

R.C. JAIN AND ASSOCIATES LLP

NEWSLETTER

November 2024

*“Risk comes from not knowing what
you are doing.”*

- Warren Buffett



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Circular No. 17/2024, F. No. 173/2022, Dated 18th November 2024.

A condonation of delay (process of requesting the Income Tax Department for allowing you to verify your ITR (after 120 days of filing your ITR) or submit your ITR (after the last date of filing) by citing the reasons of delay on your part.) is being granted under Section 119(2)(b) of the Income-tax Act, 1961 for the delayed filing of Form No. 10-IC (for concessional tax rate of 22% under Section 115BAA) and Form No. 10-ID for Assessment Years 2020-21, 2021-22, and 2022-23.

- Key Point: The application for condonation of delay will not be entertained if the delay exceeds three years from the end of the respective assessment year.

Circular No. 16/2024, F. No. 1971 639/2024, Dated 18th November 2024.

Sub: Condonation of delay under section 119(2)(b) of the Income-tax Act, 1961 in filing of Form No. 9A/10/10B/I0BB for Assessment Year 2018-19 and subsequent assessment years - Reg.

No application for condonation of delay in filing of Form No. 9A/10/10B/10BB shall be entertained beyond three years from the end of the assessment year for which such application is made.

The time limit for filing of such application within three years from the end of the assessment year will be applicable for application filed on or after the date of issue of the Circular.

Circular No. 15/2024 F.No.400/08/2024-IT(B), Dated 4th November 2024.

Under **Section 220(2A)** of the **Income-tax Act, 1961**, the **CBDT** has set **monetary limits** for **waiver or reduction** of interest under **Section 220(2)**, which imposes penalties for delayed tax payments.

- **Section 220(2):** Charges **1% interest per month** on unpaid taxes if not paid within **30 days** of receiving the demand notice.
- **Section 220(2A):** Allows the tax authorities to reduce or waive this interest if there's a **reasonable cause** for the delay.

Monetary Limits for Waiver/Reduction of Interest:

- **Pr.CIT/CIT:** Up to **₹50 lakhs**
- **CCIT/DGIT:** **₹50 lakhs to ₹1.5 crores**
- **Pr.CCIT:** Above **₹1.5 crores**

These limits ensure waivers or reductions are made based on clear guidelines.

Notification No. 118/2024/F. No. 300195/12/2024-ITA-I

The Ministry of Finance, through the Central Board of Direct Taxes (CBDT), has issued Notification No. 118/2024, dated 12th November 2024, granting a tax exemption to the Petroleum and Natural Gas Regulatory Board (PNGRB) under Section 10(46A) of the Income Tax Act, 1961. This notification designates PNGRB as eligible for tax exemption beginning with the assessment year 2024-25. For this exemption to remain valid, PNGRB must continue to function as a board established under the Petroleum and Natural Gas Regulatory Board Act, 2006, serving one or more specified purposes outlined in Section 10(46A) (a) of the Income Tax Act.

Notification No. 06/2024 /F. No. 30 Dated 19.11.2024

It specifies the following forms that must be **furnished electronically** under the **Income-tax Rules, 1962**, as per the powers conferred under **Rule 131**. These forms will also be required to be verified in the manner prescribed in the rules.

Key Details:

- **Forms Specified:**
 - **Form 42:** Appeal against refusal to recognize or withdrawal of recognition from a provident fund.
 - **Form 43:** Appeal against refusal to approve or withdrawal of approval from a superannuation fund.
 - **Form 44:** Appeal against refusal to approve or withdrawal of approval from a gratuity fund.
- **Effective Date:** This notification will be effective from **22nd November 2024**.

Notification No. 119 /2024/F. No. 300196/64/2018-ITA-I (Pt.1)

The Central Government has notified the District Legal Service Authority (DLSA) in Haryana under Section 10(46) of the Income-tax Act, 1961, as a "class of body" for exemption from income tax on specific income. The exempted income includes:

- Grants from the Punjab and Haryana High Court, National Legal Services Authority (NALSA), and Haryana State Legal Services Authority.
- Grants or donations from the Central Government or State Government of Haryana.
- Amounts received under court orders.
- Recruitment application fees.
- Interest on bank deposits.

Conditions for exemption:

- DLSAs must not engage in commercial activities.
- The nature of specified income must remain unchanged.
- Income tax returns must be filed under Section 139(4C).

This exemption applies for the assessment years 2024-2025 to 2028-2029.

Notification No. 120 /2024/F. No.300196/51/2024-ITA-I

The Central Government has notified the National Aviation Security Fee Trust (PAN AADTN2508F) under Section 10(46) of the Income-tax Act, 1961, for exemption from income tax on the following specified income:

- Grants or subsidies approved by the Ministry of Civil Aviation.
- Aviation Security Fees collected at prevailing rates as per Ministry of Civil Aviation orders.
- Amounts transferred from escrow accounts for the passenger service fee (security component) maintained by airport operators.
- Interest earned on bank deposits.

