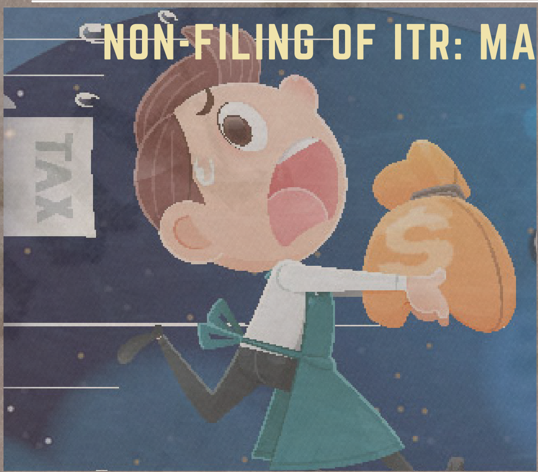
TAXTIME

NEWSLETTER

DIRECT TAX NEWS



NON-FILING OF ITR: MADRAS HC SAYS IT'S FOR TAXPAYER TO PROVE INNOCENCE

Paying income tax but not filing income tax return will cost you dearly as the Madras High Court has held that the burden lies on the assessee to show that he had no wilful intention not to file the return.

Accordingly, the Court has ruled continuation of prosecution in this matter. Experts advise that every tax payer must take full responsibility in filing returns.

A single judge bench of the Court, comprising Justice CV Karthikeyan highlighted ruling by the Supreme Court (Sasi Enterprises vs Assistant Commissioner of Income Tax), where it was clearly stated that filing the return within the stipulated and mandatory period is a duty cast on any person who has to declare the income.

“The burden lies on the assessee to show that he had no wilful intention not to file the return. Any explanation to discharge such burden can be tested only during the course of the trial,” the bench said. Further it mentioned that it cannot presume that the petitioner is innocent of any of the offences complained. “It is for the petitioner to establish such innocence,” the bench said.

Experts on this matter said that this will have a broad influence on the society because many taxpayers are not serious about submitting returns and believe that if taxes are paid, they would be able to avoid prosecution. So, “even if taxes are paid, it is advisable to comply with tax provisions and file the return of income by the due date as prescribed by u/s 139(1) of the Income Tax Act in order to prevent prosecution”

GOVT SHOULD SUPPORT HONEST TAXPAYERS BY TWEAKING THE SYSTEM: SBI ECOWRAP

The Government should ensure that the existing tax structure is favourable to the 11.4 crore tax paying population that constitutes only 8.5 per cent of the population but cross-subsidises 91.5 per cent of the population, according to State Bank of India’s economic research report, Ecowrap.

The report assessed that of the total population, 8.5 per cent contribute to ₹75 lakh crore or 65 per cent of the private final consumption expenditure.

“Hence it is important and ethical that even as we formalise, we must support honest tax-paying households through a better designed tax structure, particularly indirect taxes on items like fuel,” said Group Chief Economic Advisor

IT DEPARTMENT ROLLS OUT NEW AIS FORMAT

The Income Tax Department on Monday rolled out a new format for Annual Information Statement (AIS). This can be accessed on the income tax website, www.incometax.gov.in.

The new format will have additional information relating to interest, dividend, securities, transactions, mutual fund transactions, foreign remittance information etc. There will be online feedback system too. “If the taxpayer feels that the information is incorrect, relates to other person/year, duplicate etc., a facility has been provided to submit online feedback. Feedback can also be furnished by submitting multiple information in bulk,” a statement issued by the Central Board of Direct Taxes (CBDT) said.

INTERNATIONAL TAX CORNER

MODERNISATION OF INTERNATIONAL TAX SYSTEM: THE GLOBAL TAX AGREEMENT

Radically reforming international taxation system and addressing tax challenges emanating from digitalisation of global economy, a broad framework was adopted by OECD/ G20 members in July 2021, accepting the two-pillar solution. Out of the various parameters left open for negotiation, certain key factors including thresholds and tax rates have now been agreed upon by the 136 participating countries, well within the targeted October timeline.

