

DEV MANTRA TIMES

DECEMBER EDITION

ISSUE NO : 34, DATE : 1ST December 2023

Dear Readers,

We welcome you to the **Thirty Fourth** edition of **DevMantra Times** for the month of December 2023. Think Big and Let's close the year 2023 on a positive note. Wishing you a happy planning for the coming year 2024 !!

Economic Updates

NARAYAN SHESHADRI
APPOINTED IDRCL CHAIR,
INCUMBENT DIWAKAR GUPTA
TO HEAD NARCL.

Narayan Seshadri, former KPMG managing partner, is set to become the chairman of India Debt Resolution Co Ltd (IDRCL), the government-backed bad bank's agent, following approval from the company's board. Seshadri, a financial sector veteran with expertise in reviving distressed companies, will take over immediately.

GST collections for November at 1.68 lakh cr, up 15% YoY

India's goods and services tax (GST) collections rose 15% in November to Rs 1.68 lakh crore, driven by festive demand and improved compliance. The total collections, central GST (CGST) is Rs 30,420 crore, state GST (SGST) is Rs 38,226 crore, Integrated GST (IGST) is Rs 87,009 crore, including Rs 39,198 crore collected on import of goods.

During the month, the revenues from domestic transactions (including import of services) are 20% higher than the revenues from these sources during the same month last year.



Govt scouts for advisor to manage Bharat Bond ETF's AUM worth Rs 50,000 cr

The Indian government is seeking a consultant to advise on managing the Bharat Bond Exchange Traded Fund (ETF), which has seen its assets under management (AUM) cross INR 50,000 crore (about \$6.7 billion) since its launch in 2019. The DIPAM issued a request for proposals, stating that the appointed advisor would analyze, assist, and advise on the potential monetization of debt from select CPSEs.

RBI adds 19 unauthorized forex trading platforms in Alert List

The Reserve Bank of India has updated its 'Alert List' of unauthorized forex trading platforms, adding 19 new ones to the total of 75.

The list includes entities not authorized to deal in forex under the FEMA or operate ETPs for forex transactions. The RBI stated that the list is not exhaustive and should not be assumed to be authorized.

Private capex yet to get broad-based, experts differ on next year's trajectory

It can be concluded that investment activity is not yet broad-based. It is in limited pockets. In terms of overall share, around 43% of the industries by size of fixed assets performed better than the average. Five major sectors, however, continue to trail, which includes power and telecom, said Madan Sabnavis, chief economist of Bank of Baroda.

Credit to industry decelerates to 5.4 pc in Oct: RBI data

Among major industries, credit growth (year-on-year) to basic metal & metal products, food processing and textiles accelerated in October 2023, while that to all engineering, chemicals and chemical products and infrastructure decelerated.

India, US agree to strengthen cooperation in pharma, semiconductors, critical minerals

The Forum, comprising CEOs from leading Indian and US-based companies, is co-chaired by N Chandrasekaran, Chairman, Tata Sons, and James Taiclet, President and Chief Executive Officer, Lockheed Martin.

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This was the eighth meeting of the forum since its reconstitution in December 2014. It is a key advisory private sector body to India-US Commercial Dialogue, and it witnessed participation from 27 CEOs from both sides.

Startup Updates

GARUDA AEROSPACE RAISES RS 25 CRORE FROM VENTURE CATALYSTS, WEFOUNDERCIRCLE, OTHERS

The Drone company Garuda Aerospace, backed by former Indian cricket captain Mahendra Singh Dhoni, has raised Rs 25 crores in a fresh bridge round of funding led by Venture Catalysts, and WeFounderCircle. Other investors include Hems Angels, San Angels, Peaceful progress funds. The funding saw participation of other investors including San Angels and Hems Angels. The company plans to use the funds raised towards working capital requirements.

