



SIRC MYSURU CHAPTER

e-Magazine



February 2023
226th Edition

Vision

"To be a global leader in promoting good corporate governance"

Motto

सत्यं वद। धर्मं चर। इष्टार्कं कुरु। अर्थात्, अर्थात् इष्टं कुरु।

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"To develop high calibre professionals facilitating good corporate governance"

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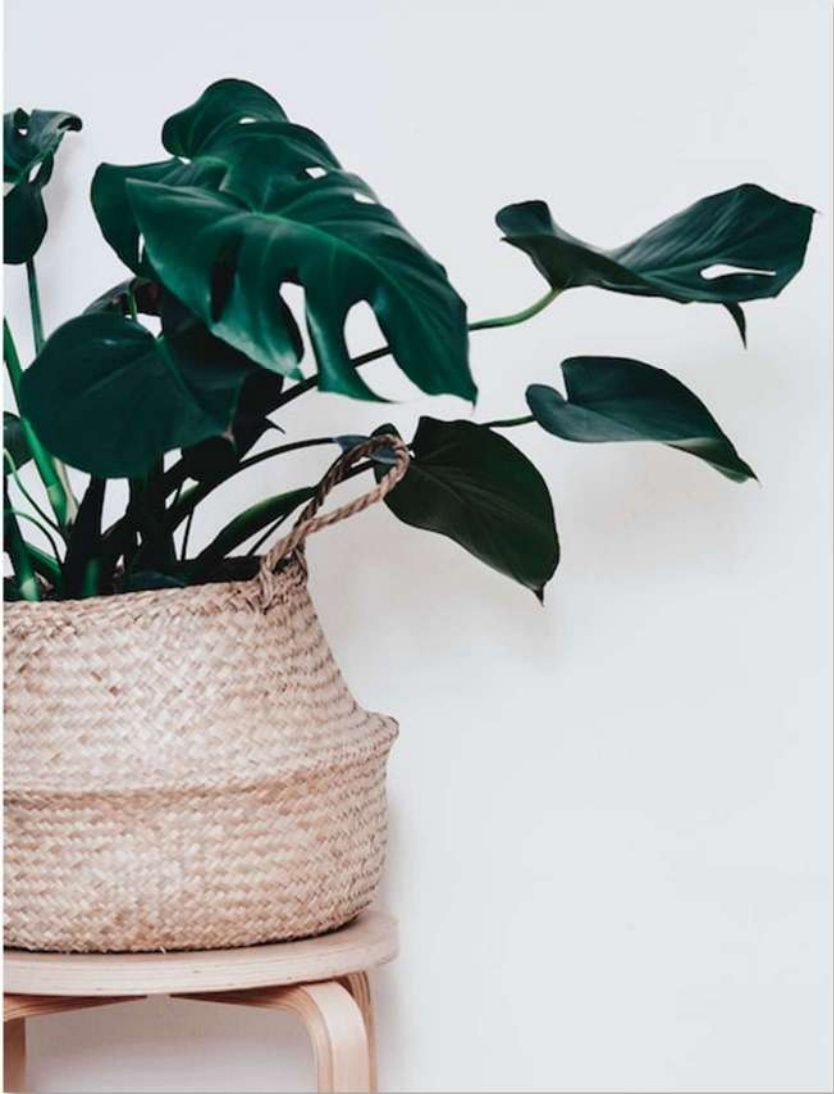
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CS Phani Datta D N

Chairperson
Mysuru Chapter

*P*ear Professional Colleagues

It gives me immense pleasure to greet you all through this prestigious e-magazine after assuming the proud and prestigious office as the Chairman of Mysuru Chapter of ICSI with much humility. I would like to convey my sincere gratitude to all of you for reposing the trust and confidence in me.

With the start of 2023, the new set of forms have been migrated to MCA-V3 which has been challenging for the members. As the need of the hour, being at the juncture of change, it is important for us to deliberate and handhold each other. In this direction, we have already started to bring in unique programs, seminars and platforms for discussions. We ensure to work towards the enhancement of knowledge and support for both students and members through the Chapter programs. We have also initiated study circles, industrial visits and several other academic and experiential learning programs for the students. I request both the members and student fraternity to make the effective use of the same with active participation.

“A good start is half the Battle” – Plato

With many such programs in pipeline the year has started well, and I assure you an eventful year ahead.

It was a matter of great pride and joy to us when the professionals across India recognized the Mysuru Chapter through this e-magazine and appreciated the efforts behind it at the recently concluded 05th Leadership Summit. I would like to take a moment to thank CS Dattatri, CS Vijaya Rao and all other editorial members and all the articles and column contributors till date for your unstinted support in making this e-magazine consistently outstanding.

Thank you

NEW COMMITTEE MEMBERS

CS Phani Datta D N- *Chairman*

CS Padmanabha V – *Vice-Chairman*

CS Krishnegowda C – *Secretary*

CS Abhishek B – *Treasurer*

Other Members of the committee:

CS Reshma Anwar - *Member*

CS Arunkumar G - *Member*

CS Jahnavi A N - *Member*



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Career Awareness Program

Chapter organized one Career Awareness Program during the month. The detail are as follows.

SI No	Date	College Name	Resource Person	No. of Students
1	19.01.2023	Sharada Vilas Collage	CS Abhishek Bharadwaj A B	60
2	20.01.202	Government First Grade College for Women, Byrapura	CS Phani Datta D N	250
3		PRM Vijaya First Grade College	CS Phani Datta D N	100



STUDY CIRCLE MEETING - MEMBERS

Chapter organized 2 Study Circle Programs during the month. The detail are as follows..



SI No	Date	Topic	Speaker	No of Member Participants
1	18.01.2023	In depth Issues of Private Placements	CS Anuj Mehta, Company Secretary, S3V Vascular Technologies Pvt. Ltd	12
2	26.01.2023	Constitution & Key Takeaways for CS	Ms. M N Sumana, Advocate & Social Activist	06

Felicitation for Senior Members

A felicitation program has been organized by the Chapter on 18th January, 2023 for the senior members. CS Harsha A, Chairperson welcomed the gathering & remembered the contribution by them for the chapter growth. The anchoring has been done by CS Reshma A, M C Member of Mysuru Chapter.



ICSI SIRC Convocation – II ROUND

ICSI SIRC Convocation 2022 (Second Round) has been held at Mysuru on 08th January, 2023 at Vijnana Bhavan, University of Mysore, Mysuru. Shri Satish Meriga, IRS, Commissioner of Income Tax (Appeals) was the Chief Guest. Shri Nagaraja Gargeshwari, President & Whole Time Director, Automotive Axles Limited was the Guest of Honour. CS A V V S S CH. B Sekhar Babu, Chairman, SIRC welcomed the gathering & introduced the Dias. CS Devendra V Deshpande, President, ICSI, CS Nagendra D Rao, Immediate Past President, CS Ahalada Rao V, Council Member also addressed during the occasion. Shri Ankur Yadav, Joint Secretary (SG) proposed the vote of thanks. Around 140 FCS & ACS awarded convocation during the ceremony.



Republic Day Celebrations

The 74th Republic Day has been celebrated by the Chapter on 26th January, 2023 at its premises. Ms. Sumana M N, Advocate & Social Activist, Chief Guest of the program hoisted the National Flag & delivered the Republic Day address. Also the felicitation for the CSEET Passed students through Chapter Class & Students cleared the Executive & Professional Levels during the December 2021 & June 2022 Exams organized during the event. Around 40 Members & Students present during the occasion. CS Phani Datta D N, Chairman welcomed the gathering. CS Krishne Gowda C., Secretary proposed the vote of thanks. The Executive students Prajwal and Achuta Rao played the patriotic songs on instruments violin and veena.



Small Company and its Blessings

The essence of small companies is to contribute to the approach of forging returns to elevate employee engagement. Hence, boosting career prospects.

A small company is a private limited company, partnership, or sole proprietorship holding finite employees.

