



**JALANDHAR BRANCH OF NIRC OF
THE INSTITUTE OF CHARTERED
ACCOUNTANTS OF INDIA**
(SET UP BY AN ACT OF PARLIAMENT)




MARCH 2025

CHARTERED ACCOUNTANTS



E-NEWSLETTER

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MANAGING COMMITTEE 2025-2026
OFFICE BEARERS OF THE
JALANDHAR BRANCH OF NIRC OF ICAI
FOR THE YEAR 2025-2026



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CHAIRMAN



CA. VIVEK PARTI
VICE CHAIRMAN



CA. ABHINAV VIJH
SECRETARY



CA. ANKUR GOEL
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CA. GAGANDEEP SINGH
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CA. BHUPINDER SALUJA
EXECUTIVE MEMBER



CA. RISHAB AGGARWAL
EXECUTIVE MEMBER



CA. NAVYA MALHOTRA
EX-OFFICIO & MEMBER NIRC

"Individually, we are one drop. Together, we are an ocean."



CHAIRMAN'S MESSAGE

CA. PUNEET OBEROI

Respected Members,

At the outset, I thank all of you for giving me the opportunity to serve the branch as Chairman 2025-26. I have a deep sense of gratitude and responsibility towards the members and the branch and I assure you that with the help of six other executive members and ex-officio, I will put the best efforts possible.

We took the charge on 1st March, 2025 and immediately along with taking charge and control of activities, events for the month of March were lined up. Taking stock of the records, instructions and works of the building was an important task and had to be completed in a jiffy. We all are putting our best efforts to complete the dream project of our building at the earliest.

In this tenure our focus will be to provide the best training and education for our members which will empower them for more opportunities. I really feel we have to organise things in a different way and format so that the seminars/ workshops are more practical oriented. Our branch is also a cohesive family and we look forward to organizing some events where our members and their families can also be integrated.

As I am writing this message, we would have already experienced the opportunity to welcome our worthy President and Vice President to our branch on 3rd April, 2025. Listening to our torch bearers is always exciting and thought provoking.

We are also compiling up data for online members directory. This newsletter shall be released every month with constant improvements.

We are soon launching a special program on effective public speaking with the title "**SPEECH CRAFT**". Further, in the last week of May and in June, we will be holding **DISA classes**. We are also finalising Certificate Course on Concurrent Audit, Certificate course in AI and many more projects and events. Soon we will be finalising various committees to effectively work in desired direction.

At the last I would urge you to kindly make payment of voluntary annual payments at the earliest opportunity. Further, would like to seek the help of our members in more contribution to CA Benevolent Fund. All this will not only help us to work on more effective seminars but also provide social security to members and their families in distress.

Jai Hind! Jai ICAI!

Warm Regards
CA PUNEET OBEROI
Chairman- Jalandhar Branch of
NIRC of ICAI



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EDITOR'S NOTE

Dear Esteemed Members,

It is with immense gratitude and a deep sense of responsibility that I step into the role of Editor of our monthly e-newsletter for the Jalandhar Branch of NIRC of ICAI.

This platform is more than just a summary of events — it is a celebration of our shared professional values, a chronicle of our collective achievements and a space to foster knowledge, innovation and unity within the CA fraternity. As members of one of the most respected accounting bodies in the world, we carry forward a legacy of integrity, excellence and continuous professional development. This newsletter aims to mirror that legacy.

Each edition will seek to spotlight not only the dynamic activities of our branch but also the dedication, resilience and leadership that define our profession. Whether it's embracing new regulations, navigating technological shifts or strengthening ethical practices we aim to keep you informed, engaged and inspired.

As we work to make each issue more meaningful and relevant, I wholeheartedly invite your **suggestions, feedback and contributions** — be it articles, ideas, success stories or professional insights. Your participation will help shape a vibrant publication that truly echoes the spirit of our members. I highly appreciate the contribution of my fellow professional **CA Saurabh Aggarwal** for his great expertise and guidance throughout and congratulate him on being co-opted as Member of Newsletter Committee, Jalandhar Branch of NIRC of ICAI.

Let this be a collaborative journey — where every voice counts and every update brings us one step closer to our shared goals.

