

Infoshots@JSS

JSS PRO'S Quarterly Newsletter

Issue: 2022/02

From The CEO's Desk...



JVSN Krishna
CEO

Season's Greetings!

To our Clients, Associates and Business Partners, we trust and hope that you and your families are safe and doing well.

We are humbled and grateful for your tremendous support to JSS, as well as your belief and faith in us all along!

We are excited to begin this year 2023 with a whole new outlook to look forward to. Our newsletter @Infoshots will include quarterly industry highlights as well as a sneak peek at the JSS culture and events.

As we continue on our commitment to providing top-notch services to all of our valued clients globally, we would like to take this opportunity to share with you our experiences, expertise, and insights, hoping that they would be of great value to you and your business. Let's make the most of this journey together, as we are all embarking on a dynamic journey creating a change.

Infoshots@JSS

JSS PRO'S Quarterly Newsletter

Issue: 2022/02

Industry Updates

Overview of Section 194R - TDS on Benefit or Perquisite

Ø **Section 194R of Income Tax Act, 1961 ('the Act') - effective from 01 July 2022**

Any person responsible for providing any benefit or perquisite in cash or kind to a resident, is required to deduct tax at the rate of 10% of the value or aggregate of value of such benefit or perquisite.

Ø **Exceptions to above section:**

1. The aggregate value of benefits or perquisites does not exceed INR 20,000;
2. A person providing the benefit being Individual or a HUF whose aggregate turnover from business does not exceed INR 1 crore or Income from profession does not exceed INR 50 lakhs in the previous year;
3. The benefit or perquisite is being provided to a Government entity;
4. Benefits provided by organization of United Nations (as defined under the Act), international organization whose income is exempt under specific act of Parliament, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign state.

Ø **Guidelines issued by Central Board of Direct Taxes (CBDT) :**

- The deductor is not required to check whether the amount of benefit/perquisite provided is taxable in the hands of recipient or the section under which it is taxable;
- The threshold limit of INR 20,000 will be applicable from 1st April 2022. However, no tax to be deducted on the benefit provided before 01 July 2022;
- Tax to be deducted on net basis after excluding Good and Service Tax (GST)/other charges as levied on such benefit/perquisite;
- Tax is required to be deducted even if the benefit/perquisite provided is in the form of a capital asset like car, land, etc.;
- Tax to be deducted in the hands of the recipient entity irrespective of its usage by the owner/director/employee/relatives who in their individual capacity may not be carrying any business or profession;
- In case of sale discount/cash discount/rebates allowed to customers – No tax to be deducted. In case of free samples or incentives being provided – Tax to be deducted;

Infoshots@JSS

JSS PRO'S Quarterly Newsletter

Issue: 2022/02

Industry Updates

Ø Guidelines issued by Central Board of Direct Taxes (CBDT) :

- For the purpose of valuation of benefit/perquisites provided, Fair Market Value(FMV) of such benefit shall be considered as value of such benefit/perquisites except in the following cases:
 1. In case if the provider purchases such benefit/perquisite – Purchase price;
 2. In case if the provider manufactures such benefit/perquisite – Price charged to its customers;
- In case of benefit in kind or partly in cash and partly in kind (if the amount of cash being insufficient to pay the tax liability) then:
 1. Deductor to ensure that the recipient has paid such taxes;
 2. Recipient to pay such taxes in the form of an advance tax;
 3. Deductor may rely on a declaration along advance tax payment challan;
 4. Deductor to disclose the details in the Form 26Q;
 5. Alternatively, the deductor may deduct and pay such taxes to the government. In such a case the said taxes paid by him will be added as a benefit in the hands of the recipient.
- In case of social media influencers, if the product is retained by the influencer, then the same will be considered as benefit/perquisite in their hands and hence tax is required to be deducted;
- In case of reimbursement of the Out-of-Pocket Expenses (OPE) by service recipient to the service provider for the expenses incurred by him:
 1. If the invoice is in the name of ultimate service recipient – No tax to be deducted;
 2. If the invoice is in the name of service provider – recipient to deduct taxes on such reimbursements
- In case of a person acting as a 'Pure Agent' (who satisfies all the conditions as provided under the Act), reimbursement of expenses by recipient to the agent would not be treated as a benefit/perquisite in the hands of agent;
- If the tax is being deducted on reimbursement of OPE under any other relevant provisions of the Act, no tax is required to be deducted under section 194R;