The concept is furnished by the Companies Act, 2013 that defines small company under Section 2(85) which reads as under-

Small companies mean a company, other than a public company which has: -

- Paid up share capital of not more than 2 crore rupees and
- Turnover of which as per its last profit and loss account does not exceed 20 crore rupees.

A Small company demands no forms to transform itself into a non-small Company-

A small company is not mandated to file any form to convert itself into a non-small company.

Until the Company is under the eligible bracket of a small company definition, it will continue to be a small company.

When the Company crosses the limits given in the definition, the Company will spontaneously be converted to a non-small company.

Individual Traits of a Small Company

- Inferior profitability and earnings:
- Finite Employees:
- Smaller Market Area
- Fewer locations

Blessings of a Small Company:

- **Fewer Mandatory Board Meetings:**

Every Small Company shall hold a minimum number of Two meetings of its Board of Directors every year in such way that the Minimum gap between the two meetings should not be Less than 90 (Ninety) days. {Section 173}

In Case of Non-Small Company, it is required to hold four Board Meetings in a year.

“

Until the Company is

under the eligible bracket of a small company definition, it will continue to be a small company.”

CS Priyanshi Goyal
Email ID: cspriyanshigarg@gmail.com



- **No Cash Flow Statement Needed:**

As per provisions of the Companies Act, 2013, Small Companies are not mandated to frame the Cash Flow Statement.

- **E-forms Certifications:**

As per the provisions of the Act, there is no necessity of certification of the e-forms of a Small Company from Professional (CA/CS/ADV).

- **Abridge Directors Report:**

MCA, by amendment in the Companies Act, 2013, has introduced the abridged format of the Directors' Report for a Small Company.

The Board's Report of Small Company shall be prepared based on the stand-alone financial statement of the company, which shall be in abridged form.

There will be less disclosures in the Director's Report of a Small Company with the introduction of the Abridge Director's Report.

- **No IFC Reporting**

A Small Company is not required to report the Internal Financial controls and the operating effectiveness of the company in its Audit Report.

- **Lesser Penalties U/S446B:**

Notwithstanding anything contained in this Act, if a penalty is payable for non-compliance of any of the provisions of this Act by a small company or by any of its officer in default, or any other person in respect of such company, then such company, its officer in default or any other person, as the case may be, shall be liable to a penalty which shall not be more than one-half of the penalty specified in such provisions subject to a maximum of two lakh rupees in case of a company and one lakh rupees in case of an officer who is in default or any other person, as the case may be.

- **Rotation of Auditor U/S 139(2)**

Provisions of Section 139(2) concerning to rotation of auditor are not applicable on a Small Company.

There is no obligation on a Small Company to change the auditor by rotation.

An auditor firm or individual auditor can obtain charge as auditor in small Company even after 5 years or 10 years of appointment as well.

Noteworthy Attributes of a Small Company:

1. Only a Private Company can be classified as a Small Company.
2. If a Company doesn't cross the mentioned limits, yet, such a Company is a holding Company or a Subsidiary Company of any other Company, then such a Company cannot be regarded as a Small Company.
3. A Public Company cannot be a Small Company.
4. A Section 8 Company cannot be a Small Company.

Tax Efficient Way to Distribute Returns to Preference Shareholders

Every company needs funds to carry out the business activity for which it has been incorporated. This requirement may be primarily fulfilled by borrowing funds from outsiders and from owners. When funds are borrowed from owners, it is called 'capital'. As per section 43 of the Companies Act (hereinafter the Act), there are two kinds of share capital in a company viz, equity share capital and preference share capital. Holders of preference shares are also considered as owners of the company and the Act provides several ways to recoup owners for the risk that they take.

With the help of proper tax planning the Company ensures to provide maximum benefit to their shareholder on distributed amount. In this article we will briefly compare two corporate actions from taxation perspective which are used widely across industry.

➤ Redemption of Preference shares:

Under section 55 of the CA Act read with relevant rules, Preference shares are issued for a certain period and are redeemed afterwards. Preference shares are generally redeemed at a premium. Premium may be paid for several reasons as follows:

- To attract investors to subscribe the issue
- Reward for risk taken by them
- Make up for not offering permanent membership of the company i.e., not being exchanged for equity shares, etc

Shares held by a member is considered as capital asset by virtue of being movable property transferable in manner provided under Articles of association of the company except when they are held as stock-in trade. The question as to whether the monetary benefit arising out of redemption of preference share would be taxable under the head Capital Gains was answered by Hon'ble Supreme court in the matter of Anarkali Sarabhai, Shahibag ... vs Commissioner of Income Tax(1997).

Before discussing that, attention of readers is invited to explanation provided under section 55(3) of the Act, which states as follows:

“Explanation to Section 55(3): For the removal of doubts, it is hereby declared that the issue of further redeemable preference shares or the redemption of preference shares under this section shall not be deemed to be an increase or, as the case may be, a reduction, in the share capital of the company.”

“

-With the help of proper tax planning the Company ensures to provide maximum benefit to their shareholder on distributed amount. In this article we will briefly compare two corporate actions from taxation perspective which are used widely across industry.”

CS Burhanuddin Kholiya
(Company Secretary (membership awaited),
M.com.)
Email ID: Burhan.kholya@gmail.com



Further, the provision of section 67(4) of the Act prevents redemption from coming under the scope of restriction imposed under said section. Relevant extract is reproduced below:

“Section 67: Restrictions on purchase by company or giving of loans by it for purchase of its shares.

(1) No company limited by shares or by guarantee and having a share capital shall have power to buy its own shares unless the consequent reduction of share capital is effected under the provisions of this Act.

(2) ...

(3) ...

(4) Nothing in this section shall affect the right of a company to redeem any preference shares issued by it under this Act or under any previous company law.”

Once shares are allotted by the company, it becomes the property of the holder who enjoys a valid title over it. The company redeems its preference shares only by paying the preference shareholders the value of the shares and taking back the preference shares. In effect, the company has bought back the preference shares from the shareholders and thus would have fall within the scope of section 67(1) of the Act, in absence of section 67(4).

In matter of Anarkali Sarabhai, (supra)¹ Hon’ble Supreme Court held that “when a preference share is redeemed by a company, what a shareholder does in effect is to sell the share to the company. Such a transaction is nothing but sale of the preference shares by the shareholders to the company. If redemption of preference shares did not amount to sale, it would not have been necessary to specifically provide that the restriction imposed upon a company in respect of buying its own shares will not apply to redemption of shares issued under Section 80 of the Companies Act, 1956.”

Any sale, exchange or relinquishment of capital asset is considered as transfer u/s 2(47) of IT Act. In view of this, redemption would firmly fall under section 45 of the IT Act, which provides that any profit or gain arises from transfer of a capital asset will be chargeable to income tax under the head “Capital Gains”. Similar view was taken by same Court in the matter of Kartikeya Sarabhai (229 ITR 163)²

Unlisted Shares held for the period more than 24 months will be considered as long-term capital assets. And the gain arising out of it will be considered as long-term capital gains which are taxable @20% increased by surcharge, if any, and Health and education cess.

As per section 2(22)(d) of the IT Act, any amount distributed to its shareholders by a company on the reduction of its capital, to the extent to which represented by accumulated profits whether capitalized or not, will be considered as dividend. As discussed above, redemption of preference share is expressly excluded from within the purview of capital reduction, resultantly, it will not be considered as a deemed dividend.

¹Full text can be read at: <https://indiankanoon.org/doc/752334/>

²Full text can be read at: <https://indiankanoon.org/doc/1741234/>

➤ **Buyback of Preference shares:**

Provisions for Buyback are provided under section 68 to 70 of the Act. Generally, a company buyback its securities at a price higher than its fair value. This method is considered more tax efficient when compared with other. Recently, many companies have adopted this approach for rewarding their shareholders instead of paying dividend.

