

March 2022

NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax



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Income Tax	
1. Relaxation from the requirement of electronic filing of application in Form No. 3CF for seeking approval under section 35(1)(ii)/(iia)/(iii) of the Income Tax Act.	
<div style="text-align: right;">CBDT Circular No. 05/2022 dated 16.03.2022</div>	
<p>Vide this circular, CBDT has allowed manual filing of Form No. 3CF for seeking approval under section 35(1)(ii)/(iia)/(iii) of the Income Tax Act, - related to companies undertaking scientific research.</p> <ul style="list-style-type: none"> ➤ An assessee can claim deduction under section 35 of the Income Tax Act for the amount contributed to a company for undertaking scientific research. However, such deduction can be claimed if such Company is approved for this purpose. For getting such approval, the company must make an application in Form 3CF and fulfil the conditions prescribed. ➤ As per the existing Income Tax rules, application for approval shall be furnished electronically under the digital signature if the return of income is required to be furnished under the digital signature. In any other case such application shall be furnished electronically through an electronic verification code. ➤ Due to the non-availability of Form no. 3CF on the e-filing portal, the CBDT has allowed the applicants seeking such approval to file Form no. 3CF physically. ➤ The applicant may file Form no. 3CF manually till September 30, 2022, or the date of availability of Form no. 3CF for electronic filing on the e-filing website, whichever is earlier <p>Circular No.5</p>	
2. Condonation of delay under section 119(2)(b) of the Income Tax Act in filing of Form 10-IC for Assessment Year 2020-21.	
<div style="text-align: right;">CBDT Circular No. 06/2022 dated 17.03.2022</div>	
<p>Vide this circular, CBDT has condoned the delay in filing of Form 10-IC for Assessment Year 2020-21. Form 10-IC is required to be filed by a Domestic company if it opts for lower taxation @22% under Section 115BAA of the Income-tax Act.</p> <ul style="list-style-type: none"> ➤ As per section 115 BAA (5) of the Income Tax Act read with Rule 21AE of the Income-tax Rules, the assessee company is required to submit Form 10- IC electronically on or before the due date of filing of return of income under section 139(I) of the Income Tax Act and such option once exercised shall apply to subsequent assessment years. ➤ Failure to furnish such option in the prescribed form on or before the due date specified under section 139(I) of the Income Tax Act results in denial of concessional rate of tax of twenty-two per cent to such company. ➤ Representations has been received by the CBDT stating that Form 10-IC could not be filed along with the return of income for A Y 2020-21, which was the first year of filing of this form. ➤ CBBDT has decided to condone the delay in filing of Form 10-IC for the previous year relevant to A. Y 2020-21 in such cases where the following conditions are satisfied: <ul style="list-style-type: none"> • The return of income for A Y 2020-21 has been filed on or before the due date specified under section 139(I) of the Act. 	

- The assessee company has opted for taxation under section 115BAA of the Act in (e) of "Filing Status" in "PartA-GEN" of the Form of Return of Income ITR-6.
- Form 10-IC is filed electronically **on or before 30.06.2022.**

[Circular No.6](#)

3. The Income-tax (Third Amendment) Rules, 2022.

CBDT
Notification No. 17/2022 dated 29.03.2022

Vide this notification, CBDT has notified rules prescribing penalty for not linking Aadhar Number with Permanent Account Number (PAN) on the Income Tax e-filing portal.

- As per section 139AA(2) of the Income Tax Act, every person who has been allotted permanent account number as on the 1st day of July, 2017, and who is eligible to obtain Aadhaar number, shall intimate his Aadhaar number to such authority in such form and manner as may be prescribed.
- CBDT has mandated tax payers to link Aadhar number with PAN on the e-filing portal up to 31st March 2022.
- Penalty of Rs. 500 will be levied if the delay in linking Aadhar Number is up to 3 months from 31st march, 2022 i.e., 30th June, 2022. Thereafter penalty of Rs 1000 shall be levied. This Amendment will be effective from 1st April, 2022.

[Notification No. 17](#)

4. The e-Assessment of Income Escaping Assessment Scheme, 2022.

CBDT
Notification No. 18/2022 dated 29.03.2022

Vide this notification, CBDT has introduced "The e-Assessment of Income Escaping Assessment Scheme, 2022".

- Under this scheme, assessment, reassessment or re-computation of the Income escaping assessment (As per section 147 of the Income Tax Act) shall be through automated allocation without any manual intervention, in accordance with risk management strategy formulated by the Board and shall be in faceless manner.
- Issuance of Notice as per section 148 of the Income Tax Act shall also be through automated allocation method.
- This Amendment will be effective from 29th March, 2022.

[Notification No.18](#)

5. Clarification with respect to relaxation of provisions of rule 114AAA of Income-tax Rules, 1962 prescribing the manner of making Permanent Account Number (PAN) inoperative.

CBDT
Circular No. 07/2022 dated 30.03.2022

Vide this notification, CBDT has provided relaxation regarding linking of Aadhar with PAN which was required to be done till 31.03.2022.

- Section 139AA(2) of the Income Tax Act makes it mandatory for every person who has been allotted a PAN as on 1st July, 2017 to intimate his Aadhaar Number so that the Aadhaar and PAN can be linked. This is required to be done on or before a notified date i.e., 31.03.2022 failing which the PAN shall become inoperative.
- Further, rule 114AAA of the Income-tax Rules provides that if PAN of a person has become inoperative, he will not be able to furnish, intimate or quote his PAN and shall be liable to all the consequences under the Act for such failure. This will have a number of implications such as:

- The person shall not be able to file return using the inoperative PAN, pending returns will not be processed
 - Pending refunds cannot be issued to inoperative PANs, pending proceedings as in the case of defective returns cannot be completed once the PAN is inoperative
 - Tax will be required to be deducted at a higher rate as PAN becomes inoperative
- It has now been clarified that the provisions of rule 114AAA will be effective from 1st April 2023, i.e., a relaxation of 1 year has been provided.

[Circular No.7](#)

6. The e-Faceless Inquiry or Valuation Scheme, 2022.

CBDT
Notification No. 19/2022 dated 30.03.2022

Vide this notification, CBDT has introduced the e Faceless Inquiry or Valuation Scheme, 2022. Issuance of notice, enquiry for assessment shall be in a automated manner without manual intervention.

- Under this scheme, following tasks shall be performed in a faceless manner, through automated allocation:
- Issuing notice under sub-section (1) of section 142 of the Income Tax Act.
 - Making inquiry before assessment under sub-section (2) of section 142 of the Income Tax Act.
 - Directing the assessee to get his accounts audited under sub-section (2A) of section 142 of the Income Tax Act.
 - Estimating the value of any asset, property or investment by a Valuation Officer under section 142A of the Income Tax Act.
- This Amendment will be effective from 30th March, 2022.

[Notification No.19](#)

<u>Goods and services tax</u>
No new circulars/notifications issued in March'22.

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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