

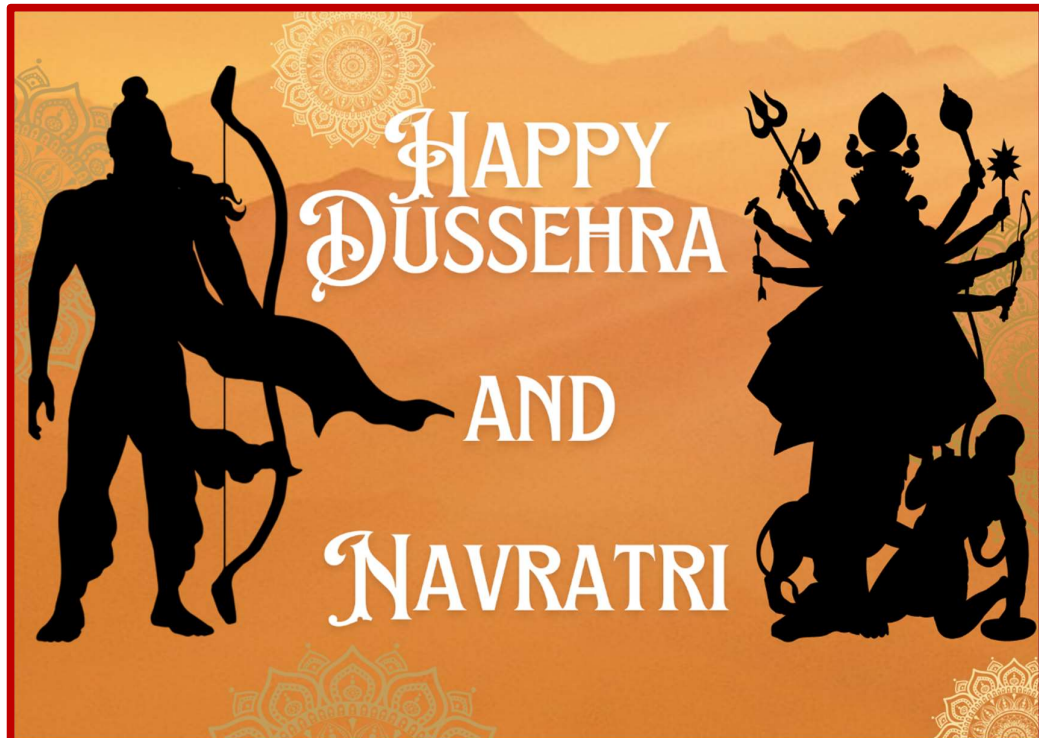
SPCM & ASSOCIATES

Chartered Accountants



SPCM  
LEGAL

# SAMĀCĀRA OCTOBER 2024









# **SAMĀCĀRA – OCTOBER 2024**

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# SAMĀCĀRA – OCTOBER 2024

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## **SAMĀCĀRA – OCTOBER 2024**

### **EDITORIAL**

Dear All,

As we usher in the vibrant month of October, I am filled with immense pride and gratitude for the collective efforts of our team. The past few months have been a testament to our dedication and ability to handle intense workloads, especially during the audit season. The pressure to complete audit assignments within tight deadlines was undoubtedly overwhelming. Yet, despite these challenges, each of you—from our partners to associates and students—has showcased exceptional commitment and professionalism.

The recent decision by the Central Board of Direct Taxes (CBDT) to extend the deadline for filing Tax Audit Reports by seven days provided some relief. However, it was the firm's collective determination to stay ahead of the curve that stands out. Your ability to work efficiently, even under intense pressure, demonstrates the resilience and unity that defines our firm. The additional seven days should not only be seen as an extension but as an affirmation of our capacity to meet our responsibilities promptly and with the highest standards.

As professionals closely watching economic trends, it is heartening to observe the strong collection figures for both GST and Direct Taxes in September. These numbers reflect the underlying strength of the economy. The healthy tax collections are a signal of growing business activities, improved consumer spending, and greater compliance, all of which point to a robust economic landscape. As a firm, we must be alert to these trends, as they will guide us in advising our clients on tax

planning, compliance, and financial decision-making in the coming months.

A significant development this October is the launch of the "Vivad se Vishwas Scheme 2024," which becomes operational from 1st October. This scheme is a golden opportunity for taxpayers to resolve their long-standing tax disputes, clear uncertainties, and bring closure to pending litigations. I urge all of us to take out time to understand its nuances and ensure that our clients are well-informed about the benefits and how to utilize this scheme to their advantage. Our role as advisors during such times is critical, as we guide our clients through the complexities of tax laws while ensuring they make the most of available relief.

October also heralds a season of festivities that brings joy and renewal into our lives. As we prepare for the celebrations of Navaratri and Diwali, I encourage each one of you to take a moment to reflect on the significance of these festivals. Navaratri, with its vibrant energy and devotion, reminds us of the triumph of good over evil, while Diwali, the festival of lights, symbolizes new beginnings and the victory of light over darkness. These festivals not only enrich our personal lives but also serve as reminders of the power of perseverance, patience, and positive energy—values that resonate deeply with our professional commitments.

In the spirit of these celebrations, let us embrace the sense of renewal that they bring. Amidst our hectic schedules, it is important to take time out to recharge and celebrate with our families and loved ones. Let the festive season serve as a balance to the hard work we've put in over the past few months.

As we move forward into October, I look forward to more milestones, more celebrations of success, and the continued growth of our firm. Together, we have proven that challenges can be overcome, deadlines can be met, and that with teamwork, there is no limit to what we can achieve.

