



Sambalpur Branch of EIRC – E-Newsletter

January & Mid-February 2024 Edition

Branch Chairman's Message



Dear Professional Colleagues,
NAMASKAR

I would like to commence this communication with profound wordings of Swami Vivekananda which reads as under:

"Books are infinite in number and time is short. The secret of knowledge is to take what is essential. Take that and try to live up to it." – Swami Vivekananda.

"A Dream, which was dreamt, finally came true." History has been created!!! Sambalpur Branch has bagged the National Award (2nd in Students Micro Category).

In EIRC of ICAI, Sambalpur Branch TOPS the list in both the category of Members and Students under micro category.

It is all because of my Managing Committee team, EICASA Team, Past Chairmen, Members and Students of Sambalpur Branch.

We also feel proud that the first "Reading Room" of EIRC was inaugurated at Bargarh by our Vice President CA Ranjeet Agrawal sir on 21st Jan 2024 and in the presence of EIRC Team led by the Chairman CA Debayan Patra sir, Vice Chairman CA Sanjib Sanjhi sir, Secretary CA Vishnu Tulsyan Sir, Imm. Pt. Chairman CA Ravi Patwa Sir. We are obliged to them.

I am also thankful to all the volunteers for their unconditional support. Best wishes for a prosperous 2024! Thank you so much for keeping me in your thoughts, as I witnessed throughout the year as the members participated and supported the branch in all its endeavours.

Members of Sambalpur Branch are always in my heart and will be it makes my heart sing! During the year 2023, your love and affection will keep us motivated and moving.

We, Team Sambalpur Branch, tried to help and work for the fraternity members and students. I also thank all the managing committee members for their excellent team efforts and getting laurels for Sambalpur Branch in handling the branch efficiently. I also thank all the Central Council Members, Regional

Council Members, Past Chairman's of Sambalpur Branch for their guidance and support at all available times. As we approach the end of another remarkable year.

I am honoured to reflect on the collective achievements, resilience and growth that have defined our journey together. It has been a year filled with challenges, but more importantly, it has been a testament to the strength of our community and the unwavering dedication of each member.

In the face of unprecedented global challenges, our profession has demonstrated resilience, adaptability and an unyielding commitment to excellence. As Chartered Accountants, we play a vital role in steering business through uncertainties, ensuring financial integrity and contributing to the economic well-being of our society.

Throughout the year, our organization has strived to provide valuable resources, professional development opportunities and a supportive community for our members. We have conducted insightful webinars, workshops, and networking events, fostering and environment where knowledge is shared, and meaningful connections are forged.

I want to express my deepest gratitude to each member for your dedication, hard work and contributions to the success of our organization. Your commitment to upholding the highest standards of professionalism is truly commendable and serves as an inspiration to others in the field.

Looking ahead, I am optimistic about the opportunities that the coming year holds for us.

Together, we will continue to adapt to changing landscape opportunities, embrace innovation and champion the values that define our noble profession.

I also wish all my colleagues Happy Pongal, Makar Sankranti, Lohri, Vasant Panchami and enjoy the festival of harvest with family and loved ones and also extend my best wishes for the upcoming chairman CA Rajendra Agrawal and EICASA Chairman CA Naveen Tiwari.

Make New Year's goals. Dig within and discover what you would like to have happen in your life this year.

This helps you do your part. It is an affirmation that you're interested in fully living life in the year to come.

Signing Off

With Regards
CA Pranav Lath
Chairman, Sambalpur Branch

Sambalpur Branch Team receiving 2nd National Award (Students Micro Category) from Hon'ble Om Birla Sir



Message from Secretary, Sambalpur Branch



Dear Esteemed Members,

I am thrilled to share the remarkable achievements of our CA branch in Sambalpur, under the adept leadership of our esteemed Chairman, CA Pranav Lath.

Over the past months, our branch has undertaken numerous projects, showcasing our commitment to excellence in the field of accountancy. It is with great pride that I announce our victories at both the National and Regional levels, a testament to the hard work and dedication of our entire team.

