpayers would have to provide for R&D tax credit claims to be deemed valid, beginning after a grace period ending January 10, 2022.

For a one-year transition period following the grace period, the IRS stated that it would notify taxpayers if their filed claims were missing required information. The agency would then give the taxpayer an opportunity to “perfect” the claim before the IRS issues a final determination on it.

The previous guidance had stated taxpayers would have 30 days to perfect such R&D tax claims for which they receive notice of missing information. According to the update, the IRS is extending the time to perfect claims during the transition period to 45 days.

BRING BACK PROVISION FOR AUDIT OF GST ANNUAL RETURNS: ICAI TO GOVT



Accounting rule maker Institute of Chartered Accountants of India (ICAI) has asked the government to bring back the audit and certification provisions relating to Goods and Services Tax (GST) annual returns, saying that doing away with audit will disrupt compliance.

GST authorities last August dropped the provision for mandatory audit of annual returns for businesses with sales of ₹2 crore and above, and introduced self-certification of a reconciliation statement for those with ₹5 crore sales and more, replacing the certification needed by a chartered or cost accountant.

In a proposal to the finance ministry, ICAI suggested that amendments made to Central GST Act through the Finance Act last year should be withdrawn and the requirement of getting annual accounts audited and reconciliation statement certified by a chartered accountant be reinstated in law because GST audit by a chartered accountant ensures taxpayer compliance and helps in plugging revenue leakages.

“Doing away with audit will lead to large scale disruption of compliance resulting in demand notices and the taxpayers will be burdened with tax, interest and penalties that could have been avoided had there been a system of audit to identify the lapses in time. Litigation would also increase due to errors that would be left unresolved until departmental audit is conducted,” ICAI cautioned in its proposal.

ADVISORY ON REVAMPED SEARCH HSN CODE FUNCTIONALITY

The Search HSN functionality was earlier given as a measure of facilitation to the taxpayer to search the Technical Description of any particular HSN code of any goods and/or service used in the Trade, vis-a-vis HSN description in the Customs Tariff Act, 1975. However, there are many instances of goods and services where descriptions commonly used in Trade in common parlance i.e. Trade description differ from the Technical descriptions otherwise provided in the HSN descriptions of the Customs Tariff Act, 1975 and the abovesaid functionality. Thus finding the corresponding HSN codes vis a vis a common description was a bit challenging for the taxpayer

To ameliorate this challenge and to make the functionality user friendly, ‘Search HSN’ functionality has been revamped by linking it with e-invoice database and Artificial Intelligence tools.

Relevant link:

https://tutorial.gst.gov.in/downloads/news/advisory_on_search_hsn_code_functionality_final.pdf

TODAY'S QUOTE

"Wisdom doesn't necessarily come with age. Sometimes age just shows up all by itself." — Tom Wilson

DISCLAIMER

This publication contains information for general guidance only. The contents are solely for information and knowledge purpose. It does not constitute any professional advice or recommendation. The contents are gathered from different newspaper and websites as mentioned in 'Source of content'. We do not accept any responsibility and liabilities for any loss or damage of any kind arising out of any information in this publication nor for any actions taken in reliance thereon. This is a private circulation for clients and professionals only.

Source of Content

<https://epaper.thehindubusinessline.com/>
<https://epaper.thehindu.com/>
<https://economictimes.indiatimes.com/epaper-print-edition/>
<https://www.gst.gov.in/newsandupdates/read/509>
<https://mnetax.com/us-irs-extends-time-to-fix-rd-tax-credit-claims-under-new-requirements-46598#:~:text=The%20previous%20guidance%20had%20stated,transition%20period%20to%2045%20days.>

AKSHAY SHAH

Email: ca.akshah@gmail.com

Contact No.: 9958975768

Website: www.jainshah.com