Broadly, pillar one seeks to create a new nexus rule, allowing a reallocation of the residual profits of 100 of the largest and most profitable multinational enterprises (MNEs) to their market jurisdictions, i.e. jurisdictions where businesses create or harness value without having a physical presence. All multinational groups barring the ones operating in extractives and regulated financial services sectors, with global sales above €20 billion and profitability above 10 per cent will be covered by the new rules.

The profit to be reallocated to markets will be calculated as 25 per cent of the profit before tax in excess of 10 per cent of revenue. Pillar two, on the other hand, is a global minimum tax regime, intended to lessen the incentive for MNEs to shift profits to low/no tax jurisdictions. The rate of the minimum tax has now also been agreed at 15 per cent, as against open to a rate of "at least 15 per cent" disclosed in the July statement.

Companies with global turnover above €750 million will be within the scope of pillar two, with headquarter jurisdictions retaining the option to apply the rules to smaller, domestic MNEs. The agreement does not restrict a country's flexibility to set its corporate tax rates, but if companies shift profits to low/no tax jurisdictions, then their country of residence would get the right to top-up their taxes to the agreed global minimum tax rate.

INDIRECT TAX NEWS

HIGH TAXES HAMPERING GROWTH OF LUXURY CAR SEGMENT IN INDIA: AUDI

A high taxation regime is restricting growth of the luxury car segment in India and the government should look at lowering the levies in order to help the sector grow, according to German automaker Audi. Luxury car volumes account for less than 2 per cent of the overall passenger vehicle sales annually and the sector has been more or less at the same level for the past decade.

Luxury vehicles currently attract the top GST slab of 28 per cent with an additional cess of 20 per cent on sedans and 22 per cent on SUVs, taking the total tax incidence to up to 50 per cent.

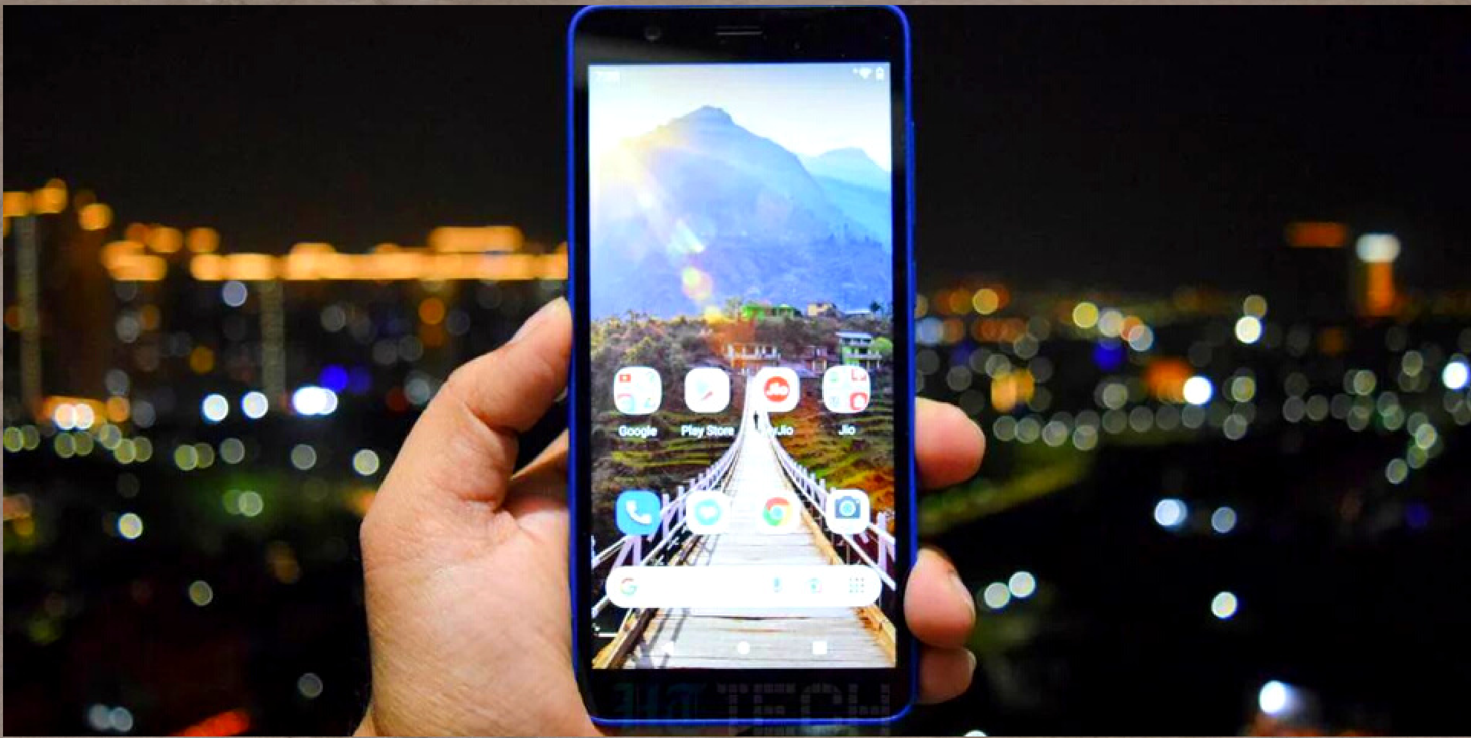
At present, cars imported as completely built units (CBUs) attract customs duty ranging from 60 per cent to 100 per cent, depending on engine size and cost, insurance and freight (CIF) value less or above USD 40,000. In order to help this segment to grow the Audi India Head requested the government to reduce the duties, GST, registration cost and cess charged on it.