I extend my heartfelt gratitude to each member, student, and managing committee member for their unwavering support. Your contributions have been invaluable in driving our success and shaping the future of our branch.

Together, we have demonstrated the power of collaboration and unity within our community. As we look ahead, I urge all members to actively participate in our upcoming programs and events.

Your presence not only strengthens our bond but also enriches our learning experience. Let us continue to stand together, supporting one another in our professional endeavors.

Rest assured, our commitment to serving our members and the community remains steadfast.

With your continued support, we will strive to surpass our achievements and make a positive impact on society.

Thank you once again for your dedication and enthusiasm. Together, we will continue to achieve greatness.

Warm regards,

CA Naveen Kumar Tiwari
Secretary
Sambalpur Branch
EIRC of ICAI

Other Highlights



Message from EIRC Chairman



Dear Esteemed Members
of the Sambalpur Branch
of EIRC of ICAI,
Greetings!

It is both an honour and a
privilege to address you
through this newsletter.

First of all,
congratulations to the
branch and its EICASA

for being recognised as the Best Branch and Best Students Association in the Micro Category in the Eastern Region. Additionally, kudos to the EICASA of the branch for being honoured as the Second Best Students Association in India. It is a matter of pride for our region at the national level, and the credit goes to Team Sambalpur Branch of EIRC of ICAI.

Reflecting upon almost the past 12 months, I am filled with immense pride in witnessing the unwavering dedication and exceptional contributions of our

community towards the field of accounting and finance.

Chartered Accountants play a pivotal role in the economic fabric of our society and nation. Our expertise, ethical standards, and commitment not only fortify the financial integrity of the entities we serve but also significantly contribute to the broader economic well-being. In every audit, every financial statement, and every piece of advice we offer, lies an opportunity to strengthen the trust in our financial systems and to uphold the public interest.

This responsibility should always be at the forefront of our endeavours. Our role extends beyond the realms of accounting; it encompasses being guardians of financial truth and enablers of economic growth. This profound purpose should continually inspire and motivate us to excel and innovate in our professional pursuits.

As my tenure as the Chairman of EIRC approaches its conclusion, I want to express my deepest gratitude for your support, collaboration, and enthusiasm. It has been a journey replete with learning, challenges, and triumphs, each of which has strengthened the foundation of our esteemed institution.

I urge each one of you to continue carrying the torch of independence, integrity, and excellence. Let us pledge to maintain the highest standards of our profession and contribute tirelessly towards the progress of our society and nation. As we step into the future, I am confident that the Sambalpur Branch will continue to flourish and scale new heights. I look forward to witnessing the remarkable achievements that await us in the chapters to come.

Thank you for your steadfast commitment and for making this tenure under the leadership of CA Pranav Lath memorable and impactful.

Warm regards,

CA Debayan Patra
Chairman,
Eastern India Regional Council, ICAI

Message from Vice Chairman, EIRC of ICAI



Dear Professional Colleagues,

"New beginnings are often the best disguised opportunities."
- Susan Gale

Wish you all a very Happy New Year. I also wish a very Happy 75th Republic Day to

all. As we step in to the New Year, let's take a pledge to converge all our dedication to our goals and work harder in being a part of taking our country to the heights of success.

December is the month when we all are occupied in chalking out the New Year Resolutions. Here I take the opportunity to urge my fellow members to become the torch bearers for our community and take our profession to the heights of success.

As we march towards the upcoming days, my service as the Vice-Chairman of EIRC comes to an end and I ask for your continued support and dedication towards our profession. We all know that technology is the future and the future has arrived. Thus, it is high time we all should converge in inculcating technology to our profession. I strongly believe that Sambalpur Branch of EIRC has great potential for professional excellence and I call upon scaling newer heights together.

