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**RVA INSIGHTS**

**March 2024**

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**GST Updates**

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**Interim Budget-2024 Updates**

Presidential assent has been received on February 15, 2024. The changes related to GST shall come into force upon being notified by the Central Government. The key highlights are:

1. Definition of ISD substituted specifically providing where goods and services or both are received by an office for or on behalf of other offices under the same Permanent Account number of the legal entity, such office to be treated as ISD. **Registration as an ISD also made mandatory**.
2. The specific provisions relating to manner of distribution of input amended. Now the distribution of credit shall be based upon the manner along with restrictions and conditions as may be prescribed.
3. New section 122A introduced for levy of penalty in cases of failure to register certain machines used in the manufacture of specified goods.

**Shifting from regular to Taxpayer to Composite taxpayer**

Taxpayers who are under regular scheme and wish to opt for the composition scheme for FY 2024-25 to file Form CMP-02, on or before March 31, 2024

**Fraudulent Summons**

It has been noticed that some individuals with fraudulent intent are creating and sending fake summons to the taxpayers who may or may not be under investigation by authorities. These summons may look real because they have DIN, but these DIN are not issued by the authorities. Taxpayers can check veracity of any communication by using ‘verify CBIC-DIN’ window on CBIC website

Press release dated February 10, 2024

**Failure to Furnish of Bank Account Details with GSTN- Consequences**

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GSTN proposed to deploy following functionality in the near future:

* **Failure to furnish the bank account in the stipulated time:** It would result into following:
  1. Taxpayer Registration would get suspended after 30 days and intimation in FORM REG-31 will be issued to the Taxpayer.
  2. Get the Taxpayer debarred from filing any further GSTR-1/IFF.
* **Revocation of Suspension:** If the taxpayer updates their bank account details in response to the intimation in FORM REG-31, the suspension will be automatically revoked
* **Cancellation of Registration:** If the bank account details are not updated even after 30 days of issuance of FORM REG-31, the registration after suspension may also be taken up for cancellation process by the Officer.

[***GST Advisory dated 23/02/2024****]*

**Key Judicial Rulings**

* **Treatment of Discounts**

Discount offered by the manufacturer to the supplier will impact only the transaction value of manufacturer. Upon further sale of such discounted goods by the supplier to another person, discount received from manufacturer cannot form part of the transaction value of supplier- [*Supreme Paradise- Madras High Court]*

* **Manner of receipt of foreign exchange**

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Receipt of payment in foreign currency by an intermediary and then transferring the same in India currency to the Indian exporter shall qualify as payment of foreign currency received by the export supplier *[Afortune Trading Research Lab LLP- Madras HC]*

**GST Judicial Rulings**

* **ITC Eligibility on Rooftop Solar System**

Installation and commissioning of rooftop solar system is eligible to ITC claim as plant and machinery [*M/s. Unique Welding Products Pvt. Ltd. [GUJ/GAAR/R/2024/01]*

* **Penalty related to E-way Bills**

Mere technical errors, without having any intention to evade payment of taxes, should not be the grounds for imposition of penalties *[M/s. Falguni Steels v. State of Uttar Pradesh and Ors - Allahabad High Court]*

* **Holding of shares in subsidiary**

Mere holding of shares by holding company in a subsidiary cannot be treated as supply of service [*Yonex India Pvt Ltd -Karnataka High Court]*

* **Secondment of expat employees**

The High Court grants temporary stay on the Order demanding GST on salary paid to expat employees, till the next hearing date

[*Mercedes Benz India Pvt Ltd -Bombay High Court]*

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**OTHER INSIGHTS**

**The Karnataka Compulsory Gratuity Insurance Rules, 2024 notified – Government of Karnataka:**

The Karnataka Compulsory Gratuity Insurance Rules, 2024 recently notified by the Government of Karnataka, outlines the mandatory requirement for employers in the State of Karnataka to obtain insurance for payment of gratuity, in terms of Payment of Gratuity Act.

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**MCA waives additional fees and extends last date for filing of Form 4D and Form LLP BEN-2 up to May 15, 2024**

**Corporate Law Updates**

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MCA has already notified the Limited Liability Partnership (Third Amendment) Rules, 2023 for filing Form 4D in respect of a declaration of beneficial interest in contribution received by the LLP and the Limited Liability Partnership (Significant Beneficial Owners) Rules, 2023 for filing E-form LLP BEN-2 in respect of a declaration under Section 90 of the Companies Act, 2013 respectively.

Vide Circular dated February 07, 2024; MCA has informed that the LLPs may file Form 4D and E-Form LLP BEN-2 to the Registrar without any additional fees up to May 15, 2024. The two forms will be available on V3 portal for filing purpose with effect from April 15, 2024.

**Form INC-28 reserves place for restoration of the struck off company to the Active status under Section 252**

MCA has updated E-form INC-28 thereby reserving place for the restoration of struck-off company to Active under Section 252(2) of the Companies Act, 2013.

**ICSI comes up with the revised Secretarial Standards for Meetings of Board of Directors (SS-1) and General Meetings (SS-2) which shall be effective from 1st April, 2024**

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In order to align the existing secretarial standards with the Companies Act, 2013 and rules made thereunder, the ICSI has revised the Secretarial Standard 1 & 2 (SS-1 & SS-2) and publishes the revised SS-1 and SS-2 which shall be effective from 1st April 2024.

Revised SS-1 and SS-2 can be accessed on the ICSI website or downloaded from the following link:

SS-1: https://www.icsi.edu/media/webmodules/Final\_SS-1.pdf

SS-2: https://www.icsi.edu/media/webmodules/Final\_SS-2.pdf

**MCA announces establishment of the Central Processing Centre (CPC) and processing of e-forms**

MCA vide Notification dated February 02, 2024, has announced the establishment of a Central Processing Centre (CPC) which will now be responsible for processing and disposing of e-forms, replacing the jurisdictional State Registrars in this capacity.

However, the Jurisdictional Registrars will retain authority over companies regarding all other provisions of the Companies Act, 2013, and the rules therein, excluding e-forms.

**MCA notifies Companies (Registration Offices and Fees) Amendment Rules, 2024 which confers power to Registrar of Central Processing Center to examine e-forms and other Documents**

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MCA vide its Notification dated February 14, 2024 has inserted a new Rule 10A in the above said rules thereby establishing a Central Processing Center (CPC) under Section 396 of the Companies Act, 2013 for examining every application or e-forms or other documents required to be filed or delivered for approval, registration or taking on record by the Registrar. The Registrar at the CPC shall take decisions within 30 days from the date of filing except in the cases where the approval of RD, Central Government or other competent authority is required.

**MCA introduces ‘Change Request Form’ (CRF) on V3 portal**

MCA released a Circular on February 19, 2024 announcing the introduction of the Change Request Form (CRF) on MCA V3 portal. The main objective of this web based form includes correcting the Master Data and to comply with particular orders from Courts/Tribunals, which the current MCA-21 system’s forms or services do not accommodate.

The CRF shall be processed by ROCs within 3 days of filing and then will be forwarded to Joint Director (e-governance cell), who shall process and conclude the matter within a maximum time of 7 days.



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