Infoshots@JSS

JSS PRO'S Quarterly Newsletter

Issue: 2022/02

Industry Updates

Ø Guidelines issued by Central Board of Direct Taxes (CBDT) :

- *Expenses incurred in relation to the business conference held with prime object to educate the dealers/customers about the product - not to be treated as benefits/perquisite for the purpose section 194R. Except in the following cases:*
 1. Conference in the nature of incentives/benefits to select dealer/customers achieving specified targets;
 2. Expense attributable to leisure trip or leisure component;
 3. Expenditure incurred for family members accompanying the dealer/customer to business conference;
 4. Expenditure on participants of business conference for days which are on account of prior stay or overstay beyond the dates of such conference (excluding day immediately prior to the actual start date and day immediately following the actual end date of conference).

On issuance of bonus or right shares issued by company in which public are substantially interested as defined under the Act – No tax to be deducted.

Infoshots@JSS

JSS PRO'S Quarterly Newsletter

Issue: 2022/02

Important Changes in GST:

Implementation of provisions of The Finance Act, 2022

The CBIC has issued Notification No 18/2022 - Central Tax dated 28th September, 2022 bringing into effect provisions of Finance Act, 2022 with effect from 1st October, 2022. The provisions of sections 100 to 114, except clause (c) of section 110 and section 111, of the said Act shall come into force w.e.f. 1st October, 2022. The changes in GST Laws Pursuant to giving effect to the provisions of The Finance Act, 2022 are presented below:

1. Input Tax Credit (Section 16(2)(ba) of the CGST Act, 2017) :
 - Restriction in availing Input Tax Credit
w.e.f. 01-10-2022
 - Extension of Time limit to avail Input Tax Credit
w.e.f. 01-10-2022
2. Cancellation or suspension of registration
w.e.f. 01-10-2022 - [Clause 101 of Finance Act, 2022]
3. Credit and debit notes (Section 34 of the CSGT Act, 2017)
w.e.f. 01-10-2022 - [Clause 102 of Finance Act, 2022]
4. Furnishing details of outward supplies (Sec 37 of the CGST Act, 2017)
w.e.f. 01-10-2022 - [Clause 103 of Finance Act, 2022]
5. Furnishing details of inward supplies (Sec 38 of the CGST Act, 2017)
w.e.f. 01-10-2022 - [Clause 104 of Finance Act, 2022]
6. Furnishing of Returns (Sec 39 of the CGST Act, 2017)
w.e.f. 01-10-2022 - [Clause 105 of Finance Act, 2022]
7. Claim of input tax credit and provisional acceptance thereof (Sec 41 of the CGST Act, 2017)
w.e.f. 01-10-2022 - [Clause 106 of Finance Act, 2022]
8. Omission of Sec 42, 43 and 43A of the CGST Act, 2017
w.e.f. 01-10-2022 - [Clause 107 of Finance Act, 2022]
9. Levy of late fee (Sec 47 of the CGST Act, 2017)
w.e.f. 01-10-2022 - [Clause 108 of Finance Act, 2022]
10. Goods and services tax practitioners
w.e.f. 01-10-2022 - [Clause 109 of Finance Act, 2022]
11. Collection of tax at source (Sec 52 of the CGST Act, 2017)
w.e.f. 01-10-2022 - [Clause 112 of Finance Act, 2022]
12. Refund of tax (Sec 54 of the CGST Act, 2017)
w.e.f. 01-10-2022 - [Clause 113 of Finance Act, 2022]

Infoshots@JSS

JSS PRO'S Quarterly Newsletter

Issue: 2022/02

Major Amendments and Notifications in Income Tax & Good and Service Tax (GST)

1. Income Tax Act, 1961 (the 'IT Act')

Sec 115BBH - Taxation on Income from Transfer of Virtual Digital Assets (w.e.f 01 April 2022):

Where the total income of an assessee includes any income from the transfer of any virtual digital asset, the amount of income-tax on such income shall be taxed at the rate of 30%.

