

The Compound Opinion



Release of the new Taxpayer Information Statement (TIS) and Annual Information Statement (AIS) on the e-filing portal.



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Mumbai | Anand | Vadodara

Annual Information Statement (AIS)

The Cover Story



CBDT Press Release dated 01 November 2021:

- ⇒ Income Tax Department has rolled out the new **Annual Information Statement (AIS) on the Compliance Portal** which provides a comprehensive view of information to a taxpayer with a facility to capture online feedback.
- The new AIS can be accessed by clicking on “**Services**” > “**Annual Information Statement (AIS)**” on the new Income Tax E-filing Portal (<https://www.incometax.gov.in>).
- The display of Form 26AS on TRACES Portal will also continue in parallel till the new AIS is validated and completely operational.

- ⇒ The new AIS includes additional information relating to interest, dividend, securities transactions, mutual fund transactions, foreign remittance information etc. Taxpayer will be able to download AIS information in PDF, JSON, CSV formats.
- If the taxpayer feels that the information is incorrect, relates to other person/year, duplicate etc., a facility has been provided to submit online feedback. Feedback can also be furnished by submitting multiple information in bulk. An AIS Utility has also been provided for taxpayers to view AIS and upload feedback in offline manner.
- The reported value and value after feedback will be shown separately in the AIS. In case the information is modified/denied, the information source may be contacted for confirmation.

- ⇒ A simplified **Taxpayer Information Summary (TIS)** has also been generated for each taxpayer which shows aggregated value for the taxpayer for ease of filing return.
- TIS shows the
 - * processed value (i.e., the value generated after deduplication of information based on pre-defined rules), and
 - * derived value (i.e., the value derived after considering the taxpayer feedback and processed value).
- If the taxpayer submits feedback on AIS, the derived information in TIS will be automatically updated in real time. The derived information in TIS will be used for pre-filling of Return (prefilling will be enabled in a phased manner).

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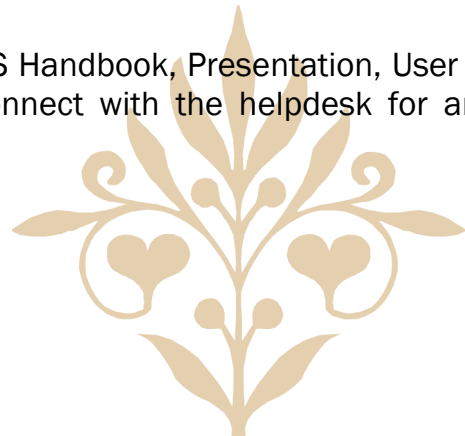


Annual Information Statement (AIS)

The Cover Story

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- ⇒ Taxpayers should remember that Annual Information Statement (AIS) includes information presently available with the Income Tax Department. There may be other transactions relating to the taxpayer which are not presently displayed in Annual Information Statement (AIS). Tax payers should check all related information and report complete and accurate information in the Income Tax Return.
- The taxpayers are requested to view the information shown in Annual Information Statement (AIS) and provide feedback if the information needs modification.
- The value shown in Taxpayer Information Summary (TIS) may be considered while filing the ITR. In case the ITR has already been filed and some information has not been included in the ITR, the return may be revised to reflect the correct information.
- In case there is a variation between the TDS/TCS information or the details of tax paid as displayed in Form 26AS on TRACES portal and the TDS/TCS information or the information relating to tax payment as displayed in AIS on Compliance Portal, the taxpayer may rely on the information displayed on TRACES portal for the purpose of filing of ITR and for other tax compliance purposes.
- ⇒ Taxpayers may refer to the AIS documents (AIS Handbook, Presentation, User Guide and FAQs) provided in “Resources” section or connect with the helpdesk for any queries through “Help” section on the AIS Homepage.



Compliance Calendar - December 2021

Don't Forget these Dates



DECEMBER 2021

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7 - Due date for deposit of TDS/TCS for November 2021	8	9	10 - Filing GSTR-7 (TDS)/GSTR-8 (TCS)	11 - Filing GSTR-1 for November 2021
12	13 - Filing GSTR-IFF (QRMP) for November 2021	14	15 - 3rd Instalment of Advance Tax for AY 2022-23	16	17	18
19	20 - Filing GSTR-3B for November 2021	21	22	23	24	25
26	27	28	29	30	31 - Filing GSTR-9 (Annual Return) & GSTR-9C (Reconciliation Statement) for FY 2020-21 - Filing Forms AOC-4 & MGT-7 under Companies Act for FY 2020-21	



Income Tax

Important Updates

⇒ **New form to be furnished by Producers of Cinematographic Films**

- Person carrying on the production of cinematographic films must furnish a statement in **Form 52A**, providing the details of assessee, production of films and particulars of the payments made by him or due from him of a sum more than Rs. 50,000 in aggregate to each person engaged by him in such production.

