

TAXTIME

NEWSLETTER

DIRECT TAX NEWS

NOT THINKING OF EXTENDING DUE DATE FOR FILING IT RETURNS: TARUN BAJAJ



The government on Friday said that as on date, there is no thinking on extending due date for filing Income Tax Returns (ITR). Last date of filing returns without late fee for Assessment Year 2022-23 (Fiscal Year 2021-22) by individuals (Including salaried) is July 31.

"Returns are coming in abundance," Revenue Secretary Tarun Bajaj told BusinessLine. Data from Income Tax e filing portal www.incometax.gov.in shows around two crore ITR filed for AY 23, out of which over 1.66 crore have been verified and over 1.28 crore have already been processed. It may be noted that as on March 15, more than 6.63 crore ITRs were filed for AY 2021-22.

According to Press Trust of India, Bajaj said that people thought the routine now is that dates will be extended. So "they were a little slow in filling the returns initially but now on a daily basis, we are getting between 15 lakh and 18 lakh returns. This will slightly go up to 25-30 lakh returns," he said.

Typically, return filers wait till the last day to file returns. "Last time 9-10 per cent filed on last day. Last time, we had over 50 lakh (filing returns on the last date). This time, I have told my people to be ready for 1 crore (returns being filed on the last day)," he said.

On some complaining about difficulty in filing returns, he said 2.3 crore people have already filed returns without any complaints. "Previously, 50,000 people were filing returns daily and now this number has gone up to 20 lakh. I am confident that returns will go up in the next few days and people will file their returns," he said.

WHAT IS AIS? INCOME TAX DEPARTMENT ANSWERS ALL YOUR QUERIES ABOUT ANNUAL INFORMATION STATEMENT



The Annual Information Statement (AIS) is a tool that informs taxpayers of the information the tax department has on them. The AIS is a detailed statement that lists all of your financial transactions for a given financial year (FY), and it includes the information required by the Income-tax Act of 1961.

The AIS includes information on interest, dividends, stock trades, mutual fund activities, international remittance details, etc. The taxpayer will be able to obtain AIS data in the formats of PDF, JSON, and CSV.

Here are some important Annual Information Statement-related FAQs that have been addressed by the income tax department.

1. What is Annual Information Statement (AIS)?

Ans. Annual Information Statement (AIS) is comprehensive view of information for a taxpayer displayed in Form 26AS. Taxpayer can provide feedback on information displayed in AIS. AIS shows both reported value and modified value (i.e. value after considering taxpayer feedback) under each section (i.e. TDS, SFT, Other information).

The objectives of AIS are:

- Display complete information to the taxpayer with a facility to capture online feedback
- Promote voluntary compliance and enable seamless prefilling of return
- Deter non-compliance ("For more info. navigate to AIS under Services Menu after login").

2. What are the components of Annual Information Statement (AIS)?

Ans- The information shown on AIS is divided in two parts: PART A- General Information

Part-A

It displays general information pertaining to you, including PAN, Masked Aadhar Number, Name of the Taxpayer, Date of Birth/ Incorporation/ Formation, mobile number, e-mail address and address of Taxpayer.

PART- B

- TDS/TCS Information: - Information related to tax deducted/collected at source is displayed here. The Information code of the TDS/TCS, Information description and Information value is shown.
- SFT Information: - Under this head, information received from reporting entities under Statement of Financial transaction (SFT) is displayed. The SFT code, Information description and Information value is made available.
- Payment of Taxes: - Information relating to payment of taxes under different heads, such as Advance Tax and Self-Assessment Tax, is shown.
- Demand and Refund: -You will be able to view the details of the demand raised and refund initiated (AY and amount) during a financial year. (Details related to Demand will be released soon)
- Other Information: - Details of the information received from the other sources, such as data pertaining to Annexure II salary, Interest on refund, Outward Foreign Remittance/Purchase of Foreign Currency etc., is displayed here.

3. What does Taxpayer Information Summary (TIS) contain under AIS?

Ans. Taxpayer Information Summary (TIS) is an information category wise aggregated information summary for a taxpayer. It shows processed value (i.e. value generated after deduplication of information based on pre-defined rules) and derived value (i.e. value derived after considering the taxpayer feedback and processed value) under each information category (e.g. Salary, Interest, Dividend etc.). The derived information in TIS will be used for prefilling of return, if applicable.