Wishing you all a joyous Navaratri and Diwali, filled with light, love, and prosperity. Let's continue to strive for excellence in every endeavour and ensure that this festive season adds both professional and personal joy to our lives.

Thanking You,  
**With Warm Regards,**



**CA. Suhas P. Bora**  
**Founder Partner,**  
**SPCM and Associates,**  
**Chartered Accountants**

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**GLIMPSE OF EVENT**

**Our mentor, CA Suhas P. Bora was invited as faculty by Maharashtra Tax Practitioners' Association for its 6<sup>th</sup> Study Circle Meeting on the Topic, "Vivad Se Vishwas Scheme 2024"**

**MAHARASHTRA TAX PRACTITIONERS' ASSOCIATION**  
Yadav Vyapar Bhavan, 602 Shukrawarpeth, Shivaji Road, Pune 411002

**6<sup>th</sup> Study Circle Meeting**  
Hybrid Mode (Online/Offline)  
**Vivad se Vishwas Scheme 2024**

Faculty

**CA Suhas Bora**

**Adv. Prasad Deshpande**  
President, MTPA  
Mob. : 98220 22915

**Shri. Navneetlal Bora**  
Chairman, Study Circle Committee  
Mob. : 98220 51829

**Mrs. Ashwini Bidkar**  
Convener, Study Circle Committee  
Mob. : 99210 30629

**FREE FOR ALL**

**Date: Friday, 04<sup>th</sup> October 2024**  
**Time: 3.30 pm onwards**

Meeting ID : Link will be shared shortly | Passcode : mtpa | **Team MTPA**







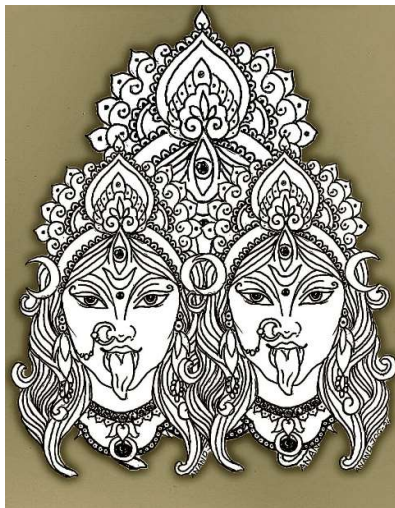
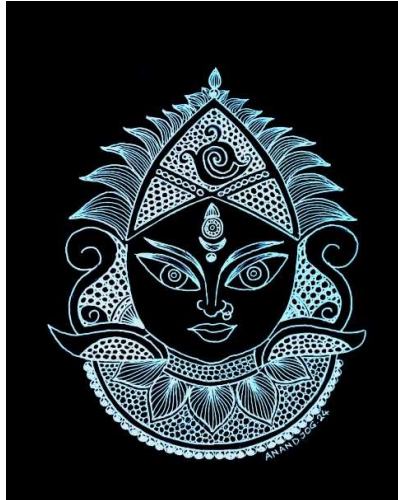
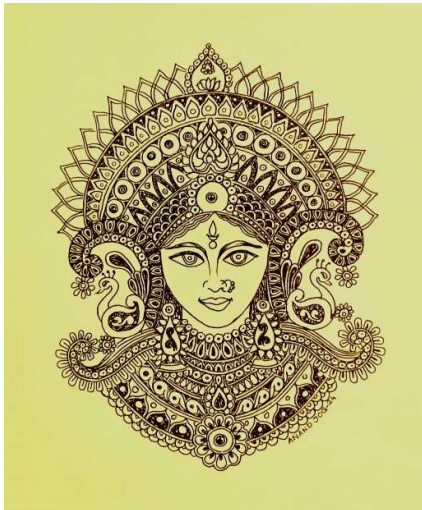
***Birthday Celebration of colleagues born in the month of September***





**NAVRATRI SPECIAL**

*Hand drawn images of goddess by Mr. Anand Jog,  
dear friend of our mentor, CA Suhas P. Bora sir.*




**DUE DATES**

**Income Tax, PF and ESIC due date calendar for the month of October 2024:**

<b>DATE</b>	<b>DUE DATE FOR</b>
07-10-2024	<ul style="list-style-type: none"> <li>• Deposit of Tax deducted/collected for the month of September, 2024.</li> <li>• Due date for deposit of TDS for the period July 2024 to September 2024 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H.</li> </ul>
15-10-2024	<ul style="list-style-type: none"> <li>• Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M and 194S in the month of August, 2024.</li> <li>• Quarterly statement of TCS deposited for the quarter ending September 30, 2024</li> <li>• Upload declarations received from recipients in Form No. 15G/15H during the quarter ending September, 2024.</li> <li>• Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of September, 2024</li> <li>• Payment of ESI Contribution for the month of September, 2024.</li> <li>• Payment of PF for the month of September, 2024.</li> </ul>
30-10-2024	<ul style="list-style-type: none"> <li>• Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194M, 194S in the month of September, 2024.</li> </ul>



DATE	DUE DATE FOR
	<ul style="list-style-type: none"> <li>Quarterly TCS certificate in respect of tax collected by any person for the quarter ending September 30, 2024.</li> </ul>
31-10-2024	<ul style="list-style-type: none"> <li>Quarterly statement of TDS deposited for the quarter ending September 30, 2024.</li> <li>Due date for filing of return of income for the Assessment Year 2024 -25 if the assessee (not having any international or specified domestic transaction) is               <ul style="list-style-type: none"> <li>a) corporate assessee or</li> <li>b) non corporate assessee (whose books of account are required to be audited) or</li> <li>c) partner of a firm whose accounts are required to be audited) or the spouse of such partner if the provisions of section 5A applies to such spouse.</li> </ul> </li> <li>Audit report under section 44AB for the Assessment Year 2024-25 in the case of an assessee who is also required to submit a report pertaining to international or specified domestic transactions under section 92E.</li> </ul>