As a conclusion, I would like to congratulate all the newly qualified Chartered Accountants and CA Finalists who qualified in the November'23 examinations. I would also like to mention that, Life is like a whiteboard; you make it stained to make it worthy. I would lastly encourage all my beloved students to work harder to achieve their dreams and walk an extra mile to be at the pinnacle of achievements. Let this new year open up opportunities and remember you are the ones who can enlighten the future of our nation.

I would take this opportunity to remind everyone that once Mahatma Gandhi said, "You must be the change you want to see in the world."

**With Warm Regards,
CA Sanjib Sanghi
Vice-Chairman EIRC of ICAI
Chairman EICASA-EIRC of ICAI**

Message from Secretary, EIRC of ICAI



Dear Esteemed Members,

I am overwhelmed while writing this message to all of you. First of all congratulations Branch for winning the National Award for the Sambalpur Students Association in a Micro Category. This award was given at Vigyan

Bhawan on 8th February 2024 by the hand of the Hon'ble Speaker of Lok Sabha Sri Om Birla in New Delhi. We all witnessed the glory of it.

It gives a great sense of pleasure which can't be measured. This Branch has set the standard and added flavor to the performance of the Eastern India Regional Council too. It is a matter of great pride for all of us.

I congratulate CA Pranav Lath, Chairman of the Sambalpur branch for his leadership and the entire team for their tireless effort through the year. You all deserve a round of applause for such achievements and effort towards excellence.

Friends and seniors, this era "AMRITKAL" belongs to India and there is abundance of opportunities coupled with challenges. By elevating our capacity, we can mitigate the risk and convert the challenges into the opportunity. Very soon we will become the 3rd largest economy of the world as per estimation of GOI and we Chartered Accountants has to play a vital role in it. My ears echoes with the powerful word of a leading industrialist ie "Be in India and Be with India". This is the time to prove the quote of our Motto 'Ya Supteshu Jagruti- Be awake when others are sleeping.'

I would like to convey to all that we should develop our skill and EIRC is at your doorstep to support under the guidance of our Alma mater ICAI for your endeavour.

Best of luck

Jai Hind, Jai ICAI

**(CA IP Vishnu K Tulsyan)
Secretary - EIRC (2023-2024)**

Message from Treasurer, EIRC



Dear Professional Colleagues,

I extend my heartfelt congratulations to the Sambalpur branch of EIRC of ICAI for their remarkable achievements throughout the year. It is with immense pride that we celebrate your exceptional dedication and

commitment towards independence, integrity, and excellence.

Being recognized as the Best Branch of EIRC of ICAI in the Micro Category, and clinching the prestigious title of the 2nd Best Students Association in Micro Category at the National level, speaks volumes about your unwavering pursuit of excellence and relentless efforts towards advancement.

Furthermore, the accolade bestowed upon the Student Association of the Sambalpur branch as the Best Student Branch of EIRC of ICAI in the Micro Category underscores your commitment to nurturing talent and fostering a conducive learning environment.

The establishment of a reading room further demonstrates your commitment to empowering members and students alike with resources essential for their professional growth and academic enrichment.

The exemplary achievements of the Sambalpur Branch serve as an inspiration, reaffirming the importance of perseverance, dedication, and teamwork in attaining success. May this be the beginning of even greater milestones and accomplishments in the journey ahead.

My compliments and congratulations to CA Pranav Lath and the entire Managing Committee of Sambalpur Branch for your dedicated efforts and the impactful leadership, which have made this tenure a memorable and transformative experience.

Warm regards,

CA Mayur Agrawal
Treasurer
EIRC - ICAI

Message from Imdt. Past Chairman, EIRC of ICAI



It is my pleasure to have got this opportunity of expressing my appreciation for the Sambalpur branch and its Managing Committee led by Chairman CA Pranav Lath for an extraordinary term marked by unwavering commitment, continued dedication and remarkable initiatives and achievements.

The perseverance and collective efforts has been the cornerstone in bringing home the 2nd Best Branch Students' Association Award (Micro Category) at the National Level and Best Branch Award (Micro Category) as well as the Best Students' Association Award (Micro Category) at the Regional level this year.