⇒ **Allowability of Expenses under Section 36(1)(vii) of Income Tax Act, 1961**

- For co-operative societies engaged in the business of manufacture of sugar, expenditure is allowed for the purchase of sugarcane, at a price that is equal to or less than the 'price fixed or approved by the Government', i.e., the deduction shall be lower of purchase price of the sugarcane or price fixed or approved by the Government.
- The CBDT has clarified that the phrase 'price fixed or approved by the Government' in the said section includes price fixation by State Government through State-level Acts/Orders or other legal instruments that regulate the purchase price for sugarcane, State Advised Price, which may be higher than the Statutory Minimum Price/Fair and remuneration price fixed by Central Government.

⇒ **Clarification on provisions of Section 1940, 194Q(3) and 206C(1B)**

- Section 1940 is applicable to an e-commerce operator who is required to deduct TDS @1% on the gross amount of sale of goods or provision of services facilitated through its digital or electronic platform.
- TDS applicability on E-Auction Services:
 - * An e-auctioneer conducts e-auction services for its clients via its electronic portal.
 - * An e-auctioneer is responsible for the price discovery only which is reported to the client.
 - * The price can vary as per the discretion of the client. Importantly, price discovery acts only as the first point of negotiation.
 - * The transaction of purchase or sale takes place directly between the buyer and seller. Accordingly, the payment of the transaction is also carried out directly between the buyer and seller.
 - * The client deducts TDS (under any section other than section 1940) on the payments made to the e-auctioneer for providing e-auction services.

On the above stated service, TDS under section 1940 will not apply. If any of the points is not

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Income Tax

Important Updates

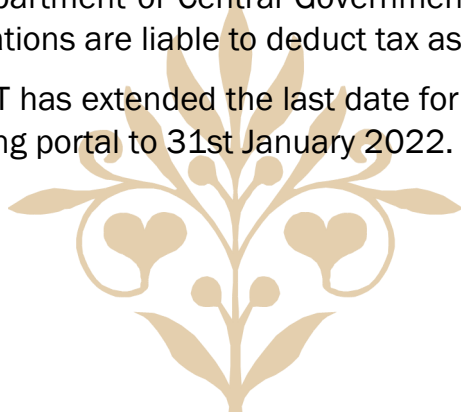
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satisfied then this clarification is not applicable.

- Further Assessee is liable for TDS under section 194Q on payment or purchase of goods exceeding 50 lakhs at 0.1% and/or under section 206C(1H) i.e. collection of tax at 0.1 % on sale consideration (for sale of goods) exceeding 50 lakhs.
- TDS is not to be deducted on the component of VAT or service tax or excise or CST.
- **Applicability of provisions of section 194Q in case of a government department (other than a PSU or corporation):** The government department is liable to deduct TDS under section 194Q if the following two conditions are satisfied-
 - 1) The government department should be carrying out a business or commercial activity; and
 - 2) The total sales/ receipts/ turnover from such business/ commercial activity during the immediately preceding Financial Year of purchase is more than INR 10 Crores.

Further, the buyer will not be liable to deduct TDS under section 194Q when the seller is either Department of Central Government or Department of State Government provided PSU or corporations are liable to deduct tax as per provisions of section 194Q.

- ⇒ CBDT has extended the last date for updating UDINs for all the IT forms submitted on the e-filing portal to 31st January 2022.





Income Tax

Important Case Laws

Rental Income from Sub-Lease shall be treated as Business Income, since the same was Business of Assessee (ITAT)

Facts of the Case:

- In the present situation, a problem is arose between the Assessing Officer and the Hon. ITAT regarding the assessment of rental income from sub-lease.
- Earlier, the Assessing Officer treated the lease rental income earned by the assessee as 'Income from House Property' as against 'Business Income' offered by the assessee.
- The bench of the Hon. ITAT, comprising of Vice President Mahavir Singh and Accountant Member Manoj Kumar Agarwal, found that the property under consideration was obtained by the assessee on a long-term lease basis and it was sub-leased to various tenants.
- The income thus earned was offered as 'business income'. The main object of sub-leasing was to exploit the property in a business-like manner and earn the rental income therefrom. It is also evident that the assessee and his associated entities had a business interest in real estate development.