OCTOBER GST COLLECTIONS SOAR TO ₹1.30-LAKH CRORE

At ₹1.30-lakh crore in October, GST collections touched the second highest level since the introduction of the new indirect tax regime in 2017. The highest mop-up so far is the ₹1.40-lakh crore plus collected in April this year.

A Finance Ministry statement underlined that the revenues for October were 24 per cent higher than the GST revenues in the same month last year and 36 per cent over 2019-20.

During the month, revenues from import of goods were 39 per cent higher and from domestic transactions (including import of services) were 19 per cent higher than the same month the previous fiscal.



RETAILERS FRET ON ANY DEPOSIT SCHEME FOR JIOPHONE NEXT

Handset retailers have objected to any deposit scheme for JioPhone Next, claiming that they will face issues in filing for goods and services tax against a deposit slip for the device which is not docked as a sale.

Jio Infocomm and Reliance Retail have yet to announce the marketing and payment models for the new device. They had adopted the deposit scheme during the launch of its previous device, Jio Phone, in August 2017 — a customer could take home the 4G featurephone by depositing Rs 1,500, which was refundable after three years on return of the handset. Retailers believe Reliance could consider a similar model this time as well.

“In a deposit scheme, there is no clarity on who will pay the GST because we are told it is a deposit scheme and the customer can ask for the return of his money later," said a Gujarat-based retailer.

ANTI-DUMPING DUTY ON PIPES, SEAMLESS TUBES FROM CHINA

The Finance Ministry has imposed definitive anti-dumping duty on certain seamless tubes and pipes from China for a period of five years. The latest anti-dumping duty will vary depending on the “landed value”. It has been pegged as a difference between “landed value” and the amount mentioned in the duty table (ranges from $961.33 to $1,610.67 per tonne) notified by the Revenue Department.

This follows the recommendations of the Directorate General of Trade Remedies (DGTR) in the Ministry of Commerce and Industry in its final findings which came out on July 31 this year — had recommended continued imposition of anti-dumping duty for five years.

Anti-dumping duties are levied to provide a level playing field to the domestic industry against any surge in low cost imports. They are not meant to restrict or increase cost of imports.

TODAY'S QUOTE

"The bad news is time flies. The good news is you're the pilot."

-Michael Altshuler

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://www.tax-news.com/
https://www.financialexpress.com/todays-paper/
https://m.economictimes.com/industry/services/retail/retailers-fret-on-any-deposit-scheme-for-jiophone-next/articleshow/87332809.cms
https://economictimes.indiatimes.com/industry/auto/auto-news/high-taxes-hampering-growth-of-luxury-car-segment-in-india-audi/articleshow/87420088.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

AKSHAY SHAH
Email: ca.akshah@gmail.com
Contact No.: 9958975768
Website: www.jainshah.com