4. What is the Difference between AIS and Form 26AS?

Ans. AIS is the extension of Form 26AS. Form 26AS displays details of property purchases, high-value investments, and TDS/TCS transactions carried out during the financial year. AIS additionally includes savings account interest, dividend, rent received, purchase and sale transactions of securities/immovable properties, foreign remittances, interest on deposits, GST turnover etc. AIS also provides the taxpayer the option to give feedback on the transactions reported. Further, the aggregation of transactions on information source level is also reported in TIS.

DELHI HC STAYS BAN ON LEVY OF SERVICE CHARGE BY RESTAURANTS ON FOOD BILL



In a relief for the hospitality industry, the Delhi High Court has stayed the guidelines issued by the Central Consumer Protection Authority barring hotels and restaurants from including service charge by default in the bill.

Stating that the matter requires consideration, the court said that till the next date of the hearing the para 7 in the impugned guidelines issued on July 4 will remain stayed.

The stay is subject to restaurants prominently displaying in their premises and menus that service charge will be levied in addition to food prices and taxes.

In addition, no service charge will be levied by restaurants on takeaway orders.

The National Restaurant Association of India, which is one of the petitioners, said in a statement, the order brings huge relief to millions of anxious restaurant workers as service charge constitutes a significant part of their earnings., it said.

The industry body said that it has always been steadfast in its assertion that there is nothing illegal in levying of service charge and it is a very transparent system.

"As a responsible Restaurant Body, NRAI will soon send out advisories to all its members about the conditions spelled out by the Delhi High Court and will urge all Members to comply with them in totality," it added.

The CCPA had released the guidelines earlier this month to prevent what it called an unfair trade practice and to protect consumer interests.

The guidelines stated that service charge cannot be levied automatically and had also said that it cannot be collected by adding it to the food bill and levying GST on the total amount.

GST ON MOBILITY DEVICES: HOW DO WE BREAK SHACKLES OF POLICY, SAYS SUPREME COURT



The Supreme Court on Friday termed the issue of levy of Goods and Services Tax on the mobility devices for people with disability as a "serious matter" and wondered how the court can break "shackles of policy".

A bench of Justices DY Chandrachud and AS Bopanna was told by advocate Jai Dehadrai that the matter was listed earlier on October 26, 2020, but the court had allowed the petitioners to move a representation to the ministry.

He said that they had made the representation but Goods and Services Tax (GST) is still levied on such devices and therefore making them less accessible to people with mobility disabilities.

Dehadrai submitted that for example five percent GST is levied on wheelchairs which increases its cost considerably and similarly for braille paper tax is levied.

"We understand it is a serious matter and in the larger public interest. You have a point. We had earlier also sought assistance from the Attorney General in the matter. The problem is how we can break the shackles of policy. Moreover, we may have to deal with GST on other medical devices as well", the bench said and agreed to list the matter on September 14.

GST ON PRE-PACKED FOOD ITEMS: FIRMS NOT PASSING ON ITC MAY FACE PROFITEERING CHARGES



Companies not passing on the benefit of Input Tax Credit (ITC) on pre-packaged dairy and agro items may face profiteering charges. Experts say prices of such products need not go up by a flat 5 per cent because of ITC. One of the responses in an FAQ (Frequently Asked Questions) issued by the Central Board of Indirect Taxes and Customs (CBIC) on taxing pre-packaged and pre-labelled goods says the manufacturer, wholesaler and the retailer would be entitled to ITC on the 5 per cent GST charged by the supplier in accordance with the law.

While some companies have hiked prices of dairy products by a flat 5 per cent and also rounded it off, some are in the process of doing so. "With the impact of the GST on certain product categories, we are revising the MRP of select pack sizes coming under the ambit of this new compliance," said Manish Bandlish, MD of Mother Dairy Fruit and Vegetable Pvt Ltd.

Earlier, a report by ICICI Securities said most dairy companies would be able to get ITC on the costs incurred, such as packaging material, freight and transportation and ad-spend. This means the effective impact of the GST levy will be 2-3 per cent.

Section 171 of the Central Goods and Services Tax (CGST) prescribes two situations when anti-profiteering measures can be triggered. First, there is no commensurate reduction in prices after a cut in the tax rate. Second, the ITC benefit is not passed on to the recipient by way of a commensurate reduction in prices. In the context of the new taxation regime, the first measure will be applicable for pre-packaged and labelled products exceeding 25 kg or litre and the second for re-packaged and labelled products exceeding 25 kg or litre.