- No deduction in respect of any expenditure (other than cost of acquisition) or allowance or set off of any loss shall be allowed
- Loss from transfer of such assets shall not be allowed to be carried forward to succeeding assessment years

Sec 194S - Deduction of tax on payment on Transfer of Virtual Digital Assets (w.e.f. 01 July 2022):

Any person responsible for paying to a resident any sum by way of consideration for transfer of a virtual digital asset, shall deduct tax at the rate of 1% of such consideration paid, at the time of credit of such sum or at the time of payment, whichever is earlier.

Sec 194R - Deduction of tax on benefit or perquisite in respect of business or profession (w.e.f 01st July 2022):

Any person responsible for providing to a resident, any benefit or perquisite, whether convertible into money or not, is required to deduct tax at the rate of 10% of the value or aggregate of value of such benefit or perquisite.

Exception to the above section:

- If the value or aggregate value of the benefit does not exceed INR 20,000;
- A person providing the benefit being an individual or a Hindu undivided family, whose aggregate turnover is less than INR 1 Crore in case of Business income and less than INR 50 Lakhs in case of Professional income

Sec 139(8A) - Updated Return:

Any person, whether or not he has furnished a return for a financial year may furnish an updated return of his income or the income of any other person in respect of which he is liable to tax, for the said financial year, at any time within the period of 24 months from the end of the relevant assessment year

Updated return cannot be filed in the following cases, where the updated return:

- a) Is a return of loss; or
- b) has the effect of decreasing the total tax liability; or
- c) results in refund or increases the refund due.

Provided further that a person shall not be eligible to furnish an updated return in whose case Search has been Initiated or Survey has been conducted.

Infoshots@JSS

JSS PRO'S Quarterly Newsletter

Issue: 2022/02

Major Amendments and Notifications in Income Tax & Good and Service Tax (GST)

1. Income Tax Act, 1961 (the 'IT Act')

Section 206C - Notification No.99/2022 dated 17 August 2022:

As per Section 206C(1G) of the IT Act, a seller of an overseas tour programme package from a buyer, being a person purchasing such package, shall collect tax at the rate of 5% of the amount of the package. Notification has been issued wherein it has provided that the said section shall not apply to a person (being a buyer) who is a Non-resident and who does not have a permanent establishment in India.

2. Goods and Service Tax Act (the 'GST Act')

Section 44 - Notification no.10/2022 dated 05 July 2022:

The registered person whose aggregate turnover in the financial year 2021-22 is up to INR 2 crore, is exempt from filing annual return i.e., GSTR 9 for the said financial year.

Rule 87(14):

Registered person may transfer any amount available in his electronic cash ledger under the GST Act to the electronic cash ledger of a distinct person i.e., person having same PAN in FORM GST PMT-09.

No such transfer shall be allowed, if the said registered person has any unpaid liability in his electronic liability register.

Rule 86(4A):

Where a registered person deposits the amount of erroneous refund sanctioned to him, along with interest and penalty, wherever applicable, through FORM GST DRC-03, by debiting the electronic cash ledger, on his own or on being pointed out, an amount equivalent to the amount of erroneous refund deposited by the registered person shall be re-credited to the electronic credit ledger by the proper officer by an order made in FORM GST PMT-03A.

Mandatory HSN Code:

For taxpayers having annual turnover above INR 5 Crores from FY 2021-22 onwards, it shall be mandatory to report HSN code at six digits level for taxpayers having annual turnover in the preceding year above INR 5 Crores and at four digits level for all B2B supplies for taxpayers having annual turnover in the preceding year up to INR 5 Crores.