I am very appreciative of the fact that two impressive reading room facilities have been arranged for the students community. I believe that this facility would enable the students to capitalize on it ensuring better academic performance.

The Managing Committee's dedication to providing exceptional service to the members fraternity through the e-newsletter and several capacity building programmes has been instrumental in professionally equipping members and in enhancing the quality of service deliverables as well.

I would like to extend my best wishes for the upcoming term of the Managing Committee with the belief that they shall continue serving with greater commitment, excellence and collective wisdom.

Best wishes Always,

CA Ravi Kr Patwa
Imdt. Past Chairman,
EIRC of ICAI .

Sambalpur Branch organising CA S Vaidyanath Aiyar Memorial Lecture at Bargarh



Changes proposed in the Income-tax Act by the Finance Bill 2024

Finance Minister Nirmala Sitharaman presented the Interim Budget for 2024-25 in the Parliament on February 01, 2024. The emphasis of the 2024 Interim Budget was on empowering youth and women, developing infrastructure, supporting agriculture, promoting green growth, and enhancing the railway sector.

No significant tax announcements were proposed, with only a few necessary proposals introduced concerning Income Tax and GST. The changes proposed in the Finance Bill 2024 have been discussed below:

1. Withdrawal of small outstanding direct tax demands

The finance minister, in her budget speech, has proposed the withdrawal or waiver of small, unresolved, unverified, or disputed direct tax demands related to financial years up to 2014-15.

This initiative aims to address concerns related to demands amounting to Rs. 25,000 for the period up to financial year 2009-10 and Rs. 10,000 for financial years 2010-11 to 2014-15.

In Paragraph 93 of her Interim Budget Speech, the finance minister highlighted the government's commitment to enhancing ease of living and doing business.

She emphasized the need to improve taxpayer services by addressing numerous small, unresolved, unverified, or disputed direct tax demands, some dating back to 1962. The proposal intends to withdraw such demands up to Rs. 25,000 for the period up to financial year 2009-10 and up to Rs. 10,000 for financial years 2010-11 to 2014-15. This move is expected to benefit around one crore taxpayers.

The announcement significantly reduces taxpayer anxiety and the workload of the income-tax department's tax-collecting machinery and appellate forums. Importantly, this proposal covers income-tax demands and demands related to wealth tax, gift tax, estate duty, and banking cash transaction tax.

2. Extension of sunset dates under various provisions:

The Finance Bill 2024 proposes to extend the sunset date for several provisions under the Income-tax Act. The date under the following provisions is proposed to be extended from 2024 to 2025:

2.1. Exemption to specified fund [Section 10(4D)]

Section 10(4D) provides an exemption to the specified funds with respect to certain specified income. Such exemption will be granted only with respect to income which is attributable to units held by a non-resident (not being a PE in India) or is attributable to the investment division of an offshore banking unit, as the case may be.

The exemption under Section 10(4D) is also allowed to the Investment division of the offshore banking unit. An investment division of an offshore banking unit shall be treated as a specified fund and eligible for exemption under this provision if it satisfies certain conditions. One of the conditions is that its operations must be commenced on or before 31-03-2024.

This date to commence operations is proposed to be extended from 31-03-2024 to 31-03-2025. Consequently, the specified income of the Investment division of an offshore banking unit will remain exempt if it initiates operations on or before 31-03-2025.

2.2. Exemption to royalty or interest income received by a non-resident from lease of aircraft or a ship [Section 10(4F)]

Any income of a non-resident by way of royalty or interest on account of leasing of an aircraft or a ship in a previous year to a unit of an International Financial Services Centre as referred to in Section 80LA(1A) shall be exempt from tax provided such unit has commenced its operations on or before 31-03-2024.

This date of commencement of operations is proposed to be extended from 31-03-2024 to 31-03-2025.