A company may buy-back its preference shares in addition to its equity shares and other securities. Unlike buyback of equity shares is restricted to 25% in a financial year, a company may buyback 100% of its fully paid preference shares in a financial year. This is subject to utilization of maximum 25% of aggregate of paid-up capital and free reserve and security premium of the company.

Broadly, a company may opt for buyback of shares for the following reasons:

1. To return the surplus cash to its shareholders
2. Provide shareholder a tax efficient way to distribute return
3. To improve financial indicators of the company (i.e., ROE, PE ratio and EPS)

Under the IT Act, buyback is taxed under section 115QA at flat 20% increased by surcharge of 12% and Health and education cess of 4%. Thus, effective tax rate is 23.296%. The liability to pay this tax is upon the company doing buyback which shall be in addition to the income-tax chargeable in respect of its total income. This tax shall be paid within fourteen days from the date of payment of consideration to its shareholders.

Consequently, the income arising to the shareholders in respect of such buyback of shares would be exempt under section 10(34) of the IT Act.

This tax must be paid on distributed income which means the consideration paid by the company on buy-back of shares as reduced by the amount, which was received by the company for issue of such shares, as determined under Rule 40BB.

As per Explanation (i) to section 115QA(1) buy-back means purchase by a company of its own shares in accordance with the provisions of any law for the time being in force relating to companies.

Prior introduction to Finance Act, 2016, said explanation read as under:

“buy-back means purchase by a company of its own shares in accordance with the provisions of section 77A of the Companies Act, 1956”.

The explanation for introducing this amendment vide Finance Act, 2016 was given under memo to Finance Bill, 2016³, relevant extract is produced below:

“Recently doubts have been raised regarding the effect of buybacks undertaken by the company under different provisions of the Companies Act, 1956 or the Companies Act, 2013 and applicability of provisions of section 115QA to such transactions.”

“In order to provide clarity and remove any ambiguity on the above issues, it is proposed to amend section 115QA to provide that the provisions of this section shall apply to any buy back of unlisted share undertaken by the company in accordance with the provisions of the law relating to the Companies and not necessarily restricted to section 77A of the Companies Act, 1956.”

³ Full document can be accessed at: [mem1.pdf \(indiabudget.gov.in\)](http://mem1.pdf(indiabudget.gov.in))

With introduction of this amendment, scope and applicability of section 115QA was enhanced to include buy back of unlisted share under any provision of the applicable law and not necessarily restricted to section 68 of the Act. In light of judgment passed in Anarkali Sarabhai (supra) it was held that redemption of preference shares means buying back of such shares by the company from its shareholders. This judgment read with amended section 115QA appears to bring redemption of preference share within scope of section 115QA.

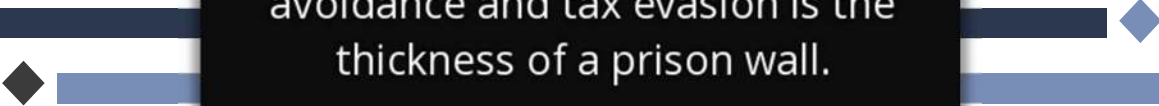
Under the Companies Act, 2013 section 68 deals with buyback of preference shares and section 55 with Redemption of preference shares. Two different corporate actions are governed by two different provisions of the Act. Although, the Supreme Court in above judgments held that redemption is buying back of the shares by the company, the intention of apex court appears to identify the nature of the transaction and does not necessarily mean to include redemption of preference shares under the scope of section 68 of the Act.

Moreover, with express exclusion of redemption of preference share from restriction imposed under section 67 of the Act, the legislature seems to be aware of the confusion that these two concepts may create.

Rule of harmonious construction states that statute has to be read as a whole and interpretation consistent with other provisions in the Act should be adopted. Hon'ble Supreme Court in UCO Bank v. Rajinde Lal Cooper⁴ held that "if two or more provisions of statute appear to carry different meanings, a construction which would give effect to all of them should be preferred". It is a cardinal principal of construction that efforts should be made in construing the different provisions, so that, each provision will have its play and in the event of any conflict a harmonious construction should be given. A construction that reduces one of the provisions to a 'dead letter' is not a harmonious construction.

In view of above, undoubtedly redemption of preference share and buyback of preference share are two different concepts. These two are not synonyms but may be used as an alternative to each other. It can be concluded that for the purpose of Income Tax Law buyback (taxable u/s 115QA) excludes redemption of preference shares which will be taxable u/s 45 of IT Act.

A company may use either of these two options to pay back the preference shareholder as part of their tax planning to provide tax efficient way to distribute returns.



The difference between tax avoidance and tax evasion is the thickness of a prison wall.

— Denis Healey —

⁴ AIR 2008 SC 1831

Union Budget 2023-24

The following are the important changes/amendments made

I. Key Takeaways in Personal Income Tax:-

New Regime of Taxation to be the Default one unless otherwise indicated applicable to;

- Individuals; HUF; AOP; BOI; and artificial juridical person:

The New Regime of Taxation not applies to Cooperative Societies, Companies, LLPs & Partnership Firms.

Those who opt for the New Regime of Taxation must forgo certain Exemptions, Deductions & Losses.

The intention of the government is to make the tax payers to spend as much as possible so that money circulation must be enhanced in the market, to tackle the inflation. This is why the government is giving more prominence to New Tax Regime than Old Tax Regime where the SAVINGS are the integral part of the scheme.

Basic exemption and Income Slabs for Financial Year 2023-24 in Default New Regime:

Total Income	Tax Rate
upto Rs.3,00,000/-	Nil
Rs.3,00,001/- to Rs.6,00,000/-	5% of income above Rs.3,00,001/-
Rs.6,00,001/- to Rs.9,00,000/-	Rs.15,000/- plus 10% of income above Rs.6,00,001/-
Rs.9,00,001/- to Rs.12,00,000/-	Rs.45,000/- plus 15% of income above Rs.9,00,001/-
Rs.12,00,001/- to Rs.15,00,000/-	Rs.90,000/- plus 20% of income above Rs.12,00,001/-
Above Rs.15,00,001/-	Rs.1,50,000/- plus 30% of income above Rs.15,00,001/-

“

-The ESI scheme is applicable to all factories and other establishments as defined in the Act with 10 or more persons employed in such establishment. The threshold for coverage of establishment is 20 employees in Maharashtra.”

CS KRISHNE GOWDA C
Practicing Company Secretary
Email ID: cskrishnegowdac@gmail.com



- It is proposed to allow the benefit of Standard Deduction of Rs.50,000/- available to all assesseees who Opt for the New Regime, irrespective of their income level.
- It is proposed to provide Rebate of Rs.25,000/- has been provided, in this budget, for the assesseees who opt for New Regime. As a consequence, taxable income upto Rs.7,00,000/- would be tax free.
- Under New Regime, the only deductions available under Chapter VI-A are
- U/s 80CCD(2), 80CCH & 80JJAA.
- Restrictions are proposed on setting off of loss under Income from House Property;
 - In the case of Self Occupied property, set off under Intra head or Inter head allowable; and
 - In the case of Rented Property, set-off would not be allowable, and the said loss is required to be carried forward to be claimed under the Old Regime in subsequent years subject to fulfilment of conditions as specified U/s 71B.
- Rebate of Rs.12,500/- under the Old regime continues as in previous year, thereby taxable income upto Rs.5,00,000/- would be tax free.
- In the case of an assessee opting for New Regime of Taxations and having Taxable Income exceeding Rs.5 Crores, Surcharge at 25% is applicable.
- Higher surcharge rate reduced to 25% from 37% in the new tax regime.
- Minimum Alternate Tax (MAT) not applicable to assesseees who opt for New Regime of Taxation.

While preparing & filing ITR, the IT Portal by default select your case under New Regime (i.e. Default New Regime). If the tax payer intends to select for Old Regime he/she may do so by selecting drop in button. (Scheme may be released by the CBDT in due course).