**GST due dates for the month October 2024: -**

<b>DUE DATE</b>	<b>RETURN</b>	<b>PERIOD</b>	<b>DESCRIPTION</b>
10 <sup>th</sup> October	GSTR-7 (Monthly)	September'24	Summary of Tax Deducted at Source (TDS) and deposited under GST laws.
10 <sup>th</sup> October	GSTR-8 (Monthly)	September'24	Summary of Tax Collected at Source (TCS) and deposited by E-commerce operators under GST laws.
11 <sup>th</sup> October	GSTR-1 (Monthly)	September'24	Summary of outward supplies where turnover exceeds Rs.5 crore or have not chosen the QRMP scheme for the quarter of July-September 2024.
13 <sup>th</sup> October	GSTR-6	September'24	Details of ITC received and distributed by ISD.
13 <sup>th</sup> October	GSTR-5 (Monthly)	September'24	Summary of outward taxable supplies & tax payable by a non-resident taxable person.
13 <sup>th</sup> October	Furnishing Invoices in IFF Facility (Quarterly)	July – September 2024	Taxpayers who have opted for the Invoice Furnishing Facility (IFF) and choose to upload B2B outward supply invoices for first two months of the quarter. The B2B invoices relating to last month of the quarter are too uploaded while filing GSTR – 1 along with B2C invoices of entire quarter.
18 <sup>th</sup> October	CMP -08	July-September 2024	Form to declare the details or summary of self-assessed tax which is payable for a given quarter by taxpayers who are



<b>DUE DATE</b>	<b>RETURN</b>	<b>PERIOD</b>	<b>DESCRIPTION</b>
			registered as composition taxable person or taxpayer who have opted for composition levy.
20 <sup>th</sup> October	GSTR-3B (Monthly)	September'24	Summary of outward supplies, ITC claimed, and net tax payable for taxpayers with turnover more than Rs.5 crore in the last FY or have not chosen the QRMP scheme for the quarter of July-September 2024.
20 <sup>th</sup> October	GSTR-5A (Monthly)	September'24	Summary of outward taxable supplies and tax payable by OIDAR.

**INCOME TAX****APPLICABILITY OF TAX AUDIT: CHAPTER 2****SERIES OF ARTICLE ON PROVISIONS OF TAX AUDIT U/SEC. 44AB OF THE ACT.**

We have started with a series on Tax Audit u/s 44AB considering practical aspects to be taken care of for issue of the Tax Audit reports as applicable for AY 2024-25.

**In article - 1 we discussed about the applicability of Tax Audit u/s 44AB of the Income Tax Act.**

**In the series of Article on Tax Audit provisions, we would discuss the meaning of the terms "Sales ", "Turnover" and "Gross Receipts".**

**The meaning of the terms "Sales ", "Turnover" and "Gross Receipts, for Sec. 44AB of the Act:**

The initial test for applicability of tax audit under section 44AB is to see if the 'sales, 'turnover' or 'gross receipts' as the case may be exceeds the limits specified u/s 44AB (a) or 44AB (b). In this article , we shall discuss what these terms means and what is to be included and / or excluded to determine the limits.

"Sales", "Turnover" and "Gross Receipts" are commercial terms and they should be construed in accordance with the method of accounting regularly employed by the assessee. Section 145(1) of the income Tax Act, 1961 provides that income chargeable under the head "Profits and gains of business or profession" should be computed in accordance with either

cash or mercantile system of accounting regularly employed by the assessee. Mixed system of accounting is not allowed under Income Tax Law.

**TURNOVER:**

The Term 'Turnover' has not been defined under the Income Tax Act, 1961. According to section 2(91) of Companies Act 2013:

*"Turnover" means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year.*

The Central Sales Tax Act, 1956 defined the term turnover as

*"Turnover" used in relation to any dealer liable to tax under this Act means the aggregate of the sale prices received and receivable by him in respect of sales of any goods in the course of inter-State trade or commerce made during any prescribed period and determined in accordance with the provisions of the Act and rules made there under.*

Further, section 8A (1) provides that sales tax should be deducted from aggregate of sales price to determine turnover. In "Glossary of Terms Used in Financial Statements" published by the ICAI in 2019, the expression "Sales Turnover" has been defined as under:

*"The aggregate amount for which sales are effected or services rendered by an enterprise. The term 'gross turnover' and 'net turnover' (or 'gross sales' and 'net sales') are sometimes used to distinguish the sales aggregate before and after deduction of returns and trade discounts".*



The Central Goods and Services Act 2017 in section 2(112) defines turnover as:

*“Turnover means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess”*

### **DOES TURNOVER INCLUDE INDIRECT TAXES SUCH AS GST?**

A question has been raised a few times, that whether turnover for purposes of section 44AB includes indirect taxes like GST, Excise or VAT? Normally indirect taxes are levied on the sales / turnover; hence turnover should not include such indirect taxes. Few relevant portions from Paras of ICAI Guidance Note on Division I – Non- Ind AS Schedule III to the Companies Act, 2013 (revised January 2022) reproduced below clarifying the disclosure in financial statements states that:

*Para 9.1.3 - Indirect taxes such as Sales tax, Service tax, Purchase tax etc. are generally collected from the customer on behalf of the government in majority of the cases. However, this may not hold true in all cases and it is possible that a company may be acting as principal rather than as an agent in collecting these taxes. Whether revenue should be presented gross or net of taxes should depend on whether the company is acting as a principal and hence responsible for paying tax on its own account or, whether it is acting as an agent i.e. simply collecting and paying tax on behalf of government authorities. In the former case, revenue should also be grossed up for the tax billed to the customer and the tax payable should be shown as expense. However, in cases, where a company collects tax only as an intermediary, revenue should be presented net of taxes*

*Para 9.1.4* - However, as per the Guidance Note on Value Added Tax, “Value Added Tax (VAT) is collected from the customers on behalf of the VAT authorities and, therefore, its collection from the customers is not an economic benefit for the enterprise and it does not result in any increase in the equity of the enterprise”. Accordingly, VAT should not be recorded as revenue of the enterprise. At the same time, the payment of VAT should not be treated as an expense in the Financial Statements of the company.

*Para 9.1.5* - Further, as per the definition of Revenue in the Guidance Note on Terms Used in Financial Statement, “It excludes amounts collected on behalf of third parties such as certain taxes”. The Guidance Note on VAT further states, “Where the enterprise has not charged VAT separately but has made a composite charge, it should segregate the portion of sales which is attributable to tax and should credit the same to ‘VAT Payable Account’ at periodic intervals”.

*Para 9.1.6* - On the introduction of Goods & Services Tax from 1 July 2017 onwards, the collection of GST by an entity would not be an inflow on the entity’s own account but it shall be made on behalf of the government authorities. Accordingly, the revenue should be presented net of GST collected.

Also, Para 5.5 of ICAI Guidance Note on u/s 44AB (Revised 2023) states that:

- If GST or any other tax is included in the sale price, no adjustment in respect thereof should be made for considering the quantum of turnover.
- If, however, GST or any other indirect tax recovered are credited separately to GST or any other tax Account (being separate accounts) and payments to the authority are debited in the same account, they would not be included in the turnover.

Hence, indirect taxes should normally not be included to arrive at the limits of s. 44AB, except in the cases as stated above.

### ***INCLUSIONS AND EXCLUSIONS FROM TURNOVER:***

The term 'turnover' for the purposes s. 44AB would mean the aggregate amount for which sales are affected or services rendered by an enterprise. The following should not be deducted from sales (if not included in sales) to arrive at turnover:

#### **Inclusions (Not to be deducted from Turnover)**

- 1) Sale of scrap / By product
- 2) Sale proceeds of shares, securities, debentures etc. held as stock in trade by the assessee.
- 3) Cash discount other than allowed in invoice is not to be deducted.
- 4) Commission on sales
- 5) If GST or any other indirect tax was included in sale price while accounting (Inclusive method), then the same shall form part of Turnover.

#### **Exclusions (To be deducted from Turnover):**

- 1) If GST or any other indirect tax was not included in sale price while accounting (Exclusive method), then the same shall not form part of Turnover.
- 2) Sale proceeds of Property Plant and Equipment (Fixed Assets).
- 3) Sale proceeds of Investment property.
- 4) Sale proceeds of shares, securities, debentures held as an investment.
- 5) Discounts (whatever nature) allowed in the Invoice.
- 6) Trade / Turnover discount (even if allowed by way of separate credit note).

- 7) Ancillary charges such as packing, freight and forwarding etc. provided they are separately mentioned in the Invoice. Otherwise, they will form part of Turnover.
- 8) Sales Return
- 9) Price adjustments.
- 10) Special rebate (excluding commission on sales)

### **TURNOVER FOR SECURITIES & AGEN**

#### **Share Brokers**

Share Brokers buy and sell securities on behalf of their client. Thus, Brokerage income received on purchase and sale of such securities shall form part of Turnover.

#### **Shares, Securities and Derivatives**

##### Speculative Transactions:

Aggregate of both positive (gains) and negative (losses) differences should be considered to determine turnover for purposes of tax audit. For example, where there is a gain of Rs. 10 lacs and loss of Rs. 8 Lacs resulting in net gain of Rs. 2 Lacs, the turnover would be Rs. 18 Lacs (10+8). Though the contract notes are issued for full value for purchases and sales, the accounting entries are made only for the differences.

##### Derivatives/ Futures & Options

Though the contract notes are issued for full value for purchases and sales, the accounting entries are made only for the differences. In case of Derivative transactions difference between purchase and sale is settled. Following is considered while determining turnover:

- Total of favourable and unfavourable differences in case of squared off transactions.

- Premium received on sale of options. However, if premium received is included to determine profit, then such profit should not be included.
- Differences in case of reverse trades.
- In case the transaction is not squared off at the end of year, the turnover (differences) would be considered on the date of squaring off i.e., in the year in which it is squared off.
- Case of delivery-based settlement, the difference in case of trade price and settlement price would be the turnover.

*Delivery based transactions:*

Where the transaction for the purchase or sale of shares is delivery based whether intended or by default, the total value of the sales is to be considered as turnover, where shares are held as stock-in-trade (not investments).

**Agency Business**

Amount of commission earned by the agent and not the aggregate amount for which sales are affected or services are rendered is considered as turnover / gross receipts.

If the property in the goods or all significant risks and rewards of ownership of goods continue to belong to the principal, the relevant sale price shall not form part of the sales/turnover of the commission agent and/or the consignee as the case may be. If, however, the property in the goods, significant risks and reward of ownership belongs to the commission agent and/or the consignee, as the case may be, the sale price received/receivable by him shall form part of his sales/turnover. Also, refer to the CBDT Circular No. 452 dated 17th March 1986, where CBDT has clarified related to commission agents, arhatias, etc. turnover for purposes of tax audit.



