

June 2022

NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax



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Income Tax

1. Clarification regarding Form No.10AC issued till date

CBDT

Circular No. 11/2022 dated 3.06.2022

Form No. 10AC is issued by the Principal Commissioner or Commissioner of Income Tax as an order of granting registration or approval to charitable institutions under section 12AB, 10(23C) and 80G of the Income Tax Act.

The Finance Act, 2022 has inserted amended provisions of the Income-tax Act allowing the Principal Commissioner or Commissioner of Income-tax to examine if there is any 'specified violation' by the trust or institution registered or provisionally registered. After examination, an order is required to be passed for either cancellation of the registration or refusal to cancel the registration.

In view of the amendments made vide Finance Act, 2022, the conditions subject to which the registration/approval or provisional registration/ provisional approval was granted to trusts and institutions need to be revised to align the same with the amendments made by Finance Act, 2022.

This CBDT circular now clarifies the following:

➤ **Conditions (revised) for grant of registration under sections 12AB, 10(23C), and 80G**

CBDT has listed down revised conditions to be followed by the trust or institution seeking:

- a) Re-registration and provisional registration under section 12AB.
- b) Re-approval and provisional approval under section 10(23C).
- c) Re-approval and provisional approval under section 80G.

The conditions contained in Form No. 10AC, issued between 01.04.2021 till the date of issuance of Circular, i.e., 03-06-2022, shall be read as if the said conditions had been substituted with the conditions as provided by the board with effect from 1st April 2022.

➤ **Provisional registration/approval to be deemed as registration/approval**

CBDT has also clarified that if due to technical glitches, Form No. 10AC has been issued during FY 2021-2022 with the heading "Order for provisional registration" or "Order for provisional approval" instead of "Order for registration" or "Order for approval", then all such Form No. 10AC shall be considered as an "Order for registration or approval".

[Circular No.11](#)

2. Compliance Check Functionality for Section 206AB & 206CCA of Income-tax Act 1961

CBDT

Notification No. 1/2022 dated 9.06.2022

CBDT, vide circular No.10/2022 dated 17.05.2022 had modified the **compliance check functionality for Section 206AB and Section 206CCA** of Income Tax Act, 1961. These sections mandated the deduction or collection of tax at a higher rate in the case of non-filing of return of income by specified persons. Now, vide this circular, CBDT has prescribed procedure for obtaining information by Tax deductors/collectors from compliance check functionality on Income tax portal about the specified persons whose tax is required to be deducted/collected at a higher rate.

The procedure for obtaining information from the **compliance check functionality for Section 206AB and Section 206CCA** is as follows

- a) **Registration:** Tax Deductors and Collectors can register on the Reporting Portal by logging in to e-filing portal (<http://www.incometax.gov.in/>) using e-filing login credential of TAN and clicking on the link "Reporting Portal" which is available under "Pending Actions" Tab of the e-filing Portal.

- b) **Accessing the Compliance Check functionality:** Principal Officers of the entities (Tax Deductors & Collectors) which are registered with the Reporting Portal through TAN shall be able to use the functionality after login into the Reporting Portal using their credentials. After successfully logging in, link to the functionality "Compliance Check for Section 206AB & 206CCA" will appear on the home page of the Reporting Portal.
- c) **Using "PAN Search" mode and "Bulk Search" mode:** Under the "Compliance Check for Section 206AB & 206CCA" page, Tax deductors can select "PAN Search" tab to access the functionality for a single taxpayer and can select "Bulk Search" tab to access the functionality for multiple tax payers.

[Notification No.1](#)

3. Cost Inflation Index

CBDT

Notification No. 62/2022 dated 14.06.2022

CBDT has notified the **Cost Inflation Index** for FY 2022-23 as "331".

Cost inflation index is used for calculating income under the head Capital Gains.

[Notification No.62](#)

4. Income-tax (18th Amendment), Rules, 2022

CBDT

Notification No. 65/2022 dated 16.06.2022

Vide this notification, CBDT has exempted deduction of tax at source under section **194-I** on payment of lease rent or supplemental lease rent made to a unit located in the International Financial Services Center (IFSC) for the lease of an aircraft.