Deductions/Exemptions allowable under Old & New Tax Regimes:

Particulars	Old Tax Regime	New Tax Regime
HRA Exemption	Allowed	Not Allowed
Standard Deduction	Allowed	Allowed
Professional Tax	Allowed	Not Allowed
Perquisites Exemptions except for free food exceeding Rs. 50 per meal	Allowed	Allowed
Interest on Housing Loan	Allowed	Not Allowed
Deduction Under 80C LIC, PF, ELSS, ULIP Home loan principle repayment, Tution fees, sukanya etc	Allowed	Not Allowed
Own Contribution in NPS	Allowed	Not Allowed
Medical Insurance	Allowed	Not Allowed
Disability Deduction U/s 80U	Allowed	Not Allowed
Interest on Education Loan E Vehicle Loan	Allowed	Not Allowed
Donation to Funds/Trust	Allowed	Not Allowed
Donation to Political Party	Allowed	Not Allowed
Saving Bank Interest Deduction upto 10,000	Allowed	Not Allowed

No changes are proposed in the Rates of Tax(s) and Surcharge for Companies, Partnership Firms, LLP's, and Cooperative societies, in the budget'23.

For the easy understanding of readers, I am presenting the Income & Taxes under New Regime & Old Regime, in a Tabular form hereunder;

INCOME TAX CALCULATIONS
FY: 2023-24 (AY: 2024-25)



Old & New Tax Slab Rates
IT 2023-24 Calculator

NEW Vs. OLD TAX RATES REGIME COMPANARISON AFTER BUDGET 2023
For SALARIED assesseees having age below 60 years (having NO Housing Loan Interest).

	For 7.5 Lakhs Salary		For 8.25 Lakhs Salary		For 10 Lakhs Salary		For 12.50 Lakhs Salary		For 15 Lakhs Salary		For 17.5 Lakhs Salary	
	Old Scheme	New Scheme	Old Scheme	New Scheme	Old Scheme	New Scheme	Old Scheme	New Scheme	Old Scheme	New Scheme	Old Scheme	New Scheme
Gross Income	7,50,000	7,50,000	8,25,000	8,25,000	10,00,000	10,00,000	12,50,000	12,50,000	15,00,000	15,00,000	17,50,000	17,50,000
Less: Std Ded.	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000
Less: 80C	-1,50,000		-1,50,000		-1,50,000		-1,50,000		-1,50,000		-1,50,000	
Less: 80D	-25,000		-25,000		-25,000		-25,000		-25,000		-25,000	
Taxable Income	5,25,000	7,00,000	6,00,000	7,75,000	7,75,000	9,50,000	10,25,000	12,00,000	12,75,000	14,50,000	15,25,000	17,00,000
Tax to pay	18,200	No Tax as Rebate	33,800	33,800	70,200	54,600	1,24,800	93,600	2,02,800	1,45,600	2,89,800	2,18,400
Slabs	2.5L to 5 L = 5% 5L to 10L = 20% Above 10L = 30%	3L to 6 L = 5% 6L to 9L = 10% 9L to 12L = 15% 12L to 15L = 20% Above 15L = 30%	2.5L to 5 L = 5% 5L to 10L = 20% Above 10L = 30%	3L to 6 L = 5% 6L to 9L = 10% 9L to 12L = 15% 12L to 15L = 20% Above 15L = 30%	2.5L to 5 L = 5% 5L to 10L = 20% Above 10L = 30%	3L to 6 L = 5% 6L to 9L = 10% 9L to 12L = 15% 12L to 15L = 20% Above 15L = 30%	2.5L to 5 L = 5% 5L to 10L = 20% Above 10L = 30%	3L to 6 L = 5% 6L to 9L = 10% 9L to 12L = 15% 12L to 15L = 20% Above 15L = 30%	2.5L to 5 L = 5% 5L to 10L = 20% Above 10L = 30%	3L to 6 L = 5% 6L to 9L = 10% 9L to 12L = 15% 12L to 15L = 20% Above 15L = 30%	2.5L to 5 L = 5% 5L to 10L = 20% Above 10L = 30%	3L to 6 L = 5% 6L to 9L = 10% 9L to 12L = 15% 12L to 15L = 20% Above 15L = 30%
		BENEFICIAL	Same Tax in both Regimes INDIFFERENT			BENEFICIAL		BENEFICIAL		BENEFICIAL		BENEFICIAL

General conclusions:-

1. New regime is default setting- wherein a tax payer need to file form for opt old one.
2. Salaried PERSON will have standard deduction of Rs.50,000/- in New regime too.
3. Business PERSON will have slight higher tax than above working as they wont get standard deduction.

Conclusions:-

1. For PERSON having income above Rs.25 lac and having 80C Rs.1.5 Lakh + 80D Rs.25,000 but not having housing loan-CHOOSE New regime.
 3. For PERSON having income between 7.50 lac to 8.25 Lakhs income and also having 80C Rs.1.5 lakh + 80D Rs.25,000/- but not having housing loan CHOOSE old regime.
- PLEASE NOTE: These conclusions will not remain same for tax payers having HRA.

PLEASE NOTE. To avail the tax benefits under New Regime Taxation, the Tax Payer SHALL file Original ITR within DUE DATES as specified in the Income Tax Act' 1961.

For SALARIED assesseees having age below 60 years (having Housing Loan Interest).

	For 7.5 Lakhs Salary		For 8.25 Lakhs Salary		For 10 Lakhs Salary		For 12.50 Lakhs Salary		For 15 Lakhs Salary		For 17.5 Lakhs Salary	
	Old Scheme	New Scheme	Old Scheme	New Scheme	Old Scheme	New Scheme	Old Scheme	New Scheme	Old Scheme	New Scheme	Old Scheme	New Scheme
Gross Income	7,50,000	7,50,000	8,25,000	8,25,000	10,00,000	10,00,000	12,50,000	12,50,000	15,00,000	15,00,000	17,50,000	17,50,000
Less: Std Ded.	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000
Less: 80C	-1,50,000		-1,50,000		-1,50,000		-1,50,000		-1,50,000		-1,50,000	
Less: 80D	-25,000		-25,000		-25,000		-25,000		-25,000		-25,000	
Less: HBA int 24(b)	-2,00,000		-2,00,000		-2,00,000		-2,00,000		-2,00,000		-2,00,000	
Taxable Income	3,25,000	7,00,000	4,00,000	7,75,000	5,75,000	9,50,000	8,25,000	12,00,000	10,75,000	14,50,000	13,25,000	17,00,000
Tax to pay	No Tax as Rebate	No Tax as Rebate	-	33,800	28,600	54,600	80,600	93,600	1,40,400	1,45,600	2,18,400	2,18,400
Slabs	2.5L to 5 L = 5% 5L to 10L = 20% Above 10L = 30%	3L to 6 L = 5% 6L to 9L = 10% 9L to 12L = 15% 12L to 15L = 20% Above 15L = 30%	2.5L to 5 L = 5% 5L to 10L = 20% Above 10L = 30%	3L to 6 L = 5% 6L to 9L = 10% 9L to 12L = 15% 12L to 15L = 20% Above 15L = 30%	2.5L to 5 L = 5% 5L to 10L = 20% Above 10L = 30%	3L to 6 L = 5% 6L to 9L = 10% 9L to 12L = 15% 12L to 15L = 20% Above 15L = 30%	2.5L to 5 L = 5% 5L to 10L = 20% Above 10L = 30%	3L to 6 L = 5% 6L to 9L = 10% 9L to 12L = 15% 12L to 15L = 20% Above 15L = 30%	2.5L to 5 L = 5% 5L to 10L = 20% Above 10L = 30%	3L to 6 L = 5% 6L to 9L = 10% 9L to 12L = 15% 12L to 15L = 20% Above 15L = 30%	2.5L to 5 L = 5% 5L to 10L = 20% Above 10L = 30%	3L to 6 L = 5% 6L to 9L = 10% 9L to 12L = 15% 12L to 15L = 20% Above 15L = 30%
		INDIFFERENT	BENEFICIAL		BENEFICIAL		BENEFICIAL		BENEFICIAL		BENEFICIAL	INDIFFERENT

Conclusions:-

1. For TAX PAYER having Income upto Rs.7.50 Lakh and having housing loan Interest Rs.2 Lakh + 80C Rs.1.5 Lakh + 80D Rs.25,000 - It is Indifferent between two regimes.
 2. For TAX PAYERS having Income from Rs.7.50 Lakhs to Rs.17.50 Lakhs and having housing loan interest Rs.2 L + 80C 1.5 L + 80D 25,000 -CHOOSE Old regime.
 3. For TAX PAYERS having Income more than Rs.17.50 L and having housing loan Interest Rs.2 L + 80C Rs.1.5 L + 80D Rs.25,000, It is Indifferent till 5 crore Income.
- PLEASE NOTE: This conclusions MAY NOT remain same for Tax Payers having HRA / DONATIONS / NPS.