Conditions for exemption:

- The trust must not engage in commercial activities.
- The activities and nature of specified income must remain unchanged.
- The trust must file income tax returns as per Section 139(4C).

This exemption applies for the assessment years 2025-2026 to 2029-2030, relevant for the financial years 2024-2025 to 2028-2029.

Notification No. 121/2024/F. No. 203/02/2024/ITA-II

The Central Government has approved SKAN Research Trust (PAN: ABBTS4312B), Bengaluru, as a Research Association under the category of Scientific Research for the purposes of Section 35(1)(ii) of the Income-tax Act, 1961. This approval allows the trust to avail of benefits related to scientific research under the specified provisions.

- Effective Date: The notification is effective from the Previous Year 2024-25.
- Applicable for: Assessment Years 2025-26 to 2029-30.

Notification No. 122/2024/ F. No. 225/68/2024-ITA.II

The Central Government has notified the transfer of a capital asset from NLC India Limited (NLCIL) (PAN: AAACN1121C), a public sector company, to NLC India Renewables Ltd (NIRL) (PAN: AAICN9440Q), another public sector company. This transfer is part of a plan approved by the Central Government on 1st August 2024 under Section 47(vii) of the Income-tax Act, 1961.

- Effective Date: The notification is effective from the date of publication in the Official Gazette.

~Compiled by Selena Surendar

Case Law -1

➤ **Synopsis:**

The Delhi High Court, ‘capital grant subsidy’ which may be extended by the National Highways Authority of India to its contractors is not accountable to TDS deduction u/s 194C of the Income Tax Act, since such grant cannot be construed as payment for a “work”.

➤ **Issue Involved:**

Where NHAI disbursed capital grant subsidy to a concessionaire who was awarded project work on Build-Own-Operate-Transfer (BOOT) basis, since said subsidy could not possibly have been construed as payment made for a work undertaken by contractor, NHAI was not liable to deduct tax at source under section 194C on capital grant subsidy released to its concessionaires.

[2024] 168 taxmann.com 267 (Delhi)[12-11-2024]

HIGH COURT OF DELHI

Commissioner of Income-tax (TDS) – 2

v.

National Highway Authority of India*

YASHWANT VARMA AND RAVINDER DUDEJA, JJ.

IT APPEAL 1145 OF 2017

IT APPEAL 159 OF 2021

NOVEMBER 12, 2024

➤ **Facts of the Case:**

- The assessee, NHAI, was a body constituted under the National Highways Authority of India Act, 1988 and charged with the responsibility of development, maintenance and operation of National Highways and associated facilities. It functioned through various Project Implementation Units (PIUs) which were spread out across the length and breadth of the country and obligated to oversee and administer projects being undertaken by the NHAI. The PIUs were entrusted with funds made available by the concerned Ministry in the Union Government and which were routed through the Head Office of the NHAI to those units.
- The assessee had disbursed capital grant subsidy to a concessionaire who was awarded the

project work on Build-Own-Operate-Transfer (BOOT) basis. The Assessing Officer held that NHAI had failed to comply with the obligation to deduct taxes in terms of section 194C on the capital grant subsidy released by it to its concessionaires.

- On appeal, the Commissioner (Appeals) affirmed the view as expressed by the Assessing Officer.
- On further appeal, the Tribunal held that the capital grant subsidy given by the assessee to its concessionaires was not in discharge of a contractual obligation and such sums had been paid as per Concession Agreement for securing rights of NHAI and thus, provisions of section 194C were not applicable.
- On appeal to the High Court:

➤ **Conclusion**

- The Delhi High Court concluded that the National Highways Authority of India (NHAI), being a statutory authority established under the National Highways Authority of India Act, 1988, is covered under the exemption provided in Section 194A(3)(iii)(f) of the Income-tax Act, 1961. Consequently, NHAI is not obligated to deduct TDS on the interest it pays to depositors.

The court emphasized that the legislative intent of the exemption is to relieve statutory authorities, functioning under Central or State Government Acts, from the burden of compliance with TDS provisions on interest payments. This judgment supports a purposive interpretation of tax provisions to facilitate smoother operations for government-established entities.

~Compiled by Sanchit Jain

Notification No. 26/2024–Central Tax (dated the 18th November, 2024)

The Government of India has issued a notification about extending the deadline for filing the **GSTR-3B** return for the month of October 2024. The extension applies to GST-registered businesses whose **principal place of business** is located in the states of **Maharashtra** or **Jharkhand**. The GSTR-3B deadline for October 2024 has been extended from 20th to 21st November 2024, giving businesses one extra day.

IMS on Supplier View – Advisory (dated 13th November,2024)

Introduction of IMS:

- The Invoice Management System (IMS) was launched on the GST Portal on **October 14, 2024**.
- Recipients can **accept, reject, or keep invoices pending** based on the suppliers' GSTR-1/1A/IFF filings.
- The first GSTR-2B reflecting these actions will be generated on **November 14, 2024**, for the **October 2024 period**.

Supplier View in IMS:

- A **Supplier View** functionality is now available, enabling suppliers to monitor actions taken by recipients on their reported invoices.
- This feature helps suppliers identify and address any incorrect actions by recipients.