**GROSS RECEIPTS:**

**Gross Receipts** would include all receipts whether in cash or in kind arising from carrying on of the business which will normally be assessable as business income under the Act. Apart from sales or turnover, the following stated hereafter are to be included or excluded to arrive at gross receipts.

*Inclusions (To be included):*

- 1) Sale proceeds of scrap, wastage etc. if it is not included in sale or turnover
- 2) Advance received and forfeited from customers
- 3) Cash assistance under the scheme of Government
- 4) Liquidated damages
- 5) Duty Drawbacks
- 6) Export incentives
- 7) Insurance claim (except relating to PPE (fixed assets))
- 8) Net Foreign exchange difference on export sales
- 9) Gross interest income (if forms part of business income)
- 10) Rental income (if forms part of business)
- 11) Dividend income (in case of dealer of shares and securities)
- 12) Commission, brokerage, service and other incidental charges received in the business of chit funds
- 13) Reimbursement of expenses incurred (if credited to separate account then only to the extent of surplus)
- 14) Hire charges and instalments received
- 15) Finance income in case of lessor
- 16) Hire charges of cold storage
- 17) Value of any benefit or perquisite, whether convertible into money or not, arising from business or profession
- 18) Advertising charges by an advertising agent from the client, where books the advertisement space in bulk and recover charges from different clients.

19) Amount received for conducting package tour

Exclusions (Not to be included):

- 1) Sale proceeds of asset held as investment.
- 2) Sale proceeds of PPE (fixed assets) including advance forfeited, if any
- 3) Interest income (if not forms part of business income)
- 4) Dividend income except in case of dealer in shares
- 5) Reimbursements of custom duty and other charges collected by clearing agent
- 6) Share of profit of a partner of a firm/LLP excluded from total income u/s10(2A)
- 7) Liabilities/ provisions of creditors, expenses or taxes written back
- 8) Rental income (if not forms part of business income)
- 9) Reimbursement of advertising charges by an advertising agent from the client
- 10) Agriculture receipts {as defined in section 2(1A) r.w.s 10(1)}
- 11) In case of travelling agent amount received from the clients for payment to airline, railways etc. as reimbursement.
- 12) Interest, remuneration received by partner from partnership firm.
- 13) In case of recruiting agent, the amount received from the clients by way of reimbursement for advertisement.

It is pertinent to note that there is a difference between gross receipts and total receipts referred to in section 44AB. Total receipts would include all receipts in cash or through bank, however, gross receipts would be as discussed above. For tax audit applicability under section 44AB gross receipts is to be considered and not total receipts. For example, M/s ABC & Co.'s gross receipts (nothing in cash) are Rs. 8 crores, but its total receipts are Rs. 25 crores which includes loans received, payments from past debtors, etc. In such case, it would not be subject to tax audit as its gross receipts is below the specified limits.



**Gross Receipts in case of Profession:**

Gross receipts in case of profession would include all receipts arising from carrying on of the profession. Re-imbusement of expenses if collected separately either in advance or otherwise, should not form part of the "gross receipts". If, however, such out of pocket expenses are not specifically collected but are included / collected by way of a consolidated fee, the whole of the amount so collected shall form part of gross receipts.

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**GST**

**GIST OF GST NOTIFICATION**

<b>NOTIFICATION NO</b>	<b>DATE</b>	<b>SUBJECT / HIGHLIGHTS</b>
19/2024-Central Tax	01-10-2024	CBIC issued Notification under Section 171 of CGST Act to provide for the sunset date. This notification shall come into force on the date of its publication in the Official Gazette.
18/2024-Central Tax	01-10-2024	CBIC notified Principal Bench of GST Appellate Tribunal to hear cases of anti-profiteering. This notification shall come into force with effect from the 1st day of October, 2024.
17/2024-Central Tax	27-09-2024	According to a notification dated September 27, 2024 by the Ministry of Finance “In exercise of the powers conferred by clause (b) of sub-section (2) of section 1 of the Finance (No. 2) Act, 2024 (15 of 2024), the Central Government hereby appoints. — a) the date of publication of this notification in the Official Gazette, as the date on which the provisions of sections 118, 142, 148 and 150 of the said Act shall come into force; and b) the 1st day of November, 2024, as the date on which the provisions of sections 114 to 117, 119 to 141, 143 to 147, 149 and 151 to 157 of the said Act shall come into force.

**GIST OF GST CIRCULAR**

<b>CIRCULAR NO.</b>	<b>DATE</b>	<b>SUBJECT / HIGHLIGHTS</b>
233/27/2024-GST	11-09-2024	Clarification regarding regularization of refund of IGST availed in contravention of rule 96(10) of CGST Rules, 2017, in cases where the exporters had imported certain inputs without payment of integrated taxes and compensation cess.
232/26/2024-GST	11-09-2024	Clarification on place of supply of data hosting services provided by service providers located in India to cloud computing service providers located outside India.
231/25/2024-GST	11-09-2024	Clarification on availability of input tax credit in respect of demo vehicles.
230/24/2024-GST	11-09-2024	Clarification in respect of advertising services provided to foreign clients.

**GST UPDATES**

**1. Re-opening of Reporting ITC Reversal Opening Balance**

The Taxpayers are being provided with one final opportunity to report their cumulative ITC reversal (ITC that has been reversed earlier and has not yet been reclaimed) as opening balance for "Electronic Credit Reversal and Re-claimed Statement", if any, before hard locking the reversal and reclaim ledger.