With warm regards and professional commitment,

CA Gurpreet Kaur
Editor — Newsletter Committee
Jalandhar Branch of NIRC of ICAI





FROM THE DESK OF THE SECRETARY

CA. ABHINAV VIJH

Dear Esteemed Members

It is with immense pride and a deep sense of gratitude that I address you through this edition of our monthly e-newsletter as the newly elected Secretary of the Jalandhar Branch of NIRC of ICAI. It is a privilege and honour to be entrusted with this role, and I am sincerely thankful to the members for reposing their faith and elevating me to this position. I assure you that I shall strive to serve our fraternity with dedication, enthusiasm, and a commitment to furthering the professional excellence that defines our branch.

We are delighted to relaunch the monthly e-newsletter, a vital communication bridge between the branch and our members. This platform serves not only to keep our members updated with the activities of the branch but also to foster engagement, share knowledge, and celebrate our collective achievements. Through this initiative, we aim to ensure that each member remains informed about our upcoming programs and remains an active part of our vibrant ICAI community.

At the outset, I extend my warmest greetings and best wishes for a prosperous and successful Financial Year 2025–26. May this new year bring renewed energy, new beginnings, and abundant opportunities for personal and professional growth to all our members and students.

The newly reconstituted Managing Committee, within just one month of its formation, has proactively conducted a series of impactful programs for the benefit of members. We began with a seminar on **International Women's Day**, organized on 8th March 2025, which witnessed enthusiastic participation from both women and men members. The seminar was not only a celebration of womanhood but also a reaffirmation of our commitment to promoting gender equity and empowerment within the profession. Through insightful discussions and motivational sessions by **Life Coach Ms. Tarveen Kaur, CA Rshmi Khetrpal and Guest of Honour Ms. Darvir Raj Kaur, Deputy Commissioner State GST Department**, we aimed to inspire our women members to take on leadership roles and to acknowledge their invaluable contributions to the profession. Also, live sessions with **CA Aastha Sharma and CA Geetika Gupta**, sharing their life journey and providing inspiration to young CA Aspirants and members, were conducted.



Continuing the momentum, the branch successfully hosted the **Annual Cricket Premier League** on 16th March 2025, one of the most eagerly awaited events of the year. The tournament brought with it a festive and carnival-like atmosphere, allowing members to step away from their busy professional routines and rejuvenate on the lush green fields. This year was even more special as, for the first time ever, women members actively participated in the league, showcasing their talent, enthusiasm, and team spirit.



Chairman's XI team won the final match among Men's team and **Team Assassins** won among the women's teams. This marks a proud milestone in our journey towards creating equal opportunities and inclusive platforms for all members.



As the financial year drew to a close, the bank branch audit season began in full swing. Recognizing the criticality of audit assignments and the responsibility they entail, the branch organized a Seminar on Bank Audits, featuring eminent faculty members who guided the participants on the latest auditing standards, practical insights, and statutory requirements. The session was well received and served as an empowering knowledge session to enable our members to carry out their assignments with diligence and regulatory compliance.



On the infrastructure front, we are pleased to share that the construction of our new branch building is progressing steadily. While some civil and interior work is still underway, and a few regulatory and administrative compliances remain pending,

we are committed to ensuring that the building is made operational at the earliest possible. The new premises will be a dedicated space for member development, student activities, and branch administration a space we all can be proud of.

To our dear members and budding professionals — I encourage each of you to continue your journey with integrity, passion, and a thirst for learning. The profession we are part of is one that commands respect, demands discipline, and offers limitless opportunities. Let us embrace change, support one another, and keep moving forward with positivity and purpose. Let us remember that growth begins when we step out of our comfort zones and commit to continuous improvement.



In closing, I once again thank all the members for your support, goodwill, and encouragement. I look forward to your active participation in all the programs and initiatives that the branch will be rolling out in the coming months. Together, let us make the Jalandhar Branch a beacon of excellence, innovation, and unity.

