

TAXTIME

NEWSLETTER

DIRECT TAX NEWS

CBDT NOTIFIES TDS COMPLIANCE FOR CRYPTOS



The income Tax department has notified compliance of TDS (Tax Deducted at Source) for virtual digital assets (VDA), perquisites and benefits, among others. The new norms will come into effect from July 1.

The notification says the sum deducted for VDAs shall be paid to the credit of the Centre within 30 days from the end of the month when deduction is made. Also, the person responsible will furnish the required certificate within 15 days from the due date for furnishing the challan-cum-statement.

Tax needs to be deducted by the buyer. TDS provision would apply even if the consideration is paid partly or fully in kind. TDS is not required in cases where the aggregate consideration in a financial year is below ₹50,000, if payment is made by specified individual/Hindu undivided family, while it would be ₹10,000 in all other cases.

FICCI SEEKS CUT IN GST ON PESTICIDES



Ahead of the next GST Council meeting slated for June 28-29, industry chamber FICCI has demanded the goods and services tax (GST) on pesticides should be brought down to 5 per cent from current 18 per cent to make it uniform like other inputs such as fertilisers and seeds.

“Pesticides are key agri inputs required for reducing crop losses as well as maintaining the yield level. It is necessary to reduce the GST on pesticides to 5 per cent at par with fertilisers,” RG Agarwal, chairman of FICCI's crop protection committee, said Wednesday. FICCI is organising the Agrochemicals Conference 2022 — Policy Landscape for a Flourishing Agrochemicals Industry, on Thursday, scheduled to be inaugurated by Agriculture Minister Narendra Singh Tomar.

Agarwal also sought import duty on agrochemical formulations to be reduced to 5 per cent from current 10 per cent to help the country receive innovative technology since a lot of investment is required to develop a single molecule. Besides, he urged the government to bring the agro-chemicals sector under the production-linked incentive (PLI) scheme and facilitate the setting up of international manufacturing hubs. Highlighting that there is a need to import new pesticide technology on a priority basis to reduce crop losses faced due to climate changes, he said the industry has already requested the government on this. He also stressed on the need to bring regulatory reforms and fasten the registration process of new innovative molecules and testing of pesticides samples by NABL-accredited labs, as the duration in clearance is faster in many other developing countries.

GST COUNCIL MAY CONSIDER CLEARER FRAMEWORK TO CURB FAKE INVOICES

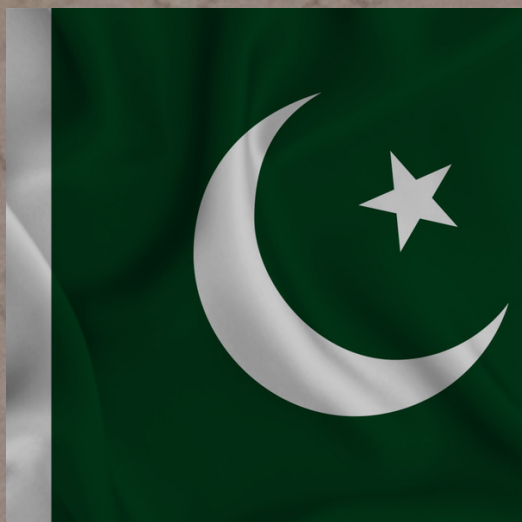
The GST Council, at next week's meeting, is likely to consider a proposal to bring more clarity on action against entities involved in claiming Input Tax Credit (ITC), which has become a major source of issuance of fake invoices. Since November 2020, the Centre and State have together booked more than 6,700 cases and arrested over 650 persons. More than 20,000 fake GSTNs have been unearthed, and over ₹50,000 crore in fake ITC demand has been detected, with the recovery at ₹2,400 crore.

Businesses and officers have sought clarification on applicability of demand and penalty provisions in respect of transactions involving fake invoices. Officials say they would provide a clarification in the form of an FAQ, as recommended by the GST Council. According to an official, clarification could be provided in three scenarios. First, what happens when there is an issuance of tax invoice by one registered person to another without any underlying supply of goods or services? As there is no supply, no demand for tax and recovery can be made, but the person issuing the invoice would be liable for penal action.

In the second scenario, a registered entity gets a fake invoice without any underlying supply, but avails of ITC on the basis of that invoice. In this situation, the said business could be liable for demand and recovery of the said ITC, along with penal action and interest.