PLEASE NOTE. To avail the tax benefits under New Regime Taxation, the Tax Payer SHALL file Original ITR within DUE DATES as specified in the Income Tax Act' 1961.

II. Deduction U/s. 54 and 54F:

The maximum deduction that can be claimed by an Individual or HUF by investing Long Term Capital Gain arising from transfer of a residential house/ other assets; the Finance Minister has proposed to restrict the deduction under both Sections 54 / 54F to Rs.10 Crores respectively.

III. Increase of threshold for exemption of Leave Encashment :

The exemption on Leave encashment on retirement of non-government salaried employees was last fixed in the year 2002 and hence to keep pace with the recent times, this limit is proposed to be increased from Rs.3 Lakhs to Rs.25 Lakhs. (Some clarification needed from the government in this regard).

IV. Restriction of exemption on sums received under Life Insurance Policy (other than ULIP):

The government has proposed amendment in Section 10(10D) to provide that for policies (other than ULIP's) issued on or after 1st April, 2023 having aggregate PREMIUM per year exceeding Rs.5 Lakhs; the exemption would not be available henceforth.

Thank god, the amounts received on death of insured person would continue to remain exempt even if the premium exceeds Rs.5 Lakhs.

V. Preventing Double claim of deduction on account of Interest paid for acquiring property:

The Finance Minister with a view to clarify the legislative intent has provided that cost of acquisition/ improvement of the property would not include the amount of interest which is either claimed as deduction under Income from House Property or as deduction under Chapter VI-A of the Act.

I personally consider this as a welcome move from the Government, which would bring in certainty and avoid future litigation on the issue.



VI. Cost of acquisition and cost of improvement for self-generated Intangible Assets/Rights to be taken as Nil:

The government has clarified that the cost of the acquisition and also cost of improvement for self-generated intangible rights/assets would be Rs.NIL, where no consideration is paid.

VII. Remedy for grant of TDS credit in the year of offering income though TDS thereon done in subsequent year-welcome step:

As per the provisions of Section 199 of the Act read with Rule 37BA(3) of the Rules, the credit of TDS would be eligible in the year in which relevant income is offered to taxation.

Amendments Effective from 1st October 2023.

- Distributions from Business Trusts other than Interest, Dividend and Rentals-now taxable in the hands of Unit Holders under the head “Income from other sources”.
- Deduction for delayed payments to Micro and Small Enterprises to be allowed only on payment basis: an amendment in Section 43B of the Act has been made to provide that deduction for amounts payable to such enterprises shall be allowed on accrual basis, only if the same is paid within the due date prescribed as per Section 15 of the Micro, Small and Medium Enterprises Development Act, 2006.
- In order to eliminate the possibility of tax avoidance by closely held companies in respect of shares issued above fair value to non-residents, the Finance Minister has proposed to make provision of Section 56(2)(viib) applicable to all persons irrespective of their residential status.
- Set-off period relaxed for Start-ups:
 1. Increased from Seven years to Ten years from the date of incorporation;
 2. Also, the time limit for incorporation of eligible start-ups for claiming tax holiday u/s.80IAC of the Act is extended from 31st March, 2023 to 31st March, 2024.

- Increase in Turnover threshold limit u/s.44AD/44ADA from Rs.2 Crores to Rs.3 Crores in case of business and from Rs.50 Lakhs to Rs.75 Lakhs in case of profession. The increased threshold limit is applicable only if the aggregate of cash receipts in the year are less than 5% of gross receipts.
- Taxation of winnings from ONLINE GAMES and TDS thereon: A new Section 115BBJ has inserted to tax @ 30% plus Surcharge and Cess, as applicable.
- New Authority- JCIT (Appeals) constituted for expeditious disposal of pending appeals at first appellate level: Further, existing appeals filed before CIT(A) may be transferred to JCIT(A) or vice-versa.
- Taxing of Gifts received by Not Ordinary Residents (NROR) from residents: The monetary gifts received by Resident but Not ordinary residents (RNOR) from residents exceeding Rs.50,000/- would be taxable.
- TDS on winnings from lottery, crossword puzzle and horse races: To discourage the practice of splitting a transaction into multiple transactions each less than Rs.10,000/- so as to avoid requirement of doing TDS thereon, It has been proposed to amend the Section 194B and Section 194BB so as to provide aggregate threshold for a year Rs.10,000/- for attracting requirement of TDS.
- Removal of Exemption U/s 193: TDS on Interest on Debentures.
- No tax conversion of physical Gold to Electronic Gold Receipt (EGR) and vice versa:
- Charitable Trust/Institution: Amendments regarding the benefit of application of income (from corpus or loans) to be allowed only when the funds are reinstated back in corpus or loan repaid within a period of 5 years from the end of the year in which such application was made from the corpus/loan (this would not be available where application from corpus was made before 31st March, 2021).
- Charitable trusts/ institutions to loose exemption u/s. 10(23C), 11 and 12 if return of income not filed within time limit permitted u/s.139(4) of the Act.
- Scope of “specified violation” expanded to include cases where application for registration is not complete or contains false or incorrect information.
- Deductions under section 10AA can be claimed only if the return is filed within the due date as per section 139(1) and the proceeds are realised within six months from the end of the financials year or as further time granted by RBI.
- Voluntary donations paid to other trusts or institutions to be treated as an application of income only to the extent of 85% of the amount paid.
- Extending time limits for assessment/re-assessment proceedings:
 1. The time limit to file return in response to notice u/s.148 extended from 30 days to 3 months (upon request by Assessee);
 2. In cases where reassessment notices are issued based on search initiated/ authorisation executed/ requisition made after 15th March, then last 15 days of March are to be excluded for computing the period of limitation for issue of notice;
 3. The time-limit for completing assessments for Assessment 2022-23 and subsequent years increased from 9 months to 12 months from the end of relevant Assessment Year (currently it is 9 months). In case of updated return (ITR-U), this time limit is increased from 9 months to 12 months from the end of Financial Year in which updated return is filed (currently 9 months).

4. For assessment/ reassessment proceedings that are pending as on date of initiation of search, the time limit is extended by 12 months.

