AKSHAY SHAH
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TAXTIME

NEWSLETTER

DIRECT TAX NEWS

NOW ITR FILING MANDATORY IF YOUR TDS, TCS IS RS 25,000 OR MORE IN A FINANCIAL YEAR

The government has now made it mandatory for an individual to file income tax returns if his/her total TDS/TCS during the financial year is Rs 25,000 or more even if the individual's income is below the basic exemption limit. In case of senior citizens this rule will apply if the individual's aggregate TDS/TCS is Rs 50,000 or more in the year. Further, an individual whose deposits in a saving bank account are Rs 50 lakh or more in the fiscal will also have to compulsorily file ITR irrespective of his/her income level.

The seventh proviso to Section 139 was inserted by the Finance Act, 2019, which provided for certain criteria which mandated the filing of income-tax returns even when the individual's income is less than the basic exemption limit. Such criteria include deposition of Rs one crore or more in a current account, expenditure exceeding Rs 2 lakh for foreign travel, or an amount exceeding Rs 1 lakh for electricity consumption during the year.

Now, vide Notification No. 37/2022, CBDT has notified a new Rule 12AB which prescribes additional conditions which mandate the filing of Income-tax returns despite the fact that income is below the basic exemption limit. These additional criteria are:
- Total sales/turnover/gross receipts in the business exceed Rs 60 lakh during the previous year
- Gross receipts in profession exceed Rs 10 lakh during the previous year
- Aggregate TDS/TCS during the year is Rs 25000 or more (In the case of senior citizens increased limit of Rs 50,000 shall be applicable)
- Deposits in saving bank account is Rs 50 lakh or more during the previous year.

JET FUEL SHOULD BE UNDER GST, STATES SHOULD CUT VAT: SCINDIA

Civil aviation minister Jyotiraditya Scindia on Thursday said a dozen states that have not reduced VAT on jet fuel are being nudged to lower levies, and backed bringing the commodity under the GST umbrella.

Indian carriers have been grappling with high aviation turbine fuel as several opposition-ruled states maintain high VAT, ranging between 20% and 30%.

While laying out the flight path for the Indian aviation sector at the Times Network India Economic Conclave, Scindia candidly admitted the sharp hike in ATF prices has been causing stress to Indian airlines (which have lost $2.9 billion during the pandemic). He said several policy decisions have been taken to revive the sector.

On ATF, Scindia said: “There has been an unprecedented rise in jet fuel prices. These have increased by 60-70% in the last few months. They have increased five times in the last two years. We expect the rise in oil prices (due to the war in Ukraine) to be momentary. While in the long run it would be better to have ATF under GST as it gives input tax credit, in the interim I am requesting the states to reduce VAT on jet fuel.

SIKKIM-BASED COMMODITY SPECULATORS UNDER STATE GOVT PROBE

Sikkim Chief Minister Prem Singh Tamang has ordered a high-level probe into commodity trading on the Multi Commodity Exchange (MCX) from the State.Tamang said he suspected that traders from other States could be using Sikkim residents as a front and hence ordered the State vigilance department to dig deep into the scam. Commodity speculation on MCX attracts 30 per cent income tax, but since Sikkim residents enjoy exemption from the I-T Act, they were being used by traders from other States.

Stamp duty of ₹2 per lakh on commodity futures (sale) turnover and ₹3 per lakh on options premium (sale) turnover is applicable on the MCX. The exchange has to collect it from the traders, which is then passed on to the respective States. But on August 19, 2020, the MCX declared that the exchange will refund the stamp duty it had collected since July that year from Sikkim-based traders to the respective brokers and clients. Further, the MCX also said that it would not charge any stamp duty to traders from Sikkim until specific instructions were received from the State or the MoF. Virtually, the circular by the MCX exempted Sikkim-based traders from the stamp duty.

The MCX circular attached a copy of the communication dated August 19, from a deputy secretary in the Department of Economic Affairs in MoF to the then SEBI chairman Ajay Tyagi and Reserve Bank of India’s deputy governor MD Patra. The communication said the department had received an email dated July 7, 2020 from the revenue/finance department of Sikkim stating that the Indian Stamp Duty Act, 1899 was not yet extended to Sikkim as the State had its own Stamp Act (Sikkim Court Fee and Stamps on Documents Rules, 1928).

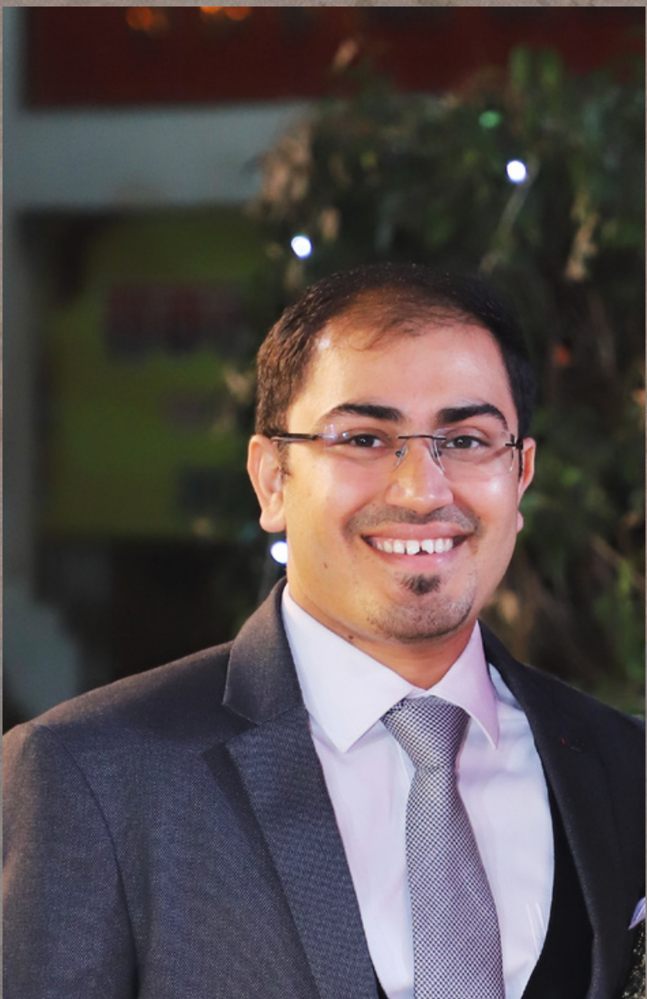
“Accordingly, RBI and SEBI are requested to direct the collecting agents, under their respective jurisdictions, not to collect the stamp duty for Sikkim till further communication from this department and refund the stamp duty collected so far since July 1, 2020 in respect of Sikkim and to the concerned from whom the stamp duty has been collected,” the DEA communication to SEBI said.

Hence, the sources say, that the email and the quick chain reaction that followed turned Sikkim into zero tax base for commodity market speculators and triggered the jump in volumes on MCX.

TODAY'S QUOTE

"Blaming someone else will only put the solution further out of reach."

- Unknown



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