Excluded Records in IMS:

- Certain invoices are not actionable by recipients in IMS but will appear in the supplier view with the status '**No Action Taken**'. These include:
 - Invoices with **ineligible ITC** (due to POS rules or Section 16(4) of CGST Act).
 - Records related to **RCM supplies**.

Instruction - F.No. 390/Misc./3/2019-JC (New Delhi – dated 5th November,2024)

Here's a concise summary of the guidelines for conducting personal hearings under the CGST Act, 2017, IGST Act, 2017, Customs Act, 1962, Central Excise Act, 1944, and Chapter V of Finance Act, 1994:

- **Purpose:** Personal hearings allow parties to present their case before the adjudicating authority after a show cause notice or as directed.
- **Request for Hearing:** Parties may request a personal hearing, or the authority may schedule one for clarification.
- **Notice:** A notice specifying the date, time, and venue of the hearing must be provided, usually with a 7-day notice period.
- **Mode:** Hearings may be physical or virtual, with specific request for physical hearings after recording the reasons for the same in writing. Hence, it is mandatory to conduct all hearings in virtual mode now except specifically requested for physical hearings for reasons recorded.
- **Representation:** Parties may be represented by authorized representatives or legal counsel, with necessary documentation.
- **Conduct:** The hearing should be orderly. Documents can be submitted during the hearing. The authority may ask questions for clarification.
- **Post-Hearing:** After the hearing, the authority may issue a decision based on the presented facts and documents.
- **Confidentiality:** Confidential information shared during hearings should be treated as private unless required by law.
- **Technology for Virtual Hearings:** Ensure reliable technology for virtual hearings and proper document sharing.

~Compiled by Divya Gohil

RBI/2024-25/88**FMRD.FMD.No.06/14.01.006/2024-25****November 07, 2024**

**‘Fully Accessible Route’ for Investment by Non-residents in Government Securities –
Inclusion of Sovereign Green Bonds**

The Government Securities that are eligible for investment under the FAR (‘specified securities’) were notified by the Bank vide the following circulars:

- [FMRD.FMSD.No.25/14.01.006/2019-20](#) dated March 30, 2020;
- [FMRD.FMID.No.04/14.01.006/2022-23](#) dated July 07, 2022;
- [FMRD.FMID.No.07/14.01.006/2022-23](#) dated January 23, 2023;
- [FMRD.FMID.No.04/14.01.006/2023-24](#) dated November 08, 2023; and
- [FMRD.FMID.No.03/14.01.006/2024-25](#) dated July 29, 2024.

It has now been decided to also designate Sovereign Green Bonds of 10-year tenor issued by the Government in the second half of the fiscal year 2024-25 as ‘specified securities’ under the FAR.

The Directions contained in this circular have been issued under Section 45W of Chapter IIID of the Reserve Bank of India Act, 1934 and are without prejudice to permissions/ approvals, if any, required under any other law.

These Directions shall be applicable with immediate effect.

Sovereign Green Bonds (SGrBs) are a type of government debt that fund projects that help India transition to a low-carbon economy.

**Operational framework for reclassification of Foreign Portfolio Investment to Foreign
Direct Investment (FDI)**

Synopsis:

Foreign Portfolio Investors (FPIs) face a crucial compliance threshold: their investments must stay below 10% of a company's equity or risk mandatory action. Breaching this limit opens a high-stakes decision—divest or reclassify as Foreign Direct Investment (FDI). With a tight five-day window, FPIs must navigate government approvals, sectoral restrictions, and rigorous reporting, all while aligning with FDI rules. This framework, detailed in the operational guidelines, promises clarity but demands swift action.

We draw your attention to Schedule II to the Rules which prescribes that investment made by foreign portfolio investor along with its investor group (hereinafter referred to as 'FPI') shall be less than 10 percent of the total paid-up equity capital on a fully diluted basis. Further, FPI investing in breach of the prescribed limit shall have the option of divesting their holdings or reclassifying such holdings as FDI. In this regard, an operational framework for such reclassification of foreign portfolio investment by FPI to FDI is provided in the [Annex](#). The AD Category-I banks may accordingly facilitate the reporting of such transactions as per this framework.

These directions will become operative with immediate effect.

The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Post reclassification of foreign portfolio investment to FDI, the said investment shall be governed by Schedule I to the Rules.

For further details the annexure mentioned in the notification can be referred.

~Compiled by Ruchi Bhanushali.

PAS-6

A private company (that is not classified as a small company) must follow certain rules starting from 31st March 2023. Specifically, it needs to comply with Rule 9B of the Companies (Prospectus and Allotment of Securities) Rules, 2014, within 18 months after the end of the financial year (31st March 2023). Then getting ISIN is mandatory on or before 30/09/2024. Further, if the company misses the ISIN deadline (September 30, 2024), the Company will be required to file Form PAS-6 for the period from 1st April 2024 to 31st October, 2024 with late filing fees.

~Compiled by Omkar Pawar.

#HUNAR ART



~By CA Aruna Wadhwa

Allow us to tell you more!



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