- Expanding scope of Orders appealable before the Appeals to Income Tax Appellate Tribunal (ITAT): Appeal by the assessee to ITAT against the Penalty Orders passed under section 271AAB/271AAC/271AAD by CIT(A), U/s 263 by Principal Commissioner of Income Tax (PCIT) or Chief Commissioner of Income Tax (CCIT), JCIT(Appeals) is now appealable before the ITAT. (The above amendments are applicable from Assessment Year 2023-24)
- Rationalisation of Co-operative Society. Benefit of lower rate of taxation in case of new manufacturing companies extended to Co-operative societies:

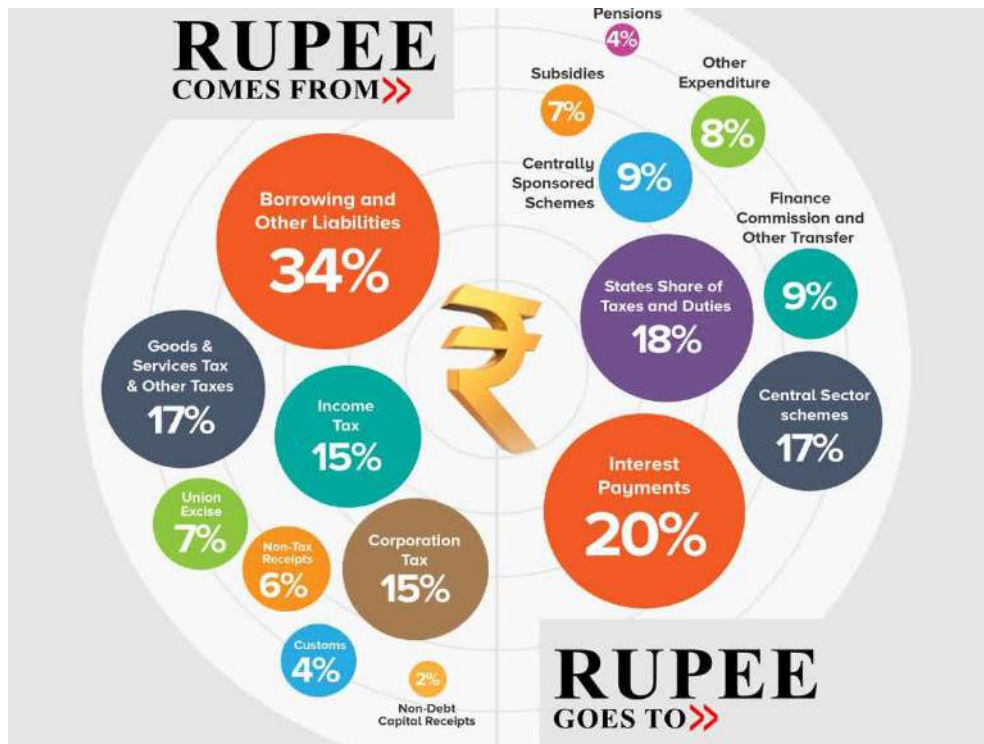
PROPOSED TDS RATES			TDS UPDATES	
Sr. No.	Section	Provision	Existing Rate/ Threshold	Proposed Rate/ Threshold
1	194N	TDS on cash Withdrawal by Co-operative societies.	2% of the amount in excess of Rs.1 Crore.	2% of the amount of in excess of Rs.3 Crores
2	192A	TDS on premature withdrawal from EPF in case of employees not furnishing PAN.	Maximum marginal rate on the amount of withdrawal.	20% of the amount of withdrawal.
3	194BA	TDS on winnings from online games.	Not Applicable	30% of the amount from online games threshold.
4	194B 194BB	TDS on Winnings from Lottery, Game Show and Puzzles. Winnings from horse race	30% of amount exceeding ten thousand rupees during the financial year. 'Do -	30% of the amount or the amounts exceeding rupees during the financial 'Do -
5	193	TDS on interest payable on Listed Debentures.	No TDS is to be deducted.	10 % of the amount.

TCS on Overseas Tour Package:

The government has proposed to increase the TCS rates on;

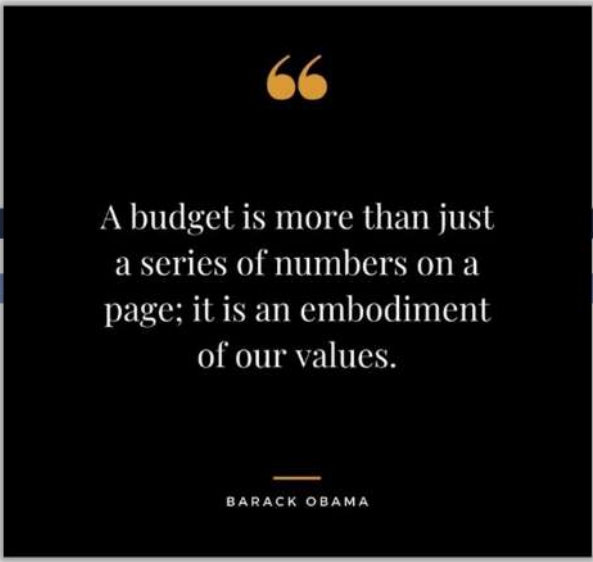
- Overseas tour package from existing 5% to 20% without any threshold limit.
- Any other case from 5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh to 20% without any threshold limit.

SOURCES & APPLICATION OF RUPEE:-



BIBLIOGRAPHY:-

1. Budget Guide 2023-2024 Edition 2023, Taxmann.
2. Economic Survey (indiabudget.gov.in)
3. Finance Bill 2023.
4. A2Z Taxcorp LLP
5. Taxguru.in



Ministry Further Extends the Timeline for "Unit Sale Price" under Legal Metrology

The Ministry of Consumer Affairs, Food and Public Distribution has released the Legal Metrology (Packaged Commodities) Amendment (Amendment) Rules, 2023, to amend the Legal Metrology (Packaged Commodities) Rules, 2011.

Ministry of Consumer Affairs, Food and Public Distribution vide gazette ID CG-DLE-27012023-243267 dated 27th January, 2023 has extended the Due Date today for the implementation date of Unit Sale Price declaration till 01.04.2023.

The Ministry has made a significant move for the Industry and further extended the due date for the implementation of New Legal Mandate / declaration "Unit Sale Price" till 01st April, 2023. Earlier, the Ministry has extended the due date for the implementation of the said declaration till 01st February, 2023.

Some Important Facts about Unit Sale Price:

1. It is the sale price of a pre-packaged commodity, inclusive of all taxes, per specified unit of weight, measure or number.
2. It shall be declared on the principal display panel of the pre-packaged commodity
3. It shall be rounded off to the nearest two decimal places.
4. 'Wholesale Package' (in general - Master Cartons) are exempted from this requirement.
5. This declaration is in addition to the MRP declaration.
6. Is not required to be displayed on e-commerce websites.

Governments this move will surely promote the cherished vision and initiative of Prime Minister of "Ease of Doing Business" with Minimum Government, Maximum Governance.

Disclaimer:

Every effort has been made to avoid errors or omissions in this material. In spite of this, errors may creep in. Any mistake, error or discrepancy noted may be brought to our notice which shall be taken care of in the next edition. In no event the author shall be liable for any direct, indirect, special or incidental damage resulting from or arising out of or in connection with the use of this information.

“

-Governments this move will surely promote the cherished vision and initiative of Prime Minister of "Ease of Doing Business" with Minimum Government, Maximum Governance.”

CS Lalit Rajput
Practising Company Secretary
Email ID: lalitrajput537@gmail.com



Clarification for Difference in ITC as per GSTR2A Vis-À-Vis GSTR3B – Circular 183

CBIC have exercised their powers vested as per Section 168 to clarify the difficulties being faced by Trade & Industry in relation to the Departmental Notices being served upon for recovery of tax in relation to the Gap noticed between GSTR3B vis-à-vis GSTR2A for the period FY 2017-18 and FY 2018-19. “Act” in general wherever referred in this write up has to be construed as a reference to Central GST Act, 2017 unless mentioned.

In the course of Scrutiny/Audit/Inspection GST officers have been identifying the gap between the ITC availed in GSTR3B vis-à-vis Form GSTR2A and gaps if any is being demanded for reversal as Ineligible ITC. Trade & Business have been representing that in the initial phase of GST implementation Form GSTR2A is not made available for its verification and also many suppliers have not properly disclosed the outward supplies in Form GSTR1 which resulted in the gaps being noticed by the proper officers under GST. Practical difficulty faced by the officers under GST and trade bodies have been addressed to certain extent in the circular 183 dtd:27th Dec’22. In this communicate we shall understand below aspects:

A. Guidance provided in the Circular

Availment of Input tax credit on the basis of details furnished by the supplier have been regulated by way of Rule 36(4) from October 2019. Till such point, there has been no specific regulation/guidance by the GST law.