Mestastop raises \$500k to further its cancer drug discovery

Biotechnology startup Mestastop Solutions has announced that it has raised Rs 4.5 crore or \$500k in a Pre Series A round led by 92 angels & Malpani Ventures. the total of 75.

The global cost of cancer as a disease burden is poised to be around \$25 trillion by 2050. The spending on treating and research for curing cancer across would hit \$400 billion by 2030.

HEALTHCARE APP PRACTRO AIMS PROFITABILITY NEXT FISCAL; PLANS IPO SOON

Cofounder and CEO Shashank ND said the startup is already cash flow positive. "This year we will grow by a good healthy margin... Our EBITDA would have improved dramatically from last year. We will be near break-even this year.

Tencent-backed healthcare and diagnostics app Practo is aiming to turn profitable in next fiscal and is looking at a stock exchange listing with an initial public offering (IPO) soon, its cofounder and CEO Shashank ND said.

CAR SERVICES STARTUP PARK+ EXPECTS TO TURN PROFITABLE IN MARCH 2024 QUARTER

Park+ founder and CEO Amit Lakhota said that the company at present has operations in about 30 cities and plans to expand to over 100 cities by 2024.

Car care services startup Park+ expects to turn profitable by the January-March 2024 quarter and close the current fiscal with over Rs 200 crore,

a senior company official said. Park+ founder and CEO Amit Lakhota said that the company at present has operations in about 30 cities and plans to expand to over 100 cities by 2024.



WHY THIS VOLUME OF NEWSLETTER IS IMPORTANT FOR READER?

Through the series of this newsletter, we aim at covering all relevant Income Tax, Goods & Service Tax and Companies Act, Start-up Update, notification, circulars and case laws which may directly or indirectly impact our readers.

At DevMantra, it is our utmost priority to help our readers to be informed with respect to the changes in relevant laws for a smoother compliance. DevMantra was founded based on the unalterable premise of excellence, acuity, integrity and an unwavering commitment to delivery.

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These principles continue to form the edifice of our approach as an organization, to our clients, our professionals and our community, and this has served us well in our journey so far. This approach has allowed DevMantra to work with and advise the very best clients, both in India and internationally. We encourage our people to strive for excellence and innovation within a meritocratic working environment and support their entrepreneurial spirit. It is our consistent endeavour with our people, to ensure that they imbibe the culture of the firm and form part of the weft and weave of the fabric of DevMantra. Our core values remain the guiding principles for everything we do, and we would like to emphasize "Knowledge" as one of the fundamental beliefs which drive the success of our operations. As we keep on reiterating, Knowledge is our number one priority. We don't count time when it comes to gain any new knowledge or to reinstate the earlier one. Our clients trust our expertise and putting countless hours in keeping ourselves up to date on the subject we are advising on, deserve their trust.

**REGARDS & BEST WISHES,
EDITORIAL TEAM**



GST

REGULATORY UPDATES

ADVANCE RULING CANNOT BE SOUGHT FOR CASES WHICH ARE HYPOTHETICAL IN NATURE: AAR

Editorial Note: Where authority for advance ruling is created under SGST/CGST Act and rulings are applicable within particular state only, and further, sites of transaction in question is not within State of Tamil Nadu, therefore, as per provisions of Section 96, no ruling can be given on this question as Advance Ruling Authority cannot acquire jurisdiction over questions raised.



PRIMA FACIE BENEFIT TO BE ALLOWED TO ASSESSEE WHO FILED GSTR 9/9C OF PERIOD 2017-18 ONWARDS UP TO 31.08.2023: HC

Editorial Note : Where assessee was served notice under Section 47 and assessee claimed that he was liable to avail benefit under CBIC Circular No.8/2023 dated 31-03-2023 stated that any person who had filed GSTR 9/9C in respect of financial years from 2017-18, up to 31.08.2023 should be eligible for concessional late fee, therefore, court was of prima facie view that assessee was liable to avail aforesaid benefit.