Warm Regards
CA ABHINAV VIJH
 Secretary Jalandhar Branch of
 NIRC of ICAI





SCOPE OF RECTIFICATION U/S 154 AT THE BEHEST OF AN AUDIT PARTY CA. JP BHATIA

1. Prologue

The provision pertaining to Rectification of mistake apparent from record finds a mention in a number of fiscal statutes that in principle deal with the imposition of liabilities arising out of the transactions entered into by the assessee. Article 265 of the Constitution clearly states that no tax, cess, fee or impost etc. imposing a burden on the assessee can be levied until and unless a clear intention to impose such a tax, fee or impost etc. clearly exists. The expression '*Rectification of mistake*' as the name suggest lays focus on a mistake apparent from record and the said mistake must also be capable of being rectified by any mechanism other than by way of a long driven process of investigation, analysis, exhaustive interpretation or elaboration which at the outset is discouraged as per judicial guidance available on the subject.

Key note:-

- The learned author in his write-up explores the possibility as to whether a rectification can be carried out by the designated authority at the instance of an audit party under section 154 of the Income Tax Act, 1961?
- He argues and contends that in light of the functions assigned to a designated authority under the law for rectifying a mistake apparent, encompasses and co-enjoins a duty to rectify a mistake on its own motion and such a decision cannot be influenced by any other authority including a superior authority constituted under the statute or a non-statutory authority likewise an audit party.
- Any rectification carried out at the behest of an audit party is a non-est action and until and unless the statutory provisions so govern, an action to rectify a mistake cannot be taken recourse to under the catena of a version pushed forward and endorsed by the audit party as to the interpretation of legal issues that emerges from the record of the case.

A mistake discovered or unearthed on the basis of an interpretation which can be extended to a statutory provision cannot be reckoned and understood to be a mistake apparent from record within the extended layer of section 154 of the Income Tax Act, 1961 (**Refer : CIT vs. Satyanarayan Bhalotia (1994) 74 Taxman 34 (Calcutta)**). A fundamental question arises as to when the Jurisdictional Assessing Officer (JAO) can exercise such a power and under what circumstances.

2. Whether rectification can be exercised at the instance of an authority other than the Jurisdictional Assessing Officer (JAO)

Section 154 provides for an exhaustive list of orders which can be rectified and that emanate from the record of the assessee itself. Since the power cannot be so stretched so as to extend its purview or enlarge its scope beyond the '*Record*' of the assessee itself, literally such a power has to be curtailed/exercised by the authority by referring to the record of assessee.

At the said juncture, it is of immense importance to highlight an observation of the Hon'ble Supreme Court of India to lay rest as to what factually constitutes a '*mistake*' which can be amended by following the course of action available under section 154. Hon'ble Supreme Court of India in **Satyanarayan Laxminarayan Hedge vs. Mallikarjun Bhavanappa Tirumale AIR 1960 SC 13** categorically observed that '*A mistake apparent on the record must be an obvious and patent mistake*'. However it is not each and



mistake committed by the authority in passing of the impugned order which can be rectified by following the due process of law under section 154 (***Nirmaladyog vs. CIT (1999) 102 Taxman 666 (MP)***). Rectification can only be made when glaring mistake of fact or of law has been committed by the officer passing the order and is apparent from record of the case. The word 'Record' does not mean that only the order of assessment signed, sealed and delivered to the assessee would legalize such an action, but all proceedings on the basis of which the assessment order is based and the assessing authority is also entitled to look into the entire chain of evidence in consonance with the law applicable to ascertain whether there is an error apparent on record or not. However perusal/reference to documents outside the record and the law is wholly impermissible and cannot be taken recourse to while applying the provisions of section 154 (***Refer CIT vs. Keshri Metal Private Limited (1999) 104 Taxman 360 (SC)***).

Hon'ble Supreme Court of India in ***Indian & Eastern Newspaper Society vs. Commissioner of Income Tax (1979) 119 ITR 996 : (1979) 12 CTR 190 : (1979) 2 Taxman 197*** was confronted with a question as to whether a view expressed by an internal audit party of the Income Tax department on a question of law can be regarded as 'Information' for the purpose of initiating action under section 147(b) of the Income Tax Act, 1961. Answering the question enlisted before the Hon'ble Bench for its benign consideration, it was categorically settled in favour of assessee that opinion of an internal audit party on a point of law cannot be regarded or equated with some information in respect of which a purported action under the aegis of reopening of assessment can be initiated/taken. On similar note, the internal audit party has no statutory role to play touching upon the framing of an assessment as well. The actions of the audit party can at

the most be conceived to carry along with it persuasive value and any opinion by such party cannot be understood to promote the actions of the assessing authority in making suitable amendments/rectification to the assessments already framed under the Income Tax Act, 1961. The logic behind such an assertion can be broadly understood in light of the fact that where any factual situation requires a long driven reasoning to altogether change the fundamental nature of the order passed by assessing authority, it is to be equated with a review and under the umbrella of a review, rectification cannot be taken a route thereto with the intent to unleash the burden of taxes on the subject amenable to assessment as a whole.