Eligibility to avail input tax credit has been regulated as per the provisions laid out in Section 16 of CGST Act, 2017. Instances where GSTR2A doesn’t have the details of supplies made by the suppliers, however corresponding tax has been paid by such supplier have been identified as below in the above Circular:

- I. Supplier failed to file Form GSTR1 for a tax period, however Form GSTR3B has been duly furnished by such supplier
- II. Supplier has failed to report a particular supply in the Form GSTR1 filed. Supplier has filed Form GSTR1 and Form GSTR3B for a tax period
- III. Supplier has made the supply and issued Invoice with GSTN of recipient. However, supplier has erroneously shown such supply as B2C instead of B2B
- IV. Supplier has filed Form GSTR1 and GSTR3B. however, supplier has erroneously disclosed wrong GSTN of the recipient in his statement furnished

“

-It is highly recommended to maintain a detailed check list for the activity carried by the Professional to ensure remittance of tax by the supplier for the supplies carried out are properly certified and ensure that there is no lapse/mistake in providing assurance for payment of taxes by the supplier concerned..”

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The above Circular has taken into consideration only above instances and not otherwise for giving clarification/guidance to handle the differences noted in GSTR3B. If there are any instances of above sort noted by the Proper officer, below guidance has been recommended:

Step1: to examine the overall compliance requirements of Section 16, 17, 18 of the Act for availing of ITC other than Section 16(2)(c) of the Act.

Step2: To examine the compliance requirement as per S.16(2)(c) of the Act, a self-declaration from the supplier where the value of Input tax credit for a particular Financial year is upto Rs.5lakhs and in any other case a Certificate from a CA/CMA shall be required confirming the fact that tax on such supplies has been duly paid in GSTR3B. The above Certificate issued by a CA/CMA has to carry UDIN

Step3: The above relaxations are not made applicable to the ITC claimed by any person in Form GSTR3B in relation to ITC for FY 2017-18 after the period of due date for furnishing return for September 2018 till the due date of furnishing return for March 2019, where supplier has not furnished details of such supply in Form GSTR1 till the due date of furnishing Form GSTR1 for March 2019.

It has been mentioned in the circular that above directions are applicable only in relation to ongoing proceedings scrutiny/investigation/audit etc., for FY 2017-18 and FY 2018-19

B. Payment of self-assessed tax:

The moot point of examination in the above Circular is on the point of contemplation for payment of taxes due as per Section 16(2)(c) of the Act. This aspect has not been duly elaborated neither under GST Act or Rules formulated till date. Also, GST Council have not made any suitable recommendations in this regard. However, the directions given in 27th GST council are relevant at the moment, where in directions have been made for recovery of tax from the defaulting supplier other than in extraneous case involving situations like missing dealer, closure of business by supplier or supplier not having adequate assets etc.

Section 59 of the Act refers to self-assessment wherein, every registered person shall assess the taxes payable and furnish a return u/s 39 of the Act. Discrepancy noted if any between Form GSTR1 and Form GSTR3B shall be sought for explanation if noted by the Proper officer u/s 61 of the Act

Question to ponder here shall be, what if the proper officer doesn't issue a notice u/s 61 on account of failure to make such demand. Finance Act, 2021 has inserted an explanation u/s 75(12) as below to be effective from 01.01.2022:

Quote:

(12) Notwithstanding anything contained in section 73 or section 74, where any amount of self-assessed tax in accordance with a return furnished under section 39 remains unpaid, either wholly or partly, or any amount of interest payable on such tax remains unpaid, the same shall be recovered under the provisions of section 79

Explanation.--For the purposes of this sub-section, the expression "self-assessed tax" shall include the tax payable in respect of details of outward supplies furnished under section 37, but not included in the return furnished under section 39

Unquote:

Till insertion of above explanation, there exists a gap in understanding how the term “self-assessed” tax has to be determined. The above explanation creates an artificial demand for self-assessed tax as unpaid if the tax liability declared under Section 37 of the Act is in excess of taxes paid as per Return filed u/s 39 of the Act.

The liability arising if any in this regard shall have authority with the proper officer for recovery u/s 79 of the Act. However, such recovery without proper examination of taxes due from a taxable person for a specific period and without exercising the principles of natural justice i.e. giving an opportunity of being heard for determination or ascertainment and then confirming the demand thereupon shall be sub-servient to the Recovery proceedings in most of the cases.

Rule 88C has been inserted in CGST Rules, 2017 w.e.f. 26.12.2022 to enable the recovery of taxes declared in GSTR1 and not paid duly in Form GSTR3B. This Rules has enabled FORM GST DRC-01B which has Part-A & Part-B for initiating recovery proceedings. Though, this Rule has a mechanism to initiate the recovery proceedings u/s 79 vide Part-A of FORM GST DRC-01B, it lacks the principles of natural justice when the Proper officer doesn't get satisfied with the explanation provided by the taxpayer in part-B of FORM GST DRC-01B.

The moot point stands unanswered as of now is in relation to ascertainment of compliance as per Section 16(2)(c) of the Act in relation to a supply.

C. Compliance check for Payment of tax

Section 41 of the Act has been revamped vide Finance Act, 2022 w.e.f. 01.10.2022 to eliminate the concept of availment of Input tax credit on Provisional basis. For ensuring the compliance in relation to default in payment of tax by the supplier in relation to a particular supply the new provision have prescribed the obligation on the recipient to reverse the input tax credit with Interest. However, a detailed mechanism for ensuring such compliance for payment by the supplier has not been defined or identified at each of the supply level.

Rule 37A has been inserted in CGST Rules, 2017 w.e.f.26.12.2022 to detail the compliance in relation to payment of tax by the supplier in Form GSTR3B. This Rule has mandated the recipient to reverse the Input tax credit on account of default if any by the supplier if the tax is not paid for a particular tax period during which the details of supplies have been furnished by the supplier. Practical difficulty for ensuring such compliance is that, there exists no proper mechanism laid down under GST Rules as of now. Also, for registered persons who have more supplier's verification of GST payment for each tax period has to be verified manually and keeping a track for such non-compliance is going to add burden on to the assess. How, GST authorities are going to verify the compliance under this Rule for proper compliance is not clear as on date. A detailed circular should be provided by CBIC for removing difficulty in this regard

D. Possible exposure for future litigation

For the gaps noted in GSTR3B vis-à-vis GSTR2A, if any of the situation prescribed as per Circular 183 are prevalent, will the self-declaration/ certificate from a Professional as prescribed in Para 4 of the above Circular suffice the proper officer to drop the demand for recovery of ineligible input tax credit is definitely not an affirmative answer. There could be a possibility for the Proper officer to deny the declaration or certificate provided for the below mentioned reasons:

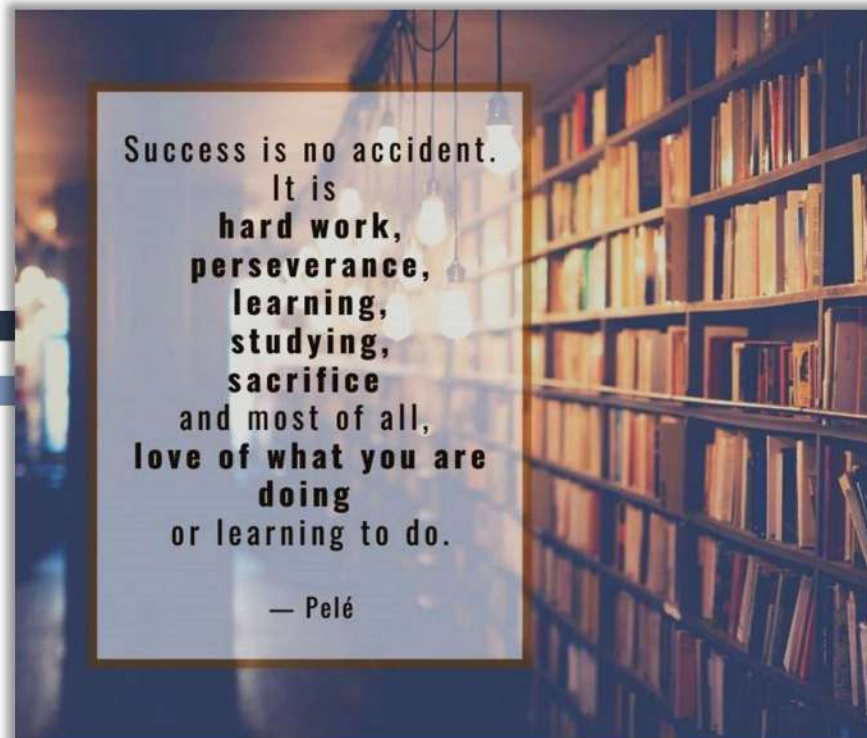
- Self-declaration issued by the supplier is found to be irregular