The third scenario involves issuance of a fake invoice by one registered entity to another and further passes on the said input tax credit to another registered entity. In such a situation, the second entity could be held liable for penal action on two counts – availing of ITC fraudulently and issuing fake invoice.

PAKISTAN PM SHEHBAZ SHARIF ANNOUNCES 10 PER CENT 'SUPER TAX' ON LARGE-SCALE INDUSTRIES



Pakistan Prime Minister Shehbaz Sharif on Friday announced a 10 per cent "super tax" on large-scale industries like cement, steel and automobile, a move he said was aimed at tackling spiralling inflation and saving the cash-strapped country from going "bankrupt." High net worth individuals will also be subject to a "poverty alleviation tax," Sharif announced after chairing a meeting of his economic team on the federal budget for the next fiscal year 2022-23

"Our first motive is to provide relief to the masses and to reduce the burden of inflation on the people and facilitate them," Sharif said, Geo TV reported.

"Our second motive is to protect the country from going bankrupt," he said, adding that it has been devastated due to the "incompetency and corruption" of the previous Imran Khan-led government.

He said the institutions whose job is to collect tax should take from the rich and give to the poor.

Those whose annual income exceeds Rs 150 million will be subject to 1 per cent tax; for Rs 200 million, 2 per cent; Rs 250 million 3 per cent; and Rs 300 million will be taxed 4 per cent of their income, the Dawn report said.

GST PANEL LIKELY TO TAKE UP TAXATION OF PERKS, INTEREST COMPUTATION ON DELAYED PAYMENT



The GST Council is likely to clear the air on perquisites taxation and interest calculation for delayed payment of tax, among others, in its meeting scheduled to take place next week in Chandigarh.

Here, perquisites refer to benefits provided in cash or kind by an employer to employees and are part of an employee's cost to company (C2C). These could include free membership of a club, health and fitness centre, free housing, car with driver and so on. A senior government official said doubts have been raised regarding taxability, so the "Law Committee has recommended a draft circular to be considered by the GST Council to bring more clarity on this issue."

According to the official, the clarification is likely to say that perquisites provided by the employer are in lieu of the services provided by the employee in relation to his employment. Hence, "they will not be subject to GST, as the same are provided in terms of the contract between the employer and employee."

This is based on a provision under schedule III to the CGST Act, which provides that "services by an employee to the employer in the course of or in relation to his employment" will not be considered as supply of goods or services and, hence, GST is not applicable.

Interestingly, the Central Board of Indirect Taxes & Custom (CBIC), in a press release dated July 10, 2017, had said services provided by an employee to the employer in relation to his employment are outside the scope of GST (neither supply of goods or supply of services).

It follows that supply by the employer to the employee in terms of a contractual agreement entered into between the employer and the employee will not be subject to GST. Still, there are some doubts on this issue, which have necessitated clarification.

The official also said the Council may consider a new rule (88B) to be inserted in the CGST Rules 2017 for calculation of interest on delayed payment of tax and computation of interest on input tax credit (ITC) wrongly availed of and used.

GST DEPT MAY SOON CLARIFY ON EXEMPTIONS TO IVF, TAX ON HONORARIUM PAID TO GUEST ANCHORS



The GST department may soon issue a host of clarifications on certain vexed issues in tax rates, including exemptions to assisted reproductive technology (ART) or in vitro fertilization (IVF) as well as applicability of GST on payment of honorarium to guest anchors.

A committee of tax officers from the Centre and states, referred to as the Fitment Committee, has informed the GST Council that healthcare services provided by a clinical establishment, an authorised medical practitioner or paramedics are exempt under Goods and Services Tax regime and a clarification be issued regarding GST exemptions to ART/IVFs.

GST law defines healthcare services as any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India.

It also includes services by way of transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma. The ailment of infertility is treated using ART procedure such as IVF. Such services are covered under the definition of healthcare services for the purpose of above exemption notification, the fitment committee said adding a clarification may accordingly be issued by way of a circular.

The recommendations of the committee which will be placed before the GST Council meeting on June 28-29 also include a clarification on the issue of applicability of GST on payment of honorarium to the guest anchors.

TODAY'S QUOTE

Clarity is the one right path that stands out to get you where you want to go.

- Wynn Davis

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