2.4. Extension in the outer date for the incorporation of start-up [Section 80-IAC]

An eligible start-up (company or LLP) can claim a deduction under Section 80-IAC for the profit and gains arising from eligible business. The deduction can be claimed up to 100% of the profits and gains derived in 3 consecutive years out of the 10 assessment years beginning from the year of incorporation.

One of the conditions to claim deduction under this provision is that an eligible entity is incorporated on or after 01-04-2016 but before 01-04-2024. This outer date for the incorporation of a start-up company or LLP is proposed to be extended from 2024 to 2025. Consequently, the deduction under Section 80-IAC will remain available to a start-up if incorporated on or before 31-03-2025.

2.6. Extension in the time limit to issue directions by CBDT for implementing faceless regime [Section 92CA, Section 144C, Section 253 and Section 255]

The Central Government has undertaken several measures to make the proceedings under the Act electronic by eliminating the personal interface between the taxpayer and the department to the extent technologically feasible and providing for optimal utilisation of resources and a team-based assessment with dynamic jurisdiction.

As part of this process of making the tax administration transparent and efficient, enabling provisions to notify faceless schemes under Sections 92CA, 144C, 253 and 255 in line with the faceless assessment and faceless appeal schemes, were introduced through the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 with effect from 01-11-2020 and the Finance Act 2021 w.e.f. 01-04-2021.

To implement the faceless regime in the above-mentioned provisions, it was provided that the CBDT will issue directions in the following manner:

<i>Sections</i>	<i>Particulars</i>	<i>Issue of directions by</i>
92CA	Faceless determination of arm's length price	31-03-2024
144C	Faceless Dispute Resolution Panel	31-03-2024
253	Faceless appeal to Appellate Tribunal	31-03-2024
255	Faceless procedure of Appellate Tribunal	31-03-2024

The Finance Bill 2024 has proposed to amend the above provisions to extend the date for issuing directions for Sections 92CA, 144C, 253 and 255 from 31-03-2024 to 31-03-2025.

Ram Mandir Donations: Eligibility for Deduction under Section 80G

Section 80G provides a deduction to the donor, irrespective of his residential status, who has paid any sum as a donation to the prescribed funds, institutions, associations, etc.

This provision contains four categories of deductions where 100% deduction is allowed with or without maximum limit and 50% deduction with or without maximum limit.

The list of funds or institutions eligible to provide deductions for the donations made to such funds or institutions is provided in clauses (a) to (d) of sub-section (2) of Section 80G.

Clause (a) provides the names of the eligible funds or institutions or classes of such funds or institutions.

Clause (b) provides the purpose eligible to provide deductions if the donation is paid for such purpose, namely, renovation or repair of any temple, mosque, gurdwara, church, etc.

Clause (c) provides deductions to the Indian companies for making donations to the Indian Olympic Association or any other body for the development of sports infrastructure.

Clause (d) is redundant.

The funds or institutions listed in sub-clause (iv) of clause (a) of Section 80G(2) mentioned above are required to comply with the additional conditions to make the donations received eligible for the deductions in the hands of the donor under Section 80G.

These conditions are listed in Section 80G(5). One of such conditions provides that the recipient fund or institution files a statement of donation to the Income-tax department in Form 10BD and issues a certificate of donation to the donor in Form 10BE.

If a fund or institution is notified in any sub-clause of clause (a) except sub-clause (iv) of Section 80G(2), it will not be required to comply with the conditions of Section 80G(5), including filing of statement in Form 10BD and issuing certificate in Form 10BE.

The Shri Ram Janmabhoomi Teerth Kshetra (PAN: AAZTS6197B) ('Shri Ram Trust') has been notified under sub-clause (b) of Section 80G(2). Consequently, all the additional conditions of Section 80G(5) shall not apply to Shri Ram Trust to provide the deduction to the donors for donating to such trust.

In the subsequent part of the article, all your queries relating to the donation to the Shri Ram Trust have been answered.