The exemption is available subject to the fulfillment of certain conditions such as:

- The lessor shall furnish a statement-cum-declaration in form no. 1 to the lessee giving details of previous years relevant to the 10 consecutive assessment years for which the lessor opts for claiming deduction section 80LA. (Section 80LA of the Income Tax Act provides the basis for Income tax deductions relating to certain incomes of Offshore Banking Units or International Financial Services centres)
- The lessee shall not deduct tax on payment made or credited after the date of receipt of Form no. 1 and furnish the particulars of all the payments made to the lessor on which tax has not been deducted in the TDS statement.
- Exemption shall be available during the said previous years relevant to the ten consecutive assessment years as declared by the lessor in Form No. 1 for which deduction under section 80LA is being opted. The lessee shall be liable to deduct tax on payment of lease rent for any other year.

[Notification No.65](#)

5. Guidelines for removal of difficulties under sub-section (2) of section 194R of the Income Tax Act, 1961

CBDT

Circular No. 12/2022 dated 16.06.2022

Vide this circular, CBDT has issued clarification relating to Section 194R of the income Tax Act. Section 194R prescribes deduction of tax at source on benefits or perquisite provided to a resident, arising from business or profession carried out by such resident.

➤ TDS u/s 194R

- The Finance Act 2022 inserted a new section 194R in the Income-tax Act, 1961 with effect from 1st July 2022 to the effect that any person providing any benefit or perquisite to a resident, arising from business or profession carried out by such resident, shall be required to deduct TDS @ 10 % of the value or aggregate of the value of such benefit or perquisite exceeding Rs.20,000 in a year.
- The responsibility of tax deduction does not apply to a person, being an Individual/Hindu undivided family (HUF) deductor, whose total sales / gross receipts / gross turnover from business does not exceed 1 crore rupees, or from profession does not exceed 50 lakh rupees, during the financial year immediately preceding the financial year in which such benefit or perquisite is provided by him.

➤ Now, CBDT has issued following clarifications for Section 194R transactions:

- The perquisites can either be in cash, in-kind, or partly in cash or kind.
- The taxpayer does not need to check the taxability of the sum in the hands of the recipient or under which section this will be taxable.
- Capital assets given as benefits or perquisites are covered within the scope of Section 194R
- Section 194R shall apply to sellers giving incentives, other than discounts or rebates, which are in cash or kind e.g., car, TV, computers, gold coin, mobile phone, sponsored trips, free tickets, medicine samples to medical practitioners etc.
- Section 194R would apply to doctors receiving free samples of medicines while employed in a hospital. The hospital as an employer may treat such samples as a taxable perquisite for employees and deduct tax under Section 192.
- While for doctors employed in a hospital working as consultants with another hospital and receiving free samples, TDS would be deducted in the hands of the hospital first (where doctor is employed) and then hospital can deduct TDS in the hands of consultant doctor. As an alternative, to remove the difficulty, the original benefit or perquisite provider (i.e., hospital where the Doctor is a consultant) may directly deduct tax under Section 194R in the hands of consultant doctor.
- Section 194R will not apply if the benefit or perquisite is provided to a government entity, like a government hospital, not carrying on business or profession.

Circular No.12

6. Extension of Applicability of Transfer Price Safe Harbour Rules till AY 2022-23

CBDT
Notification No. 66/2022 dated 17.06.2022

Vide this notification, CBDT has extended the applicability of Rule 10TD (3B) of the Income-tax Rules, 1962, which deals with safe harbour, till Assessment Year 2022-23.

Rule 10 TD prescribes a list of eligible international transactions where the transfer price declared by the assessee, shall be required to be accepted by the Income-tax Authorities.

According to Rule 10TD (3B), the rules will apply for the assessment years 2020-21, 2021-22, and now, following the amendment, until A.Y. 2022-23.

Notification No.66

7. Income-tax (19th Amendment), Rules, 2022

CBDT

Notification No. 67/2022 dated 21.06.2022

Vide this notification, CBDT has amended the Income-tax Rules, 1962 to incorporate changes introduced by the Finance Act, 2022 related to TDS u/s 194S -TDS on transfer of Virtual Digital Asset (VDA).