- i. The functionality to reporting the opening balance will be available from 15th September 2024 to 31st October 2024.
- ii. The amendments in declared opening balance will be available till 30th November, 2024.
- iii. Taxpayers having monthly filing frequency are required to report their opening balance considering the ITC reversal done till the return period of July 2023 only. As after this period balance is already available in ledger.
- iv. Quarterly taxpayers shall report their opening balance up to Q1 of the financial year 2023-24, considering the ITC reversal made till the April-June 2023 return period only. As after this period balance is already available in ledger.

It is advised to make use of this extended period to ensure that all relevant information is reported accurately before system shall restrict to re-claim of ITC in excess of the amount reversed earlier.

## **2. Archival of GST Returns data on GST portal**

- a. Section 39 (11) of the CGST Act, 2017, implemented w.e.f 01-10-2023 vide Notification No. 28/2023 – Central Tax dated 31th July, 2023, provides that the taxpayers shall not be allowed file their GST returns after the expiry of a period of three years from the due date of furnishing the said return.
- b. Further, as per GST portal data policy, data for view of taxpayer to be retained for seven years only. Therefore, the same data policy is being implemented on the GST portal. Thus, return data will not be available to view beyond 7 years for taxpayers.
- c. Accordingly, on 01st August 2024 return filed for July 2017 has been archived and on 01st September 2024, data for August 2017

has been archived. Further, this data archival is going to be a monthly activity hence on 01st October, 2024 data of September 2017 shall be taken down from the GST portal and so on so forth.

- d. Hence, hereby the taxpayers are advised to download their relevant data from the GST portal for any future reference, if required.

### **3. Advisory on issuance of Notices/Orders without digital signatures of the issuing authorities**

- a. Doubts have been created regarding the validity of documents issued by the tax officers on the common portal viz. Show cause Notices, Order of Assessment, Refund Orders etc. which are not containing the Digital signatures on the pdf. document downloaded from the common portal. In this context, it is to be mentioned that such documents (i.e. SCN/Orders) are generated on the common portal from the login of the officer, who logs in through Digital Signatures.
- b. Further, these documents being computer generated on the command of the officer, may not require physical signatures of the officer as these documents can be issued by the officer only after logging into the common portal using Digital Signature. Thus, all these documents in JSON format containing the order details along with the issuing officer details are stored in the GST system with the digital signature of the issuing officer.
- c. The validity and the purpose of these documents can be verified from the taxpayer login on the GST portal or from the GST common portal.

### **4. Restoration of GST Returns data on Portal**

Advisory has been issued on 24th September, 2024 regarding the archival of return data from the Common Portal after seven years. This data was archived in line with data archival policy and process

implemented on a monthly basis. Consequently, the return data for July, 2017 and August, 2017 was archived on 01st August and on 01st September respectively.

In view of the requests made from the trade due to the difficulties faced, data has been restored back on the portal. The taxpayers should download and save the data if needed, as the archival policy shall be implemented again after giving advance information.

#### **5. Advisory: GSTN e-Services App to Replace e-Invoice QR Code Verifier App Shortly**

GSTIN issued advisory to taxpayers new GSTN e-Services app, which replaces the old e-Invoice QR Code Verifier App. This app offers the following features:

**Verify e-Invoices:** Scan the QR code to verify the B2B e-Invoices QR code and check the live status of the Invoice Reference Number (IRN).

**GSTIN Search:** Search for GSTIN details using the GSTIN or PAN.

**Return Filing History:** View the return filing history for a GSTIN.

**Multiple Input Methods:** Input search details using text, voice, or scan functions.

**Result Sharing:** Share search results via the app.

The app would soon be available on the Google Play Store and App Store. No login is required to use the app



## INVESTMENTS

### Taxation of Bonds vs. Physical Metals: Long-Term Implications

In the complex world of investing, understanding the tax implications of your investments is as crucial as understanding the investments themselves. Bonds, including government securities like Sovereign Gold Bonds (SGBs), and physical metals such as gold and silver, are popular investment options. However, they are subject to different tax treatments which can significantly impact your long-term returns. This article explores the taxation of bonds compared to physical metals and the long-term implications of these tax policies.

#### Taxation of Bonds

##### Sovereign Gold Bonds (SGBs)

SGBs, issued by the government, come with unique tax benefits that make them an attractive investment option:

1. **Interest Income:** The interest earned on SGBs, typically around 2.5% per annum, is taxable as per the investor's income tax slab. This interest is paid semi-annually.

#### 2. Capital Gains Tax:

- **Redemption:** Capital gains arising on redemption of SGBs are tax-exempt. This means that if you hold the bonds until maturity (8 years), any appreciation in the value of gold during this period is not subject to capital gains tax.
- **Premature Exit:** If you sell the SGBs in the secondary market before maturity, the capital gains are taxed. For holdings less than 3 years,

the gains are treated as short-term capital gains (STCG) and taxed at the applicable income tax rate. For holdings more than 3 years, the gains are treated as long-term capital gains (LTCG) and taxed at 12.5% without indexation benefits.

**Example:** Suppose you invest in SGBs worth ₹100,000. After 8 years, the value appreciates to ₹150,000. Upon redemption, the ₹50,000 gain is tax-free. Additionally, you would have earned semi-annual interest, taxed as per your income slab, but the principal appreciation remains untaxed.

## **Taxation of Physical Metals**

### **Gold and Silver**

Physical metals like gold and silver have different tax implications compared to SGBs:

#### 1. Capital Gains Tax:

- Short-Term: If you sell physical gold or silver within 3 years of purchase, the gains are classified as STCG and taxed at the applicable income tax rate.
- Long-Term: If you hold the metals for more than 3 years, the gains are classified as LTCG and taxed at 12.5% without indexation benefits.