1. Who is eligible to claim a deduction for the amounts donated to the Shri Ram Trust?

Section 80G of the Income Tax Act of 1961 allows all categories of taxpayers, including individuals, companies, firms, LLPs, etc., to save tax by donating money to eligible charitable institutions. This deduction can be claimed by both resident and non-resident taxpayers. By donating to eligible institutions and organisations, taxpayers can claim deductions ranging from 50% to 100% of the amount donated.

The Central Government has notified Shri Ram Trust as a place of historic importance and a place of renowned public worship for the purpose of Section 80G(2)(b) w.e.f. FY 2020-21. Hence, the donations made for the purpose of renovating or repairing the temple are eligible for deduction.

2. How much deduction can be claimed for the amount donated to the Shri Ram Trust?

50% of the amount donated for the purpose of renovation/repair of the Mandir to Shri Ram Trust is eligible for deduction under Section 80G. Donations

for purposes other than the renovation or repair of the temple are not eligible for deduction. Further, this 50% deduction under Section 80G shall be subject to the qualifying limit.

Payments to certain institutions are eligible for 100% or 50% without any qualifying limit. However, in some cases, you must first determine the maximum qualifying limit eligible for deduction. If the total amount donated to Shri Ram Trust exceeds 10% of your adjusted gross total income (GTI), any excess amount beyond the 10% limit will not be eligible for deduction.

It is important to note that only taxpayers who opt for the old tax regime while filing ITR can claim this deduction. Taxpayers who have chosen to file their ITR under the new tax regime are not entitled to this benefit. Therefore, if you have opted for the new tax regime, you cannot claim any Section 80G deduction while filing your ITR.

The donor can claim a deduction for donations made through cash or cheque. However, cash donations exceeding Rs. 2,000 are not eligible for deduction. Also, it is important to note that donations made in kind are not eligible for deduction under this provision.

3. Is there a deadline for donating to the Shri Ram Trust and claiming a deduction?

Shri Ram Trust is notified under 80G(2)(b) from the F.Y. 2020-2021. Hence, donations made from the FY 2020-21 onwards are eligible for a deduction. January 22, 2024, is a ceremonial date for the Pran Pratishtha of Ram Lalla at the temple in Ayodhya.

However, this date is not relevant for the deduction under Section 80G. Any donations made during the year can be claimed as a deduction in the income tax return to be filed for that year. Therefore, even if you donate before or after January 22, you can claim the deduction in your income tax return for that year, subject to the fulfilment of other conditions.

4. How will I obtain the donation receipt for the amount contributed to the Shri Ram Trust?

To claim the deduction under Section 80G, it is crucial to have the donation receipt. The official website of Shri Ram Janmabhoomi Teerth Kshetra offers various options and modes for contributing the amount. A person can log in using Mobile OTP and provide

information such as name, purpose of donation, donor PAN Number, donation amount, address, mobile number, email ID, etc. The donation receipt is generated instantly and can be downloaded by the donor. The donor will also receive the donation receipt via email. This receipt will serve as sufficient proof to claim the deduction in the Income Tax return.

5. Points to be taken care of for claiming deduction:

The following considerations should be taken care of while claiming the deduction under Section 80G for the amounts donated to Shri Ram Trust:

- Donor should collect the donation receipt
- Donations should not be in kind
- Donations exceeding Rs. 2,000 should not be in cash
- Donations should be specifically given for the purpose of renovation/repair of the temple
- Donor should not be opting for the new tax regime
- Deduction can be claimed up to 50% of the amount donated subject to the qualifying limit
- Deduction can be claimed in the income tax return by filling in the information in 'Schedule 80G' in ITR

6. Does the donor need a Form 10BE certificate to claim a deduction for the amounts donated to Shri Ram Trust?

From FY 2021-22 onwards, a certificate in Form 10BE is required as evidence to support the Section 80G deduction to be claimed while filing ITR. The deduction will only be allowed if the fund or institution provides the details of the donation and donor in the statement filed in Form 10BD electronically on the income tax department's e-filing portal.