Decision of the Case:

- Ruling in favour of the assessee, the Tribunal held that in the present case, the appellant is held to be the "deemed owner" of the property in question by virtue of Section 27(iib) of the Act.
- On the other hand, under certain circumstances, where the income may have been derived from letting out of the premises, it can still be treated as business income if letting out of the premises itself is the business of the assessee.
- It is to be seen as to whether the activity in question was in the nature of business by which it could be said that income received by the appellant was to be treated as income from the business.
- The Chennai bench of the Income Tax Appellate Tribunal (ITAT) has held that the rental income received through sub-leasing of the property shall be treated as the business income of the assessee as the same was the business of the assessee company.

Goods and Services Tax (GST)



Important Updates

⇒ Important GST Rate Changes & New Tariff Entries:

Sr. No.	Particulars	Old Rate	New Rate
1	Temporary or permanent transfer or permitting the use of enjoyment of Intellectual Property Rights (IPRs)	12%/18%	18%
2	Printing services of newspapers, books and other printing services	5%/12%	18%
3	Services by way of job work in relation to manufacture of alcoholic liquor for human consumption	NIL	18%
4	Renewable Energy Devices	5%	12%
5	Cartons, boxes, cases, bags and other packing containers, of paper, paperboard, cellulose wadding or webs of cellulose fibres box files, letter trays, and similar articles, of paper or paperboard of a kind used in offices, shops or the like	12%	18%
6	Waste, pairings or scrap of plastics	5%	18%
7	<ul style="list-style-type: none"> • Rail locomotives, other rail locomotives • Self-propelled railway or tramway coaches, vans and trucks • Railway or tramway maintenance or service vehicles • Railway or tramway passenger coaches, not self-propelled luggage vans • Railway or tramway goods vans and wagons, not self-propelled • Parts 	12%	18%
8	Carbonated beverages of fruit drink or carbonated beverages with fruit juice	12%	28%
9	Ores (Iron, Manganese, Copper, Nickel, Cobalt, Aluminium, Lead, Zinc, Tin, Chromium) and their concentrates	5%	18%
10	Bio-diesel supplied to Oil Marketing Companies for blending with High-Speed Diesel	12%	5%
11	Pure henna powder and henna leaves, having no additives	18%	5%
12	Mehndi paste in cones	18%	5%



Goods and Services Tax (GST)

Important Updates

⇒ **Goods covered under Reverse Charge w.e.f. 1st October 2021**

- Following essential oils, other than those of citrus fruit, namely:
 - * of peppermint (*Menthapiperita*)
 - * of other mints: spearmint oil (*exmenthaspicata*), water mint oil (*exmentha aquatic*), horsemint oil (*exmenthasylvestries*), bergament oil (*ex mentha citrate*)
- Above goods are brought under reverse charge mechanism (wherever, the recipient is registered, and the supplier is unregistered).

⇒ **Supply of ice cream by ice cream parlours**

- Ice-cream parlours sell already manufactured ice-cream and they do not have a character of a restaurant. Ice-cream parlours do not engage in any form of cooking at any stage, in the course of providing service. Thus, supply by ice-cream parlour stands on a different footing than restaurant service.
- Accordingly, as recommended by the Council, it is clarified that where ice-cream parlours sell already manufactured ice-cream and do not cook/prepare ice-cream for consumption like a restaurant, it is supply of ice-cream as goods and not as a service, even if the supply has certain ingredients of service.
- Accordingly, it is clarified that ice cream sold by a parlour or any similar outlet would attract GST at the rate of 18%.

⇒ **Definition of Copra and applicable GST rates**

- Copra is dried flesh of coconut, generally used for the extraction of coconut oil.
- Coconut kernel turns into copra, when it is separated from the shell skin, while still being inside the shell. The whole unbroken kernel can be taken out of shell only when it converts to copra.
- Once taken out of shell, copra could be supplied either whole or broken Coconut, fresh or dried, whether or not shelled or peeled.
- GST exemption is not available to Copra. Accordingly, Copra attracts GST rate of 5

(Continued on page 10)

Goods and Services Tax (GST)



Important Updates

(Continued from page 9)

irrespective of use.