2. Wealth Tax: While wealth tax has been abolished in India, earlier, physical gold and silver holdings above a certain threshold were subject to wealth tax. Though this is not a current concern, it's worth noting historically.

3. Transaction Transparency: Purchases of physical gold and silver with cash above certain thresholds must comply with disclosure requirements and are often scrutinized to curb black money. This can add to the complexity and tax implications of holding physical metals.

Example: Imagine you purchase gold worth ₹100,000. After 4 years, its value increases to ₹150,000. The LTCG on the ₹50,000 gain would be taxed at 12.5% on the difference and the tax would be ₹6,250.

### Practical Examples of Long-Term Implications

#### **Scenario 1: Investing in SGBs**

- a. Initial Investment: Seema invests ₹200,000 in SGBs.
- b. Interest Income: She earns 2.5% interest per annum, adding up to ₹5,000 annually, which is taxable as per her income tax slab. Assuming she falls in the 30% tax bracket, she pays ₹1,500 in taxes annually on the interest.
- c. Capital Appreciation: After 8 years, the value of her SGBs appreciates to ₹300,000.

#### **Tax Outcome:**

- Interest taxed annually: ₹1,500 \* 8 = ₹12,000
- Capital gain on redemption: Tax-free
- Total tax paid: ₹12,000

#### **Scenario 2: Investing in Physical Gold**

1. \*Initial Investment\*: Ravi buys physical gold worth ₹200,000.
2. Capital Appreciation: After 8 years, the value of his gold appreciates to ₹300,000.
3. Sale: He sells the gold for ₹300,000.
4. Tax on Capital Gains: The taxable capital gain is ₹ 100000/- (₹300,000 - ₹200,000), taxed at 12.5%. Thus, Ravi pays ₹12,500 in taxes.

#### **Tax Outcome:**

- Capital gain on sale: ₹100000/-
- Tax on gain: ₹12,500



- Total tax paid: ₹12,500

### **Long-Term Implications:**

Understanding these tax differences is crucial for long-term financial planning:

#### **1. Tax Efficiency:**

- SGBs: The tax-exempt status on redemption gains of SGBs makes them more tax-efficient for long-term investors. The regular interest income, though taxable, provides a predictable income stream.
- Physical Metals: While physical gold and silver can provide significant capital appreciation, the tax on gains and the complications of managing physical assets can erode overall returns.

#### **2. Investment Horizon:**

- SGBs: Ideal for investors with a medium to long-term horizon, as the maximum benefit is realized if held to maturity.
- Physical Metals: Suitable for long-term holding, but investors must be prepared for potential tax liabilities upon sale.

#### **3. Liquidity Considerations:**

- SGBs: Easier to liquidate in the secondary market, but may involve some tax implications if sold before maturity.
- Physical Metals: Highly liquid, but selling involves tax considerations and potential loss of value due to transaction costs and market fluctuations.

#### **4. Record Keeping and Compliance:**

- SGBs: Simpler from a compliance perspective as they are held in demat form and come with clear records of purchase and sale.
- Physical Metals: Require meticulous record-keeping to substantiate purchase costs and holding periods, especially for tax reporting purposes.

**Conclusion**

In conclusion, while both bonds like SGBs and physical metals like gold and silver have their merits, the long-term tax implications are a critical factor in determining the better investment option. SGBs offer significant tax advantages, particularly on redemption, making them a tax-efficient choice for long-term investors. Physical metals, while valuable and historically reliable, carry a heavier tax burden on gains and require careful management to optimize returns.

Investors should consider their financial goals, investment horizon, and tax bracket when choosing between these options. Consulting with a financial advisor can also help tailor an investment strategy that maximizes returns while minimizing tax liabilities, ensuring a secure and prosperous financial future

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**FINANCE AND VALUATIONS****GREEN CREDIT PROGRAMME**

On 12th October 2023, the Ministry of Environment, Forests and Climate Change (MOEFCC) released a detailed methodology for its Green Credit Programme component. It aims to create tradable credits from various activities, such as reducing air pollution and incorporating sustainable infrastructure.

**What are green credits?**

Green Credits (GCs) are a type of environmental incentive designed to recognize and reward the positive impacts generated by organizations and individuals who engage in tree plantation efforts as part of the Green Credit Program. These credits serve as a tangible acknowledgment of the commitment to environmental sustainability and the enhancement of our ecosystems. By participating in tree planting initiatives, entities not only contribute to reforestation and biodiversity but also earn Green Credits that can be utilized in various ways to further support and promote ecological responsibility.

**What are the Green Credit Rules?**

The Green Credit Rules were notified by the Government of India on 12th October 2023 under the Environment Protection Act, 1986, as a mechanism to encourage voluntary plantation activity across the country, resulting in an award of Green Credits and building an inventory of degraded land which can be utilized for Afforestation programs.