However, it is important to note that this reporting requirement to file a statement of donation in Form 10BD and issuance of Form 10BE is required only for those NGOs which are under the approval category, i.e. Section 80G(2)(a)(iv), whereas Shri Ram Trust is a notified trust as a place of historical importance and a place of public worship of renown under clause (b) of Section 80G(2). Hence, it is not obligated to file a statement of donations in Form 10BD and is not required to issue a certificate in Form 10BE. Therefore, the donation receipt shall suffice as proof of payment while claiming the Section 80G deduction in ITR by donors.

7. How to claim a deduction in the ITR Form?

To claim a deduction under section 80G, the taxpayer must provide the details of his donations in 'Schedule 80G' in the ITR form as applicable to them. This schedule consists of four tables, each of which corresponds to a different category of NGO/charitable institution.

(a) Table A - It is used to report donations eligible for a 100% deduction without any qualifying limit.

(b) Table B - It is used to report donations eligible for a 50% deduction without any qualifying limit.

(c) Table C - It is used to report donations eligible for a 100% deduction subject to a qualifying limit.

(d) Table D - It is used to report donations eligible for a 50% deduction subject to a qualifying limit.

One must ensure that donation information is entered in the correct table. The donation to Shri Ram Trust shall be filled in Table D. While filling the table, a taxpayer will be required to provide the following details of their donations to charitable institutions or specified funds during the year:

(a) Name and address of the donee

(b) PAN of the donee

(c) Total amount of the donation - with a break-up of the amount paid in cash and other modes

(d) Eligible amount of the donation, which is the amount that is eligible for deduction

Changes proposed under GST in the Finance Bill 2024

Finance Minister Nirmala Sitharaman presented the Interim Budget for 2024-25 in the Parliament on February 01, 2024.

The emphasis of the 2024 Interim Budget was on empowering youth and women, developing infrastructure, supporting agriculture, promoting green growth, and enhancing the railway sector.

No significant tax announcements were proposed, with only a few necessary proposals introduced concerning GST.

The changes proposed in the Finance Bill 2024 have been discussed below:

1. Changes in the provisions relating to Input Service Distributor

1.1. Background

The GST law contains the provision for the distribution of Input Tax Credit ('ITC') in respect of common input services using the Input Service Distributor ('ISD') mechanism.

This is done for the ease of distribution of ITC where services are procured by the head office or at a single office but are consumed at various offices registered under the same PAN.

(a) The existing definition of ISD provides that it is an office of supplier of goods or services or both that receives a tax invoices issued under Section 31 towards the receipt of input services and issues a prescribed document for the purpose of distributing the ITC to the persons having same PAN as that of the ISD.

Thus, to fall within the scope of ISD the two criteria provided below should be satisfied:

- It should be an office of the supplier that receives the tax invoices (i.e. invoice issued by the service provider at the ISD GSTN), and
- It should issue prescribed documents for distribution of credit (i.e. ISD invoice)

(b) However, the existing provision of ISD mechanism does not cover the methodology for transfer of credit on those common input services on which tax has been deposited under the reverse charge mechanism.

Also, from the perusal of the provisions providing the manner of distribution of common credit using ISD mechanism, it emerges that it is not mandatory to distribute the common credit using the ISD mechanism.

Reference may be drawn to the following extracts of the provision:

'Input service distributor may distribute credit subject to the prescribed conditions'.

Given the above, the industry was following the mixed practice for distribution of common credit either through ISD mechanism or via cross charge mechanism through a tax invoice raised on the respective locations to whom such credit is being distributed.

Given the above anomaly, the Council, in its 50th meeting, in respect of the same, recommended to clarify that ISD mechanism is not mandatory for the past periods and also recommended that it should be made mandatory for prospective period.

Following this recommendation, a circular was issued to clarify that ISD is not mandatory for transferring/distributing the ITC for the past period.

