

# TAXTIME

NEWSLETTER

## DIRECT TAX NEWS

### VOLUNTARILY GETTING INCOME RE-ASSESSED WITHOUT CESS, SURCHARGE WAIVER NOT TO ATTRACT PENALTY: FM

Finance Minister Nirmala Sitharaman on Friday urged taxpayers to voluntarily go for reassessment of income if they have claimed cess and surcharge on direct tax as exemption. This will help them avoid penalty under the new provisions of the tax law.

One of the 39 amendments in the Finance Bill, which were approved by the Lok Sabha on Friday, provides that deduction of surcharge or cess which has been claimed and allowed to the taxpayer will be deemed to be "under-reported" income and will attract 50 per cent penalty. Further, it provides an opportunity to taxpayers to seek non-levy of such penalty by making a claim to the assessing officer for re-computation of total income without allowing surcharge or cess as an expenditure. It may be noted that the Finance Bill 2022 had proposed a retrospective disallowance of deduction for surcharge or cess with effect from AY 2005-06.

Now, the Finance Bill will be taken up for discussion in the Rajya Sabha after which and it is expected to return early next week. During the reply on debate in the Lok Sabha, some members raised concern about the retrospective nature of the new provisions. In her response, the Finance Minister said that cess and surcharge on tax have been, over the years, misused where people have treated it as exemption or business expenses undertaken and therefore they think, it can be used as for deleting that level of income from their taxable income. So, that has become very confusing, leading taxpayers to approach the courts.

"That amendment, with the retrospective effect, has been brought more for clarity and that is not going to burden taxpayers because what we have done is (asking you) please approach from your side claiming that this is shown as undisclosed income and if you come on your own there is no penalty," she said while clarifying that I-T Dept will reassess the income including that part which has other been shown as business expenditure and accordingly legitimate tax will need to be paid.





## OECD RELEASES IT-FORMAT TO SUPPORT EXCHANGE OF TAX INFORMATION ON DIGITAL PLATFORM SELLERS



On 29.03.2022 the OECD has released the standardised IT-format to support the electronic reporting and automatic exchange of information collected under the OECD's Model Reporting Rules for Digital Platforms (OECD 2020). These Model Rules require digital platforms to report on the income realised by those offering accommodation, transport and personal services, as well as those selling goods, through platforms and to report the information to tax authorities.

The Model Reporting Rules for Digital Platforms were developed in light of the rapid growth of the digital economy and in response to calls for a global reporting framework in respect of activities being facilitated by such platforms, in particular in the sharing and gig economy. Activities facilitated by platforms may not always be visible to tax authorities or self-reported by taxpayers. At the same time, the platform economy also permits increased access to information by tax administrations, as it brings activities previously carried out in the informal cash economy onto digital platforms.

As such, the Model Reporting Rules for Digital Platforms are designed to help taxpayers in being compliant with their tax obligations, while ensuring a level-playing field with traditional businesses. By providing a standardised IT-tool for reporting information pursuant to the Model Rules, the Digital Platform Information (DPI) XML Schema will minimise burdens on digital platform operators, which might otherwise arise were jurisdictions to apply multiple different requirements. The DPI XML Schema was developed in close co-ordination with the European Union, in order to ensure that the schema can also be relied upon for the reporting and exchange of information pursuant to the Directive on Administrative Cooperation (DAC7).



## CBIC INTRODUCES FACILITY OF RESTORATION OF CANCELLED GST REGISTRATION

The Central Board of Indirect Taxes and Customs (CBIC) has introduced the facility of restoration of cancelled registration under Goods and Services Tax (GST) on its online portal. The move will provide relief to many taxpayers whose registrations were cancelled suo moto and the time period of application for revocation of cancellation already lapsed.

In a communication to its field officers, CBIC said that a functionality in the name of 'Restoration of Cancelled Registration' has been developed and deployed w.e.f. 23.03.2022, to facilitate the jurisdictional Range officers to restore the registrations in pursuance of judicial or appellate orders.

This functionality would cover both the cancellations ordered suo motu by Range officers without applying for revocation through form REG-21 and cancellation on the request from the taxpayers.

Currently, a taxpayer whose registration is cancelled by the proper officer can apply for reversal of such cancellation of GST registration by applying Form GST REG-21. This application is required to be filed within 30 days of receiving the notice for the cancellation of GST registration, this was extended till 90 days on certain conditions.

The move was initiated after direction from various appellate orders in their ruling against cancellation orders, passed suo motu by the Range officers, mostly during the pandemic.

Last year Gujarat High Court, Calcutta High Court, Patna High Court and Orissa High court had ruled that goods and service tax registration cannot be cancelled if the business was not carried out from the premises, due to the nationwide Covid pandemic.

They also instructed CBIC to restore such registration.

"Since the functionality to implement the orders online was not ready, a temporary mechanism to restore cancelled registrations was created in the back-end," the CBIC circular said.

## E-WAY BILL LIMIT EXTENDED

E-Way Bill limit extended to 2 Lac in Rajasthan wef 1st April 2022, where the Goods movement commence and terminates within the area of same city without crossing the area of the city



# TODAY'S QUOTE

*Everyday is a second chance*  
- Unknown

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