An expert said, to avoid scrutiny by anti-profiteering authorities, suppliers need to revisit their product cost-sheet to ensure the benefit of additional input credits, if any, is factored in before devising the new pricing policy.

YOU MAY END UP GETTING INCOME TAX NOTICE IF THIS DOCUMENT IS FILLED WITH ERROR

In 2021, the income tax department launched the Annual Information Statement (AIS). The AIS is a comprehensive statement containing details of all the financial transactions undertaken by you in a financial year (FY). It contains the information that are mandated under the Income-tax Act, 1961

Individual taxpayers must ensure that the income details in their income tax return (ITR) form matches with that in the AIS. If there is a mismatch, then the income tax department may send you an income tax notice

Let us say, while filing income tax return this year, you forgot to download and check the information in your AIS. Suppose there is an error in the AIS which has not been rectified by you, say interest earned from a bank account which was closed two years ago. Since the bank account has already been closed, you will not be earning interest. However, your AIS states that you have earned interest from that bank account during the FY, and it has been not disclosed by you in your ITR form. The tax department will send you an income tax notice with additional tax demand.

SWISS TOP COURT QUASHES MOVE TO STALL TRANSFER OF INFO TO INDIA



The Swiss Federal Supreme Court has ruled that even if persons who are ultimate beneficiaries have not received any money from secret offshore trusts and numbered bank accounts, the Swiss authorities can still go ahead with sharing such confidential information with India - a stand that has dashed hopes of many resident Indians who were banking on the court to stall, or at least delay, the flow of data to the income-tax department here.

Counsels hired by rich Indians have been arguing before the Swiss courts that such personal financial information has no relevance to the Indian tax office because the latter cannot tax the beneficiaries in the absence of any distribution of funds from foreign trusts.

The top court, however, has laid down in multiple rulings over the last two weeks that it would not sit in judgement on why Indian authorities have sought information and whether they can claim tax on the back of such data. According to the supreme court, Switzerland will share information if India seeks it without judging the data's ultimate relevance and end use.

SC ALLOWS TAXPAYERS TO CLAIM PRE-GST ACCUMULATED ITC IN A 60-DAY WINDOW



In a landmark decision that could free up hundreds of crores of rupees in input tax credit (ITC), the Supreme Court on Friday allowed all affected taxpayers to claim accumulated ITC accrued in the pre-GST indirect tax regime in 60 days ending October 30. GST Network portal to provide facility for all assesses to claim transitional credit from September 1 till October 30, the SC said disposes off batch of 400 appeals. All such assesses, which analysts said may be in thousands, can claim the benefit whether they have filed Writ petition or not.

The court has given 90 days to officers thereafter to verify the claim of credit on merits and pass appropriate order. The Central Board of Indirect Taxes and Customs have been asked to issue relevant directions to field officers. "The transitional credits are vested rights and these developments will help thousands of taxpayers across the country who were struggling to get the credit with respect to transitional rights due to technical or non-technical glitches", said an expert

Earlier, Delhi High Court decision had gone significant steps ahead to held that the benefit must not be restricted only to the writ petitioners but to all aggrieved taxpayers and this aspect has now become part of the Supreme Court order

The Petitioners were unable to file Form GST TRAN-1 within the due date prescribed under Rule 117 of the Central Goods and Services Tax Rules, 2017 (CGST Rules) to carry forward accumulated input tax credits accrued in the pre-GST indirect tax regime, resulting in denial of credits due to them.

Transitional credit refers to use of tax credit accumulated up to June 30, 2017, that is, the last day of the erstwhile central excise and service tax regime. After the introduction of the Goods and Services Tax (GST), a special provision was made for credit accumulated under VAT, excise duty or service tax to be transited to GST but within a certain deadline.

However, technical glitches, among other reasons, prevented many assesseees from transiting the credit. Then the matter reached various High Courts, with most ruling in favour of the assesseees.

TODAY'S QUOTE

*You are not a drop in the ocean.
You are the entire ocean in a drop.*

- Unkown

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AKSHAY SHAH

Email: ca.akshah@gmail.com

Contact No.: 9958975768

Website: www.jainshah.com