

OCT, 2023

NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax



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Income Tax	
1. Order under section 119 of the Income Tax Act (related to Tax Audit Form 10B/10BB filed by Trust and Institutions)	
<div>CBDT</div> <div>Circular No. 17/2023 dated 10.10.2023</div>	
<p>Vide this circular, CBDT has clarified following points related to details to be furnished in the Form 10B/10BB in respect of Persons who has made contribution to the Trust or Charitable or educational institutions during the year.</p> <ul style="list-style-type: none"> ➤ Details should be given with respect to those persons whose total contribution during the year exceeds Rs. 50,000. ➤ Details of relative of such persons may be given if available. ➤ Details of concerns in which such persons has substantial interest may be provided if available. <p>Circular No. 17</p>	
2. Income Tax (Twenty fourth Amendments) Rules, 2023	
<div>CBDT</div> <div>Notification No. 88/2023 dated 10.10.2023</div>	
<p>Vide this notification, CBDT has amended rule 114B which deals with transactions where quoting Permanent Account Number (PAN) is mandatory.</p> <p>List of Amendments introduced:</p> <ul style="list-style-type: none"> ➤ Company or Firm are now mandatory required to quote PAN for entering transactions specified in rule 114B, the flexibility of giving deceleration in Form 60 is no more available to them. ➤ Foreign companies who does not have PAN and have no income chargeable to tax in India are allowed to submit declaration in Form 60 for following transactions with an IFSC Banking unit: <ul style="list-style-type: none"> • Opening a Current Account. • Deposit or withdrawing amounts other than by way of Cash. • Making a Term Deposit. ➤ Definition of IFSC Banking unit also forms part of Notification. <p>Notification No. 88</p>	
3. Income Tax (Twenty fifth Amendments) Rules, 2023	
<div>CBDT</div> <div>Notification No. 89/2023 dated 16.10.2023</div>	
<p>Vide this notification, CBDT has amended rule 37BB which deals with furnishing Information to the Income Tax Department relating to Foreign Remittances.</p> <p>Now as per the Amendment, a unit of International Financial service Centre (IFSC) responsible for paying to a Non Resident not being a company or to a foreign company shall submit details of all remittance quarterly in Form 15CD.</p> <p>IFSC has the same meaning as defined in the Special Economic Zones Act, 2005.</p> <p>Notification No. 89</p>	
4. Income Tax (Twenty sixth Amendments) Rules, 2023	
<div>CBDT</div> <div>Notification No. 91/2023 & Circular No. 18/2023 dated 19.10.2023 & 20.10.2023 respectively</div>	
<p>Vide this notification, CBDT has introduced Form 56F to be filed by the persons seeking deduction under section 10AA of the Income Tax Act.</p>	

- Section 10AA provides for a deduction of income tax for industrial undertakings that have commenced production of goods or operation of ships during the previous year. The deduction is available for a period of 10 years from the date of commencement of production or operation.
- Section 10A(5) requires that the taxpayer must submit a report of an accountant to the income tax authorities in order to claim the deduction under section 10AA. The report of the accountant must certify that the taxpayer has fulfilled all the conditions for claiming the deduction.
- Form No. 56F is a new form that has been introduced by the CBDT for the purpose of filing the report of the accountant under section 10AA(8) of the Income Tax Act.
- Vide Circular No. 18 dated 19th Oct, CBDT also mentioned that for A.Y. 2023-24, this newly introduced Form i.e. Form 56F can be filed up to 31st Dec, 2023.

[Notification No. 91](#) & [Circular No. 18](#)

5. Condonation of Delay in Filing Form 10-IC for A.Y. 2021-22

CBDT

Circular No. 19/2023 dated 23.10.2023

Vide this circular, CBDT has condone the delay in filing Form 10IC for A.Y. 2021-22 subject to the prescribed conditions.

- Form 10-IC is required to be filed if a Domestic Company chooses to pay tax at concessional rate of 22% under Section 115BAA of the Income Tax Act.
- The Board has received the representations stating that Form No. 10-IC could not be filed for A.Y. 2021-22 within the due date or extended due date, as the case may be. It has been requested that the delay in filing of Form No. 10-IC for A.Y. 2021-22 may be condoned.
- Now, CBDT has condone the delay subject to following conditions:
 - The return of income for the relevant assessment year has been filed on or before the due date specified under section 139(1).
 - The assessee company has opted for taxation under section 115BAA in the Income Tax Return Form.

[Circular No. 19](#)

GST**1. Value of Supply in case of Corporate Guarantee:**

CBIC

Notification No. 55/2023 dated 26.10.2023

Vide this notification, CBIC has notified that value of supply by a supplier to a recipient who is a related person, by way of providing corporate guarantee to any banking company or financial institution on behalf of the said recipient, shall be deemed to be **one per cent of the amount of such guarantee offered, or the actual consideration, whichever is higher.**

[Notification No. 55](#)**2. Clarification on issues pertaining to taxability of personal guarantee and corporate guarantee in GST**

CBIC

Circular No. 204/16/2023 dated 27.10.2023

Vide this circular, CBIC has clarified issues as tabled below related to treatment of treatment of Personal and Corporate Guarantee in the GST regime.

S. No.	Issue	Clarification
1	Whether the activity of providing personal guarantee by the Director of a company to the bank/ financial institutions for sanctioning of credit facilities to the said company without any consideration will be treated as a supply of service or not and whether the same will attract GST or not.	<p>a. Yes, providing personal and Corporate Guarantee by the Directors in this case will be treated as supply of Service attracting GST even no consideration is received by the Directors. As per Rule 28(1) of CGST Rules, the taxable value of such supply of service shall be the open market value of such supply.</p> <p>b. However as per RBI norms in some cases it is mandated to not provide any consideration to Directors in the form of Fees, Commission etc. for providing personal Guarantees to Bank, Financial Institutions then in such cases, the Value of supply in that case will be treated as Nil. If some consideration is received by Directors then Value of supply shall be the Amount of Consideration received.</p>
2	Whether the activity of providing corporate guarantee by a person on behalf of another related person, or by the holding company for sanction of credit facilities to its subsidiary company, to the bank/ financial institutions, even when made without any consideration will be treated as a taxable supply of service or not, and if taxable, what would be the valuation of such supply of services.	Yes, It will be treated as taxable supply as per Schedule I of CGST Act and Value of Supply will be determined as per Rule 28(2) of the CGST Rules.

[Circular No.204/16](#)

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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