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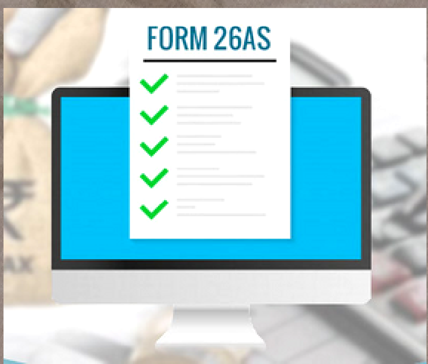
TAXTIME

NEWSLETTER

DIRECT TAX NEWS

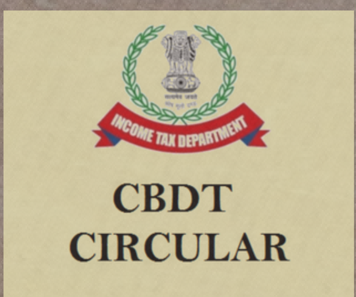
CBDT AUTHORISES DGIT (SYSTEMS) TO UPLOAD ASSESSEE'S FINANCIAL INFORMATION IN FORM 26AS: ORDER F.NO.225/155/2020/ITA-II



The CBDT has authorized the Director-General of Income-tax (Systems) to upload various financial information related to the assessee in Form 26AS, within three months from the end of the month in which the information is received by her/him. Such financial information includes:

1. Foreign remittance information reported in Form 15CC
2. Information in Annexure II of the 24Q TDS Statement of the last quarter
3. Information in ITR of other taxpayer
4. Interest on Income Tax Refund
5. Information in Form 61/61A where PAN could be populated
6. Off Market Transactions Reported by Depository/ Registrar and Transfer Agent (RTA)
7. Information about dividend of mutual fund reported by RTA
8. Information about purchase of mutual fund reported by RTA

SEC. 10(23FE) EXEMPTION IS AVAILABLE ONLY IF SOURCE OF INVESTMENT IN INDIA IS NOT FROM ANY BORROWINGS: CBDT CIRCULAR NO.19/2021



The CBDT has clarified that if the loans and borrowings have been taken by the specified fund or any of its group concerns, specifically for the purposes of making an investment by the specified fund in India, such fund shall not be eligible for exemption under section 10(23FE). Further, if borrowings are taken not specifically for making the investment in India, no source of the investment shall be from such borrowings.

SWEET RELIEF: TAX LIABILITY OF SUGAR CO-OPERATIVES TO DROP - CBDT CIRCULAR NO. 18/2021

Currently, the deduction of sugar co-operatives' expenses from income is computed only based on the fair and remunerative price (FRP) set by the Centre, which is lower

than the benchmark prices (SAP) fixed by various states in their respective territories.

In a move that will reduce the tax liability of cash-strapped sugar co-operatives in the aftermath of the pandemic , the government has clarified that the elevated state-advised price (SAP) paid by these entities to farmers for cane purchases will be allowed as deduction under the income-tax rules.

SUM PAID TO NR AGENT TO PROCURE EXPORT ORDERS FROM OUTSIDE INDIA COULDN'T BE HELD AS FTS: ITAT DELHI

Where assessee appointed Ace,a France based trading company as its agent to procure export orders from France and paid it commission, since no knowledge was provided to assessee which could be further exploited while services were rendered by non-resident of procuring export orders for assessee, payment made for said services could not be held as FTS under India-France DTAA and would not be taxable in India

UK WILL AMEND R&D TAX RELIEFS, INCREASE BANK CORPORATE TAX RATE

The UK government announced plans to reform tax incentives for research and development (R&D) as part of the 2021 autumn budget and spending review. The budget review also sets out an increase in the corporate tax rate for banks, which will remain higher than that paid by other companies.

The R&D amendments include changes expanding the types of expenditures that qualify, re-focusing the incentives on UK-based activities, and stepping up anti-abuse enforcement.

To "support modern research methods," qualifying expenditures for R&D relief will be expanded to include cloud computing and data costs. The expansion is a result of earlier consultations on how to improve the R&D incentives, including by expanding the types of expenditures that qualify. The changes are aimed at "reinforcing the UK's status as a science superpower."

DUTY, TAXES TO LIFT SOLAR TARIFFS TO RS 2.6 PER UNIT NEXT FISCAL: CRISIL

India's solar power tariffs are expected to touch ₹2.6-2.7 per unit due to the increase in the goods and services tax (GST) on renewable energy equipment and a proposed customs duty on imported solar modules, according to Crisil Ratings.

The government has increased the GST on critical components of a solar project such as photovoltaic cells and modules from 5% to 12% with effect from October 1, 2021. This has increased the total taxation on a solar project from 8-9% to 12-13%. It will more than double to 30% when customs duty of 40% on imported solar modules kicks in from April 1, 2022, an official statement said.

APEX COURT REVERSED THE DELHI HIGH COURT DECISION THAT ALLOWS RECTIFICATION OF FORM GSTR-3B: BHARTI AIRTEL'S GST REFUND

The apex court said an assessee cannot be permitted to unilaterally carry out rectification of his returns submitted electronically in Form GSTR-3B, which inevitably would affect the obligations and liabilities of other stakeholders, because of the cascading effect in their electronic records.

"The law permits rectification of errors and omissions only at the initial stages of Forms GSTR1 and GSTR3, but in the specified manner. It is a different dispensation provided than the one in pre-GST period, which did not have the provision of auto-populated records and entries," the bench said.

According to experts, with this court order many companies claims for refunds would also not be met as in the first nine months of the GST roll-out, systems of companies and government had not stabilised. So, many companies overestimated their GST liability.

GARMENT MANUFACTURERS FEAR SHRINKAGE IF GST RATES ARE HIKED

The GST council's proposal to increase rates from 5% to 12% for garments across price categories will create greater stress on the already extended working capital requirements of the textile garment and hosiery industries, especially in the MSME sector, with the industry yet to tide over the crisis owing to Covid-19 induced pandemic.
At present garments above the price of Rs 1,000 are charged 12% GST. But the government has indicated charging 12% GST even on garments priced below Rs 1,000, currently charged at 5%.

The objective of such a change is an anomaly of an inverted duty structure faced by a small section of the industry, constituting not more than 15% of the total industry. The government is proposing to implement an inverted duty structure, which will affect nearly 80% of the final products to the consumers, Ashok Todi, president West Bengal Hosiery Association (WBHA) and chairman, Lux Industries said at a press conference

EU STEEL TARIFF EXTENSION: INDIA MAY STRIKE BACK

“The spat between India and the EU over the bloc's decision to extend safeguard duties on steel imports from the country for three more years has intensified with New Delhi confirming its intention to impose retaliatory duties on imports from EU countries after Brussels justified its action at a recent WTO meet.
The situation became tougher for Indian exporters after the EU made certain changes in the TRQ administration and then decided to extend the measures for another three years.
“One of the reasons behind the EU's decision to impose TRQs on steel was to avoid diversion of exports from the US to the EU market. But this has caused losses for Indian exporters due to no fault of theirs. That is why India wants to impose retaliatory duties in case the EU does not roll back its decision,” another official said. India is among the main steel exporters to the EU, which also includes China, Russia, South Korea, Turkey and Ukraine.

TODAY'S QUOTE

"Dont be pushed around by the fears in your mind.., Be led by the dreams in your Heart!!

- Roy T. Bennet

DISCLAIMER

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