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JSS PRO'S Quarterly Newsletter

Issue: 2022/02

Major Amendments and Notifications in Income Tax & Good and Service Tax (GST)

2. Goods and Service Tax Act (the 'GST Act')

Changes in GST rates on Various Services (w.e.f. 18.07.2022) – Notification No. 03/2022 dated 13 July 2022:

- Ø Hotel rooms with tariff up to Rs. 1,000 per day to be levied GST @ 12%
- Ø Transport of passengers, with or without belongings by ropeway to be taxed @ 5% [no Input Tax Credit (ITC) available on the same].
- Ø Other passenger transport services to be taxed @ 18%
- Ø Services of Goods Transport Agency (GTA) in relation to transportation of goods (including household goods for personal use) by GTA:
 - i. Without option to pay GST itself @ 5% (no ITC)
 - ii. With option to pay GST itself @5% (no ITC) or 12% (with ITC)
- Ø GST @18% on supporting services in transport.
- Ø Hospital room rent in non-ICU room with tariff of more than 5000 per day per person – GST @ 5% (no ITC)
- Ø Services by way of treatment / disposal of bio medical waste – GST @ 12%

Ø Changes in exemption to supply of services (w.e.f. 18.07.2022) – Notification No. 04/2022 dated 13 July 2022:

- Ø Withdrawal of exemption to services of speed post, express parcel post, life insurance and agency services provided to non-Government persons;
- Ø Withdrawal of exemption for rented residential dwelling unit to a registered person;
- Ø Exemption provided to services by Department of posts for post card, inland letter, book post, ordinary post;
- Ø Exemption provided to specified services to foreign tourist by tour operators to the extent of services performed outside India. The value of the tour operator service performed outside India shall be such proportion of the total consideration charged for the entire tour which is equal to the proportion which the number of days for which the tour is performed outside India has to the total number of days comprising the tour, or 50% of the total consideration charged for the entire tour, whichever is less;
- Ø Health care services towards providing rooms having charges exceeding Rs. 5,000 per day per person carved out from exemption.

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JSS PRO'S Quarterly Newsletter

Issue: 2022/02

Major Amendments and Notifications in Income Tax & Good and Service Tax (GST)

2. Goods and Service Tax Act (the 'GST Act')

Changes in Reverse Charge Mechanism (w.e.f. 18.07.2022) - Notification No. 05/2022 dated 13 July 2022

- Ø For GTA services, reverse charge will not be applicable where GTA has opted for payment by itself, issued tax invoice and made a declaration.
- Ø Services by way of renting of residential dwelling to a registered person by any person is brought under reverse charge.

Changes in GST exemption on goods (w.e.f. 18.07.2022) - Notification No. 06 & 7/2022 dated 13 July 2022:

For various types of goods, food items etc. exemption will not be available to pre-packaged and labelled goods and GST will be levied @ 5%. These items include curd, butter milk, lassi, sugar, jaggery, pulses, cereals etc.

No inverted duty benefit (w.e.f. 18.07.2022) - Notification No. 9/2022 dated 13 July 2022:

- Ø No refund of unutilized input tax credit will be allowed, where credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output services of goods (other than 'nil' rated or exempt supplies);
- Ø Such items include soya bean oil, ground nut oil, olive oil, palm oil, specified vegetable oils and fats, coal lignite, beat etc.

E-Invoicing - Notification no.17/2022 dated 01st August 2022:

The E- Invoicing System is applicable to those businesses with an annual aggregate turnover of more than Rs.10 crore w.e.f from 1st October 2022.

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JSS PRO'S Quarterly Newsletter

Issue: 2022/02

Our 5D Approach to Excellence!

01

DIAGNOSE

Methodical process to identify gaps & opportunities

03

DEVELOP

All round strategies with focus on execution, relevance and process orientation

05

DRIVE & DELIVER

Outcome oriented hand-holding & innovative delivery mechanisms to deployment

02

DESIGN

Creative "canvas" process ideation to strategize ideal value proportion

04

DIGITIZE

To simplify & enhance workflow while efficiently executing all tasks



High impact solutions to accelerate seamless achievement of organisational goals across various stages of the business lifecycle.