⇒ Guidelines for disallowing debit of Electronic Credit Ledger

- The Commissioner, or an officer authorised by him, not below the rank of Assistant Commissioner, must have "reason to believe" that credit of input tax available in the electronic credit ledger is either ineligible or has been fraudulently availed by the registered person, before disallowing the debit of amount from electronic credit ledger of the said registered person under Rule 86A.
- The reasons for such belief must be based only on one or more of the following grounds:
 - * The credit is availed by registered person on the invoices or debit notes issued by a supplier, who is found to be non-existent or is found not to be conducting any business from the place declared in registration.
 - * The credit is availed by the registered person on invoices or debit notes, without actually receiving any goods or services or both.
 - * The credit is availed by the registered person on invoices or debit notes, the tax in respect of which has not been paid to the government.
- The Commissioner or an officer authorised by him, not below the rank of Assistant commissioner, must form an opinion for disallowing debit of an amount from electronic credit ledger in respect of a registered person only after proper application of mind considering all the facts of the case, including the nature of prima facie fraudulently availed or ineligible input tax credit.
- It is reiterated that the power of disallowing debit of amount from electronic credit ledger must not be exercised in a mechanical manner and careful examination of all the facts of the case is important to determine case(s) fit for exercising power under rule 86A.
- The remedy of disallowing debit of amount from electronic credit ledger being, by its very nature extraordinary, has to be resorted to with utmost circumspection and with maximum care and caution



Goods and Services Tax (GST)

Important Case Laws

18% GST Payable on Amounts Received in form of Donation/Grants from various entities, including Central and State Governments (AAR, Maharashtra)

Facts of the Case:

- The applicant, Jayshankar Gramin VA Adivasi Vikas Sanstha, Sangamner, is a charitable trust registered under Maharashtra Public Trusts Act, 1950. The Trust is also registered under Societies Act, vide registration number Maha/2041/92 w.e.f. 23/12/1992. The applicant is registered under section 12AA and section 80G(5) of the Income Tax Act 1961.
- The destitute home for children is located at Akole bypass road, Sangamner. The trust undertakes supply of services to 50 orphans and homeless children by way of shelter, education, guidance, clothing, food, and health for the Women and Child welfare. The Maharashtra Government Women and Child Welfare Department pays a sum of Rs. 2,000/ per month per child. Other expenses for children are made from donations.
- The trust also renders services to destitute women who are litigating divorce or homeless or the victim of domestic violence. The Central Government also gives grants through the Women and Child Welfare Ministry for awarding shelter, food, and medical facilities, clothing etc., to the destitute. women who are victims of domestic violence, divorcees, homeless and also to rape victims. The trust represents them before legal forums, including lodging FIR at police stations against the culprits, the trust also arranges for counseling through expert counselors to bring them out of the trauma and help them to lead a normal life. These victim women are sent by police stations or anybody who knows that women are victims of violence.

The applicant has sought the advance ruling on the issue of

- whether the applicant is liable to pay GST on the amounts received in the form of Donations/Grants from various entities including the Central Government and State Government.

Decision of the Case:

- The Coram ruled that in case of donations, if the gift or donation is made to a charitable

(Continued on page 12)

Goods and Services Tax (GST)



Important Case Laws

(Continued from page 11)

organization, the payment has the character of gift or donation and the purpose is philanthropic (i.e. it leads to no commercial gain) and not an advertisement, then GST is not leviable. In all other cases, GST is leviable.

- The Maharashtra Authority of Advance Ruling (AAR) ruled that 18% GST payable on amounts received in form of Donations or Grants from various entities including Central and State governments.





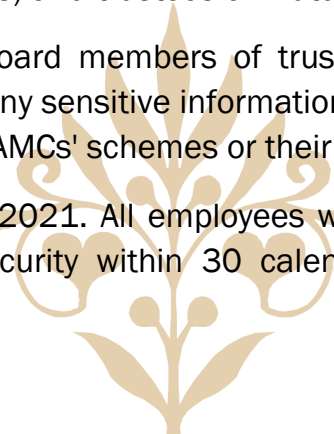
Other Updates

⇒ **Term insurance premiums likely to rise from December**

- Pure protection term insurance premiums are likely to see a spike yet again in December.
- This time, the jump is likely to be between 25-45 percent on the back of rising reinsurance rates in the global market, say industry watchers. The absolute rate rise could be stark given the low term insurance rates that the country has enjoyed for the last 10 years.
- This time round, too, the pandemic-driven higher death rate is the culprit.
- If you need additional term insurance cover, you should not delay the purchase any further.

⇒ **New guidelines for mutual fund employees when directly investing in securities**

- SEBI had come out with a new framework for investment and trading in securities for employees of Asset Management Companies (AMCs) and trustees of mutual funds.
- The employees, board members of AMCs and board members of trustees, including access persons, cannot take undue advantage of any sensitive information that they may have about any company or its securities or about AMCs' schemes or their units.
- The new framework will apply from December 1, 2021. All employees will refrain from profiting from the purchase and sale of any security within 30 calendar days in a personal trading account.



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