- Recipient has produced the declaration fraudulently
- Any other reason on account of scrutiny

A professional who has to issue a certificate as per the requirement of above Circular 183 shall have to conduct a detailed audit under GST once again for the respective financial year to ensure that the supplies declared as per Form GSTR1 duly matches with the taxes paid through Form GSTR3B. It is highly recommended to maintain a detailed check list for the activity carried by the Professional to ensure remittance of tax by the supplier for the supplies carried out are properly certified and ensure that there is no lapse/mistake in providing assurance for payment of taxes by the supplier concerned.

Disclaimer:

Views expressed in this article are personal in nature of the author concerned. It is advised to examine the relevant provisions and expert advice before taking appropriate stand in this regard. You can send your views or suggestions to praveen@gella.in





Help Yourself

Food for Thought

7 Habits of Highly Effective People

- Stephen R. Covey

Disclaimer: This article does not endorse any book and is not sponsored by any author or publication. Content shared here is for knowledge and learning purposes only.

This is one of the highly recommended books in the world of self-help. I had made a mental note of this book several times as I had heard from friends, peers and elders that they have found this book helpful.

One can easily understand the popularity this book has gained in the beginning itself when the author explains how most of the Success literature written before the time of this book focused on quick-fixes that lasted only temporarily. The book therefore promises to dive deep into mindsets required to form habits and most importantly about the paradigm from which we see and understand the world. "The way we see the problem is the problem"- a well-explained topic from the book.

Similar to several other self-help books, this book too starts by urging the readers to work on the mind and then actions. The emphasis on our perspective of seeing the world, of seeing problems, circumstances and so on, are discussed at length- giving apt examples, instances and explanations.

Another book that I have read about habits is 'Atomic Habits' by James Clear. Atomic Habits discusses habit building, behaviours and even bad habit-breaking in a very doable and greatly simplified manner. As a core concept, the book talks about building an

identity or finding our identity that helps in a change of attitude and thereby helps us to break bad habits and build great and consistent ones. (You can find the article under this column for Atomic Habits in the August 2021 issue of this e-magazine.)

Initially, this book, by Stephen R. Covey talks predominantly about a paradigm shift. The significance of perspective in what we do and in growth and efficiency. With the right perspective and mind-set, the next step is private victories. It's really good to have found emphasis on private victories through this book which led me to think- have I ever celebrated my small wins? Have I appreciated myself enough for my progress? We tend to believe our achievements are only those that are validated by others- termed as public victories in the book. The best takeaway quote on these lines is-

"We are what we repeatedly do.

Excellence, then is not an act, but a habit."

-Aristotle.

The anecdote about how the author got into researching success literature, self-help and his findings are very interesting. The way he researched, observed, learnt and solved the seemingly impossible problem that he faced as a parent, along with the cooperative efforts of his wife, is simply mind-blowing.

If you are here for the first time, this column intends to impart bite sized knowledge from self-help books, biographies, autobiographies and other related genres, relevant specifically to corporate professionals and aspiring professionals. Not every learning that a book enshrines can be fit in here, so writing a summary or a book review is not the aim of this column. The intent is to give you a touch of acquaintance to a book, in every issue of this e-magazine, hoping that it will make you want to grab it and read for yourself. So, help yourself with food for thought.

As every habit is discussed at length, it'd be difficult to do justice to explaining even one of the seven habits. So, let me just give a small glimpse of the first habit- 'Being Proactive.' Paying attention to our language tells us about our degree of being proactive. The book differentiates between being reactive and being proactive with simple sentences we hear and utter by ourselves day in and out. To name a few- "I can't" is reactive language and "I choose" is proactive language; "That's just the way I am" is reactive while "I can choose a different approach" is proactive and as you can clearly figure out they make a world of difference.

The first habit discussed in this book reminded me of 'Attitude is everything' by Jeff. (You can find the article on this book under this column in the May 2021 issue of this e-magazine.)

With this much food for your thoughts, it calls for an end to this article. Now it is for you to explore more from this book. So, help yourself!



Correction: In the previous edition, this column title was wrongly printed. It should have been "What do I Read?" our apology for the same.

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REGULATIONS

Regulatory Updates

Companies Act, 2013

Updates on Circulars

MCA, considering the change in way of filing in Version-3, including fresh process of registration of users on MCA-21 and process of stabilization of 45 forms launched with effect from 23.01.2023, and after considering various representations, in continuation of General Circular 1/2023 dated 09.01.2023, has decided to allow further additional time of 15 days for filing of these forms, without additional fees, to the stakeholders.

Further, Form PAS-03 which was closed for filing in Version-2 on 20.01.2023 and launched in Version-3 on 23.01.2023, and whose due dates for filing fall between 20.01.2023 and 06.02.2023, can also be filed without payment of additional fees for a period of 15 days.

General Circular No. 03/2023

SEBI Act, 1992

Updates on Circulars

Transaction in Corporate Bonds through Request for Quote (RFQ) platform by Alternative Investment Funds (AIFs)

SEBI based on the recommendations of Alternative Investment Policy Advisory Committee (AIPAC) has stipulated that AIFs shall undertake at least 10% of their total secondary market trades in Corporate Bonds by value in a month by placing/seeking quotes on the RFQ platform.

Further, it has been clarified that all transactions in Corporate Bonds wherein AIF(s) is on both sides of the trade shall be executed through RFQ platform in 'one-to-one' mode. However, any transaction entered by an AIF in Corporate Bonds in 'one-to-many' mode which gets executed with another AIF, shall be counted as 'one-to-many' mode not as 'one-to-one' mode.

SEBI/HO/AFD/PoD/P/CIR/2023/017

Clarification with respect to issuance and listing of perpetual debt instruments, perpetual non-cumulative preference shares and similar instruments under Chapter V of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021

SEBI has clarified those only securities which have characteristics as stated below, shall necessarily be required to comply with the provisions for issuance and listing as specified under Chapter V of the NCS Regulations and circulars issued there under:

- The issuer is permitted by RBI to issue such instruments,
- The instruments form part of non-equity regulatory capital,
- The instruments are perpetual debt instruments, perpetual non-cumulative preference shares or instruments of similar nature and
- The instruments contain a discretion with the issuer/RBI for events including but not restricted to all or any of the below events:
 - Conversion into equity
 - Write off of interest/principal
 - Skipping or delaying payment of interest/principal
 - Making an early call
 - Changing any terms of issue of the instrument

SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/027

Clarification in respect of the compliance by the first-time issuers of debt securities under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 with Regulation 23(6)

Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 requires the Articles of Association (“AoA”) of an issuer that is a company to include provisions with respect to the requirement for the board of directors to appoint such person nominated by the debenture trustee in terms of clause(e) of sub-regulation(1) of regulation 15 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.

SEBI considering the representations received from the first time issuers, has advised the stock exchanges to take an undertaking from such first-time issuers that they will ensure that their AoA are amended within a period of six months from the date of the listing of the debt securities. This undertaking may be obtained at the time of granting the in-principle approval. The issuer shall, within such time, comply and report compliance to Stock Exchanges, which shall periodically monitor/ remind such issuers on doing the needful.

SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/028

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**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

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