The key changes introduced by CBDT are as follows:

- TDS on VDA to be deposited in challan-cum-statement in Form 26QE electronically. A new sub-rule (2D) has been inserted in Rule 30 which provides for payment of TDS under section 194S @1% within 30 days from the end of the month in which the tax is deducted.
- Rule 31 is amended to include that a person responsible for deduction of tax under section 194S shall furnish the certificate of deduction of tax at source in Form 16E to the payee within 15 days from the due date for furnishing the challan-cum-statement in Form 26QE.

[Notification No.67](#)

8. Guidelines for removal of difficulties under sub-section (6) of section 194S of the Income-tax Act, 1961

CBDT

Circular No. 13/2022 dated 22.06.2022

Vide this circular, CBDT has issued clarification in respect of Section 194S of the income tax Act.

Section 194S has prescribed deduction of tax at source on transfer of Virtual Digital Assets (VDA) i.e., Crypto currency, non-fungible tokens etc.

- TDS u/s 194S
 - Finance Act 2022 inserted a new section 194S in the Income-tax Act, 1961 with effect from 1st July 2022 which requires deduction of tax at source at the rate of 1% on transfer of VDA.
 - The responsibility of tax deduction does not apply to:
 - Any deductor if the value of consideration does not exceed Rs. 10,000 during the Financial Year.
 - Individual or HUF deductor having no income from business & Profession if the value of consideration does not exceed Rs. 50,000 during the Financial Year.
 - Individual or HUF deductor, whose total sales / gross receipts / gross turnover from business does not exceed 1 crore rupees, or from profession does not exceed 50 lakh rupees, during the financial year immediately preceding the financial year in which VDA is transferred and if the value of consideration does not exceed Rs. 50,000 during the Financial Year.
- Now, CBDT has issued following clarifications for Section 194S transactions:
 - In a situation where the consideration is in kind or in exchange of another VDA or partly in kind and cash is not sufficient to meet the TDS liability. then, the person responsible for paying such consideration shall ensure that tax required to be deducted has been paid in respect of such consideration, before releasing such consideration.
 - Without going into the merit whether VDA is goods or not, it is clarified that once tax is deducted under section 194S, tax would not be required to be deducted under section 194Q of the Act.

- it is also clarified that the tax required to be withheld under section 194S shall be on the “net” consideration after excluding GST/charges levied by the deductor for rendering service.’
- If the transfer of VDA is taking place on or through an Exchange then the responsibility of deduction of Tax is as tabulated below:

Owner of VDA	Person Responsible for Tax Deduction
Broker	Exchange
Any person but Payment is made through Broker	Broker and Exchange both but if there is an agreement between broker and Exchange then only broker can deduct tax.
Exchange	<p>Buyer or his broker but there can be practical difficulties to find out whether the VDA being transferred is owned by Exchange or not.</p> <p>For such cases the Exchange may enter into an agreement with the buyer or his broker that in regard to all such transactions the Exchange would be paying the tax on or before the due date for that quarter. Then, the buyer or his broker would not be held as assesses in default under section 201 of the Act for these transactions.</p>

[Circular No.13](#)

9. Format, Procedure, and Guidelines for submission of Securities Transaction Tax (STT) return electronically

CBDT

Notification No. 2/2022 dated 24.06.2022

Vide this notification, CBDT has notified format, procedure, and guidelines for submission of Form No. 1, Form No. 2 and Form No. 2A for Securities Transaction Tax (STT) electronically.

STT returns shall be furnished on or before 30th June, immediately following the Financial Year in which the transaction has been recorded.

[Notification No.2](#)

GST**1. Waiver of Interest for e- commerce operators in filing form GSTR-08**

CBIC

Notification No. 8/2022 dated 07.06.2022

Vide this notification, CBIC has waived off the interest for e- commerce operators for late filing form GSTR-08 due to technical glitches in the GST portal. GSTR-08 is filed by e commerce operators who is required to collect tax at source.

Interest in late filing is waived off only if TCS has been deposited with the Govt.

GSTRN of the e commerce operators whose interest is waived off is mentioned in the notification.

This notification is applicable for the months- September 2020 to January 2021.

[Notification No.8](#)

Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month.

Instead, it is only a listing of some of the circulars/notifications that we considered important



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