**What is GCP?**

As per clause 4 of Green Credit Rules 2023,

*(1) Any person or entity may take any measure specified under sub-rule (2) for*

*the purposes of protection, preservation, or conservation of the environment.*

*(2) The measures referred to in sub-rule (1) may include the following activities, namely:—*

*(i) tree plantation—to promote activities for increasing the green cover across the country;*

*(ii) water management—to promote water conservation, water harvesting and water use efficiency or water savings, including treatment and reuse of wastewater;*

*(iii) sustainable agriculture—to promote natural and regenerative agricultural practices and land restoration to*

*improve productivity, soil health and nutritional value of food produced;*

*(iv) waste management—to promote circularity, sustainable and improved practices for waste management,*

*including collection, segregation, and environmentally sound management;*

*(v) air pollution reduction—to promote measures for reducing air pollution and other pollution abatement activities;*

*(vi) mangrove conservation and restoration—to promote measures for conservation and restoration of mangroves;*

*(vii) Ecomark label development—to encourage manufacturers to obtain Ecomark label for their goods and services;*

*(viii) sustainable building and infrastructure—to encourage the construction of sustainable buildings and other infrastructure using environment-friendly technologies and materials.*

### **What are the objectives of the Green Credit Programme (GCP)?**

- GCP aims to create a dynamic land bank for plantations, accessible through a dedicated web portal. This platform allows Forest Departments to register degraded forest lands, forming an inventory that serves as a valuable resource for voluntary plantation initiatives.

- The program encourages government institutions, public sector undertakings, non-government organizations, private companies, philanthropic bodies, and individuals or groups registered under the Societies Registration Act to select plantation blocks from the registered inventory to promote afforestation.
- Issuing Green Credits: Green Credits provide a significant incentive for entities participating in tree plantation efforts. The issuance is governed by specific methodologies and guidelines set by the Administrator.
- Digital Processes: GCP leverages technology-driven tools such as a web platform and registry to streamline operations, ensuring efficient registration, verification, and monitoring of plantation activities.

#### **What are the Challenges for GCP?**

- **Market Volatility:** The success of the Green Credits trading platform will hinge on the balance of market demand and supply. The value of Green Credits may fluctuate, creating uncertainty for businesses that invest in environmental initiatives and impacting the monetary returns of their efforts.
- **Greenwashing Risk:** Without proper regulation, Green Credits could potentially lead to greenwashing, where companies make exaggerated or unverified claims about their environmental impact. Adequate technology and verification systems will be essential to ensure the credibility of these credits.
- **Cost and Resource Challenges:** Joining the Green Credit Program may require upfront investments in sustainable technologies, practices, and infrastructure. Although the long-term benefits can be substantial, businesses facing financial limitations may struggle to allocate the necessary resources for sustainability efforts.
- **Feasibility Concerns:** For the Green Credits program to be viable and effective, a robust and equitable framework must be established across various sectors. The methods for assigning value to credits and facilitating their trade also need to be clarified for the system to function smoothly.



### **How are Green credits earned and calculated?**

- To earn Green Credits, participants must first register their environmental activities through a dedicated online platform. This website serves as the central hub for submitting all necessary details related to the project, including the type of environmental initiative, its scope, and the resources involved. The registration process ensures that all activities are documented in a standardized manner, allowing for clear tracking and management of projects across various sectors.
- Once registered, the activities are verified by an independent agency, which assesses their legitimacy and effectiveness based on pre-defined criteria. The process may involve site inspections, documentation reviews, and progress monitoring. After evaluation, the agency generates a report confirming the validity of the activities.
- Based on the agency's verification report, the program administrator will issue a Green Credit certificate to the applicant. This certificate formally recognizes the participant's contribution to environmental sustainability and serves as a tradable asset within the Green Credits marketplace.
- The calculation of Green Credit is determined by factors such as resource requirements, scale, scope, size, and other relevant parameters necessary to achieve the desired environmental outcomes.

### **How are Green credits traded?**

- The trading of Green Credits is facilitated through a comprehensive system designed to ensure transparency and efficiency. At the core of this system is the establishment of a **Green Credit Registry**, which plays a vital role in tracking and managing all earned credits. This registry acts as a centralized database, where the issuance, ownership, and transfer of Green Credits are meticulously recorded. It ensures that

all transactions are properly documented, preventing issues such as double-counting or mismanagement of credits.

- In addition to the registry, the program administrator will also create and oversee a **Green Credit Trading Platform**. This platform serves as a marketplace where Green Credits can be bought, sold, or exchanged within the domestic market. It provides a structured environment where businesses, institutions, and other entities can engage in credit trading, enabling those with surplus credits to sell them to organizations seeking to meet sustainability goals.
- By integrating the registry with the trading platform, the system ensures that all trades are transparent, secure, and fully traceable, allowing participants to confidently manage their environmental assets while promoting the growth of a sustainable economy.

#### **Does the Green Credit Program Also Cover Carbon Credits?**

- The Green Credit program operates independently of the **carbon credits** provided under the **Carbon Credit Trading Scheme, 2023**, which is governed by the **Energy Conservation Act of 2001**.
- **Carbon credits**, also known as carbon offsets, are permits that **allow the owner to emit a certain amount of carbon dioxide** or other greenhouse gases.
- One credit permits the emission of 1 ton of carbon dioxide or the equivalent in other greenhouse gases.
- An environmental activity generating Green Credits may have climate co-benefits, such as reducing or removing carbon emissions, which can potentially lead to the acquisition of carbon credits in addition to Green Credits.

**Conclusion:**

In conclusion, the Green Credit Programme (GCP), launched by the Ministry of Environment, Forests, and Climate Change in October 2023, represents a significant step toward promoting environmental sustainability in India. By offering tradable Green Credits for activities such as afforestation, air pollution reduction, and sustainable infrastructure, the program incentivizes individuals and organizations to contribute meaningfully to ecological conservation. The establishment of a Green Credit Registry and Trading Platform ensures transparency, security, and efficiency in managing and trading credits. However, challenges such as market volatility, risks of greenwashing, and resource allocation remain critical factors to address for the program's long-term success. With proper regulation and technological support, GCP can help drive India's environmental agenda forward, complementing broader climate goals and encouraging sustainable practices across sectors.

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**THANK  
YOU!**

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