

April 2022

NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax



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<u>Income Tax</u>	
1. New Income Tax Return Form-7 (ITR-7) introduced.	
<div> <div>CBDT</div> <div>Notification No. 23/2022 dated 04.04.2022</div> </div> <p>Vide this notification, CBDT has substituted new form-ITR7 in place of old ITR-7 form for F.Y. 2021-22. Form ITR-7 is to be filled by Charitable or religious Institutions, Scientific research associations, university, college or other institution, which is not required to furnish return of income or loss under any other provision.</p> <p>Following new fields are inserted in schedule -J of ITR-7.</p> <ul style="list-style-type: none"> ➤ Movement in the Corpus fund during the year. ➤ Movement in the loans and borrowings during the year. <p>In Schedule FA, particulars pertaining to the Foreign Assets/Bank Accounts now required to be furnished for calendar year i.e., Details for Schedule FA for AY 2022-23 would be for assets held during the calendar year ending on Dec 31, 2021. Earlier, such details were required to be furnished on a financial year basis.</p> <p>Notification No.23</p>	
2. Rule 21AAA- Taxation of Income from retirement benefit account maintained in a notified country.	
<div> <div>CBDT</div> <div>Notification No. 24/2022 dated 04.04.2022</div> </div> <p>Vide this notification, CBDT has inserted new rule i.e., 21AAA which states that Income in the retirement benefit account maintained in the notified country will be taxable in India in the same previous year in which Such income is taxed in that notified country.</p> <ul style="list-style-type: none"> ➤ Section 89A was inserted to provide relief to residents who have income from foreign retirement benefits accounts. Some countries tax income from such foreign retirement benefits accounts on receipt basis. However, the amount is chargeable in India on withdrawal basis. The taxpayers are facing difficulties in claiming the foreign tax credit due to mismatch in the year of taxability. ➤ Section 89A provides that the income of a specified person from the specified account shall be taxed in the manner and in the year as prescribed by the Central Government. A specified person means a resident person who opened a specified account in a notified country while being non-resident in India and resident in that country. ➤ Now, Rule 21AAA is inserted which provides that if a specified person has accrued any income in the retirement benefits account, then the same shall be included in his total income of the previous year, in which such income is taxed in the country wherein such account is maintained. ➤ This option to be exercised by filing form 10- EE electronically, once exercised this option will be applicable for subsequent years and cannot be withdrawn. <p>Notification No. 24</p>	
3. New countries added in the list of notified countries as per section 89A of the Income Tax Act.	
<div> <div>CBDT</div> <div>Notification No. 25/2022 dated 04.04.2022</div> </div> <p>Vide this notification, CBDT has specified three new countries for the purpose of section 89A of the Income Tax Act.</p>	

- As explained above, Section 89A of the Income Tax Act provides that the income of a specified person from the specified account shall be taxed in the manner and in the year as prescribed by the Central Government. A specified person means a resident person who opened a specified account in a **notified country** while being non-resident in India and resident in that country.
- **Canada, UK and USA** are added in the list of notified countries.

[Notification No.25](#)

4. The e-dispute Resolution Scheme, 2022.

Vide this notification, CBDT has introduced e-dispute Resolution Scheme. Salient features of the scheme are as following:

- The dispute resolution under this Scheme shall be made by the Dispute Resolution Committee on applications made for dispute resolution under Chapter XIX-AA of the Act in respect of dispute arising from any variation in the specified order by such persons or class of persons, as may be specified by the Board.
- the application shall be filed in the Form No. 34BC electronically through mail,
 - within such time from the date of constitution of the Dispute Resolution Committee, as may be specified by the Board, for cases where appeal has already been filed and is pending before the Commissioner (Appeals) or
 - within one month from the date of receipt of specified order, in any other case.
- The Dispute Resolution Committee may before dispose off the application, call for further information from the assessee or any other person by sending an email to his registered email address.
- The Dispute Resolution Committee has the Power to reduce or waive penalty imposable or grant immunity from prosecution or both under the Income Tax Act.
- All the communications in the e-dispute Resolution Scheme shall be through electronic mode and hearings shall be held through video conferencing or video telephony.

[Notification No. 27](#)

5. The Income-tax (Ninth Amendment) Rules, 2022.

CBDT
Notification No. 37/2022 dated 21.04.2022

Vide this notification, CBDT has notified rule 12AB which states additional conditions for mandatory filing of income tax returns as per section 139(1) of the Income Tax Act.

- Proviso to section 139 (b) of the Income Tax Act specifies circumstances in which every person has to file Income Tax Return even if their income does not exceed exemption limit.
- Now, 4 new additional conditions added by Rule 12AB for filing income tax return even if the income does not exceed exemption limit, which are as following:

Particulars	Values
Turnover/Gross receipts in Business	> Rs.60 lakhs
Gross Receipts in Profession	> Rs.10 lakhs
Tax deducted at source (TDS)/Tax collected at source (TCS)	≥ Rs.25 thousand or Rs. 50 thousand in case of senior citizens i.e. Age≥60Years.
Deposit in 1 or more saving bank Accounts	≥ Rs. 5 lakhs

[Notification No.37](#)

6. New Mode of Investment notified under section 11(5) of the Income Tax Act.

CBDT

Notification No. 42/2022 dated 22.04.2022

Vide this notification, CBDT has notified new mode of investment under section 11(5) of the Income Tax Act for claiming exemption from Charitable Trust Income.

- As per section 11(1) of the Income Tax Act, 15% of trust income can be accumulated and the trust does not need to apply it for charitable purpose even in subsequent years for claiming exemption.
- As per section 11(2) of the Income Tax Act, 85% of trust income if not applied in the same year, can be accumulated for a period of 5 years and exemption can be claimed *if the trust invests that income in the specified mode under section 11(5) of the Income Tax Act* subject to other conditions specified in the section.
- Now, CBDT has added a new mode of Investment as following:
investment made by a person, authorized under section 4 of the Payment and Settlement Systems Act, 2007 (51 of 2007), in the equity share capital or bonds or debentures of Open Network for Digital Commerce Ltd, being a company incorporated under sub-section (2) of section 7 read with sub-section (1) of section 8 of the Companies Act, 2013 (18 of 2013), for participating in network based open protocol models which enable digital commerce and interoperable digital payments in India.

[Notification No.42](#)

Goods and services tax**1- GST rate structure for Manufacturers and Traders of Bricks.**

CBIC

Notification No. 03 & 04/2022 dated 31.03.2022

Vide these notifications, CBIC has changed GST rate structure for the manufacturers and traders of bricks.

Before Amendment	After Amendment
Businesses could opt for normal composition scheme- GST to be paid @1%	Businesses can opt for special composition scheme- GST to be paid @6%
Normal GST rate was 5%	Normal GST rate is 12%
Threshold for GST registration was Rs. 40 Lakhs.	Threshold for GST registration is Rs. 20 Lakhs

[Notification No.3&4](#)

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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