MAXIMUM PENALTY OF RS. 10,000 SHALL BE LEVIED FOR DELAY IN PAYMENT OF TAX AMOUNT; PENALTY U/S 122 TO BE SET ASIDE: HC

Editorial Note: Where order was passed against petitioner imposing penalty of Rs.28,00,476, however, there was allegation against petitioner of evasion, but only allegation was that amount was paid after a delay, maximum punishment in said situation would be Rs 10,000 as per section 126(2), therefore said order was to be set aside and petitioner was directed to pay Rs 10,000 as penalty.

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ACCOUNTANT'S ERROR LED TO CANCELLATION OF GST REGISTRATION, GSTIN TO BE RESTORED AS GENUINE TRANSACTIONS WERE UNDERTAKEN: HC

Editorial Note: Where assessee's accountant, without taking proper instructions from petitioner, filed NIL GSTR-1 and GSTR-3B returns continuously instead of showing actual outwards supplies and therefore, on presumption that petitioner had not commenced any business, concerned authority had cancelled assessee's GST registration and said accountant.

ADJUSTING REFUND AGAINST OUTWARD TAX IS ILLEGAL; CALCUTTA HC REMANDED MATTER BACK

Editorial Note: Recovery by adjustment against refund by appellate authority towards certain outward supply while considering appeal on refund claim is not sustainable; High Court directed passing fresh order.

HC SETS ASIDE PROCEEDINGS AGAINST ASSESSEE WITH 2 GSTINS CLAIMING ITC USING SECOND, CITING BENEFIT OF CBIC CIRCULAR

Editorial Note: Where proceedings were initiated against petitioner due to discrepancies in GSTINs, but Circular No. GST/2022-03/53, dated 2-1-2023 was issued which was beneficial to petitioner in handling said discrepancies, in view various judicial precedents benefit of circulars or notifications which came into existence during pendency of appeal.



GSTN ADVISORY: TWO-FACTOR AUTHENTICATION FOR TAXPAYERS TO BE INTRODUCED

Editorial Note: Currently, GSTN has introduced two-factor authentication (2FA) for taxpayers to strengthen the login security in GST portal for state of Haryana and it is working seamlessly. Now, 2FA will be rolled out for Punjab, Chandigarh, Uttarakhand, Rajasthan and Delhi in 1st phase.

INCOME TAX REGULATORY UPDATES

ITAT remanded matter as CIT(E) didn't consider affidavit filed by assessee explaining mistake in Form 10AB

Editorial Note: Where claim of assessee-trust for grant of approval under section 80G(5) was denied by Commissioner (Exemptions) on ground that more than 5 per cent of receipts were used for religious purposes, however, assessee clarified that certain expenses mentioned in Form 10AB as religious were actually charitable in nature, but Commissioner (Exemption) had not considered affidavit filed by assessee explaining mistake in Form 10AB.



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LOAN REPAYMENT METHOD WON'T IMPACT ASSET'S COST; ACTUAL COST DEPENDS ON AMOUNT PAID TO ACQUIRE SUCH ASSET: ITAT

Editorial Note: Where assessee claimed expenses for travel to Turkey, since significant business was done with Turkey and quantum of expenditure was reasonable considering volume of imports and exports done by assessee, claim of assessee was to be allowed.

DONATION TO NGOS OUT OF ACCUMULATED FUNDS COULDN'T BE ALLOWED AS AN APPLICATION OF INCOME: ITAT

Editorial Note: Where assessee gave contribution to NGOs whose objects matched assessee's objects, said donations given out of accumulated funds could not be allowed as application of income for charitable or religious purposes and would be deemed as income of assessee.

ITAT RIGHTLY INVOKED SEC. 56(2)(VII) AS ASSESSEE HAD NO EXPLAINED SOURCE OF FUNDS TO EXHIBIT INVESTMENT

Editorial Note : Where assessee director in Manko sold its entire shareholding in said company to another company and claimed

that it received only Rs. 50 lakhs as sale consideration, since assessee had no explained source of funds to exhibit investment or transfer of funds, furthermore there was increase in his unsecured loan so as to match sum that would finally be required to be withdrawn from company.