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JSS Updates:

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Chennai, Tamil Nadu 600034

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JSS Updates:

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Bengaluru



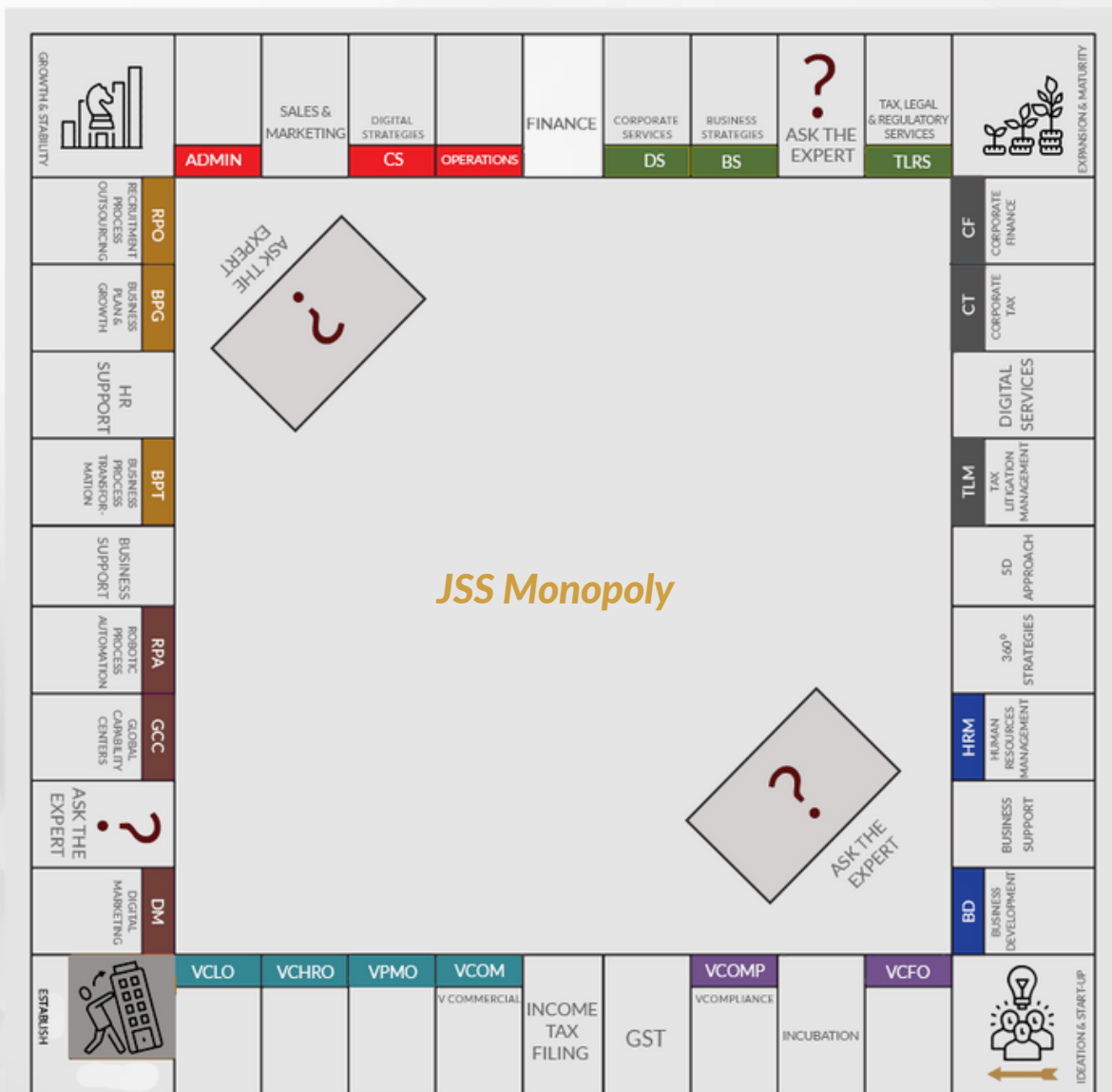
Unispace Business Center Plot No -128/P2, Zone, Behind Ginger Hotel,
Whitefield-560066

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JSS PRO'S Quarterly Newsletter

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Planning Business Strategies the JSS way!



Are you ready to win at this game of business?

All you need are the right strategies basis the stage of business lifecycle!