1.2. Amendments proposed by the Finance Bill 2024

The Finance Bill 2024 has proposed to amend the definition of ISD and manner of distribution of common credit using ISD mechanism. As per the proposed definition, the condition of issuing the prescribed documents has been removed.

Hence, where an office receives input services on behalf of deemed distinct persons, it would be considered as 'ISD', and thus it would become liable to comply with the relevant provisions for distribution of common credit.

The impact of the proposed amendment is as under:

- The person who receives common ITC for the deemed distinct persons would be required to obtain mandatory registration as ISD
- For the distribution of ITC of the services liable to RCM, tax is required to be paid by the normal registration in the State of ISD

The said proposed amendment, when made effective, would mandate the distribution of common ITC on services through ISD mechanism only.

This would also require parallel amendment in rules to provide for the mechanism of distribution of ITC.

2. Penalties on Tobacco Manufacturers for Non-Registration of Machines under Special Procedure

2.1. Background

To plug the revenue leakage in the tobacco industry, the Government has recently notified a special procedure for the registered persons engaged in manufacturing of specified goods such as Pan Masala, tobacco and similar goods (list of goods is annexed at the end of this para).

The given special procedure is prescribed under Section 148 of the CGST Act with the recommendation of the GST Council.

Manufacturers of tobacco, pan masala, and similar goods are required to adhere to this special procedure, which primarily includes the registration of machines and the submission of special monthly returns.

For registration of machines, the details pertaining to existing packing machines, newly installed machines, and removed machines must be furnished in Form GST SRM-I along with the packing capacity of these machines. These details must be certified by a Chartered Engineer in Form GST SRM-III.

The said procedure is set to be implemented with effect from 01-04-2024.

2.2. Amendments proposed by the Finance Bill 2024:

The Finance Bill, 2024 has proposed the introduction of new Section 122A within the Penalties Chapter, specifying penalty for any person engaged in the manufacture of specified goods who fail to register the machines in accordance with the special procedure.

The proposed provisions prescribe a penalty of Rs. 1 lakh for every machine not registered as per the special procedure. Notably, the said penalty is in addition to any penalty paid or payable under Demand and Recovery provisions or any other sections of the Penalties Chapters.

Thus, multiple penalties may be imposed by the proper officer under the GST law for the non-compliance in respect of the special procedure.

In addition to the penalty, machines not registered shall also be liable for seizure and confiscation. However, confiscation can be avoided where the penalty is paid by the manufacturers or if the machine is registered within three days of receiving the penalty order.

The above proposed amendment is in line with the recommendations of the 50th GST Council meeting recommendations, wherein the council recommended to prescribe a heavy penalty for running any unregistered machine.

Sambalpur Branch organising Picnic Party 2024 at Bhatli Mandir, Bhatli



oneindia

KEY TAKEAWAYS FROM BUDGET 2024

FISCAL PRUDENCE MAINTAINED: FISCAL DEFICIT AT 5.8% IN FY24, ESTIMATED 5.1% NEXT YEAR

TAX RATES UNCHANGED: NO ALTERATIONS TO DIRECT OR INDIRECT TAXES

NO MAJOR RURAL TRANSFERS: FOCUS ON HOUSING: 2 CRORE MORE RURAL HOUSES PLANNED UNDER PM AWAS YOJANA

₹1 LAKH CRORE CORPUS FOR R&D: GOVERNMENT TO ESTABLISH FUND FOR LONG-TERM FINANCING IN SUNRISE SECTORS

CAPITAL SPENDING BOOSTED: 11% INCREASE TO ₹11.11 LAKH CRORE (3.4% OF GDP) FOR 2024-25

SURGE IN REAL INCOME: AVERAGE REAL INCOME UP BY 50%

Sambalpur Branch inaugurating Two Reading Rooms in Sambalpur & Bargarh





Sambalpur Branch organising Cricket Match between CAs & Income Tax Department, Sambalpur



Sambalpur Branch felicitating Senior CA Members under "WE CARE" programme by past chairmen



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