PROVISIONS OF SEC. 43B COULDN'T BE APPLIED ON VAT COLLECTED FROM CUSTOMER AS ASSESSEE'S SALES WERE VAT EXEMPT: ITAT

Editorial Note: Where assessee's sales were exempt from VAT, therefore, VAT which was paid on purchases by assessee was nothing but purchase cost for assessee and not in nature of tax which was otherwise available for set-off against VAT liability of assessee to be discharged by him (as collected from customers on sale), section 43B was not applicable on same.

NO MISTAKE IN ITAT'S ORDER HOLDING SEIZED GOLD BELONGED TO ASSESSEE AS ORDER WAS PASSED AFTER DUE APPLICATION OF MIND

Editorial Note: Where revenue had challenged order passed by Tribunal holding that seized gold belonged to assessee on ground that there was mismatch in statements



of assessee and gold own, since such mismatch was never confronted to assessee for his rebuttal and Tribunal had passed order after due application of mind.

NET PROFIT DECLARED BY ASSESSEE TO BE ACCEPTED BY AO IF HE DIDN'T DISPUTE AUDITED FINANCIAL STATEMENT: ITAT

Editorial Note: Where assessee had properly maintained books of account which had been duly audited and Assessing Officer had not disputed book results appearing in audited financial statement uploaded on income tax portal, there was no justification in action of Assessing Officer of estimating net profit rate of 8 per cent and; book results declared by assessee showing net profit rate of 2.5 per cent ought to have been accepted.

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CORPORATE LAW UPDATES

NO EVIDENCE OF ANTI-COMPETITIVE PRACTICES FOUND AGAINST LUPIN'S DISTRIBUTION POLICY, INVESTIGATION UNWARRANTED

Editorial Note : Where there was no evidence that terms and rules contained in distribution policy of OP-pharma company did not allow market to grow effectively and healthy competition to drive market outcomes or that it had not implemented agreement for appointment of one of stockist for want of NOC from local Chemist Association, no case of contravention of provisions of sections 3 and 4 was made out warranting an investigation into matter.



LLPS TO REPORT ABOUT SIGNIFICANT BENEFICIAL OWNER TO REGISTRAR OF COMPANIES

Editorial Note : The Corporate Affairs Ministry notified the Limited Liability Partnership (Significant Beneficial Owners) Rules, 2023 with effect from November 10. These include definition and timeline for reporting. The latest move signifies the intent to ascertain the true or “beneficial” owner’s interest in and control over the contributions made by the partners and individuals to the LLP. A Limited Liability Partnership Firm (LLP) will now have to report about Significant Beneficial Owners to the Registrar of Companies within 30 days of the date of declaration made by an individual about holding or acquiring that status.

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Tax Compliance Calendar for December 2023

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7 th Dec	Nov 2023	TDS deposit	Non-Government Deductors
		Equalization Levy deposit	All Deductors
11 th Dec		GSTR-1 (Outward supply return)	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2022-23 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
13 th Dec		GSTR-6 [Return by input service distributor (ISD)] a) GSTR-5 (Return by Non- resident). b)GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return]	Person registered as ISD a) Non-resident taxable person (NRTP) b)OIDAR services provider
15 th Dec	Nov 2023	Deposit of PF & ESI contribution	All Deductors
20 th Dec	Nov 2023	GSTR-3B (Summary return)	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2022-23 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and not opted for QRMP scheme

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Tax Compliance Calendar for October 2023

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
22 nd /24 th Dec	Nov 2023	PMT 06 Payment of tax liability	Tax payers (Quarterly Filers under QRMP)
10 th Dec	Nov 2023	GSTR - 8	Return to be filed by the E-commerce operators who are required to collect TCS

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