Over a considerable period of time, courts have settled that if any such measure in nature of a rectification is to be triggered, any superior authority including an audit party has no role to play in the so called exercise on a statutory or non-statutory basis. Any rectification which is carried out at the directive of an authority other than the authority statutorily required to invoke such proceedings is a *non-est* action and carries no legitimate value in the eyes of law (***ITO vs. Eastern Scales Private Limited (1978) 115 ITR 323 (Calcutta); Rajputana Mining Agencies vs. ITO (1979) 1 Taxman 99 (Rajasthan)***).

3. Whether a subsequent declaration of the law by the Hon'ble Supreme Court will constitute a mistake apparent from record ?

It must also be kept in mind that an interpretation extended to a particular legal provision by the Hon'ble Supreme Court of India is applicable not from the date of its order but on a retrospective basis i.e. ever since the so interpreted provision got embedded and incorporated in the statute. A school of thought can also be referred to i.e. a benevolent provision has to be read retrospectively in contrast with a malevolent/non-



beneficial provision which has to be given a prospective effect. Hon'ble ITAT Amritsar Bench in ***Kashmir Steel Rolling Mills vs. DCIT (2018) 195 TTJ 125 : (2018) 169 DTR 137*** settled that as below:-

"Once there is a binding decision by the Apex Court, any order by any Court subordinate to it inconsistent therewith would constitute a mistake rectifiable under section 154. This is as a mistake under section 154 includes a mistake of law, and a decision by the Apex Court declares the law under Article 141 of the Constitution of India."

In coming to the aforesaid conclusion, Hon'ble Bench was also guided by **Circular No.68 dated 17th November, 1971** issued by the Central Board of Direct Taxes. However, Hon'ble Calcutta High Court in ***Smriti Properties Private Limited vs. Settlement Commission (2005) 149 Taxman 386 (Calcutta)*** observed as below:-

"Income tax officials cannot, in the guise of rectification or review, recall earlier order on the strength of subsequent declaration of law by Supreme Court. Wrong application of law is not a mistake apparent from records and therefore it cannot be a mistake within the meaning of section 154."

Adding another pivotal dimension to the above, Hon'ble Allahabad High Court had observed that *"A subsequent declaration of law by the Apex Court would no doubt constitute existence of a mistake apparent from record but that declaration of law by the Apex Court should be available at the time when the proceedings for rectification had been initiated (Refer CIT vs. Himalaya Cold Storage & Iron Industries (2005) 147 Taxman 90 (Allahabad)).* Hon'ble Punjab & Haryana High Court altogether observed that overlooking of statutory provision is clearly a mistake apparent from record and on that basis rectification u/s 154 is clearly admissible **(Refer CIT vs. Steel Strips Limited (2011). 11 taxmann.com 361 : (2011) 200 Taxman 368 (P&HHC).**

Mere overlooking of a statutory provision by itself in the long run will not come to the aid of the assessing authority as the same at the most can be construed as a source of review which is not permissible under the guise of rectification. In case such a course of action is adopted by the revenue in each and every case, it would be merely impossible to reach a final consensus as to the passing of the order which will be amenable to rectification for years altogether. The ratio of the decision of Hon'ble Allahabad High Court in ***Himalaya Cold Storage (supra)*** undisputedly inspires a leg of confidence that also suggests existence of the subsequent declaration of law by the Hon'ble Supreme Court at the time when rectification proceedings are initiated under section 154 of the Act.

4.Epilogue

In light of the provisions enshrined in subsection (2) of section 154 of the Income Tax Act, 1961, it can be safely concluded that any purported action undertaken by the revenue on its own motion must not be influenced, regulated or determined at the instance of another authority having literally has no role to play in such an exercise. It will not be out of sight to refer to the decision of Hon'ble Delhi High Court in ***Ambarnuj Finance and Investment Private Limited vs. DCIT (2023) 291 Taxman 378 / (2022) 145 taxmann.com 640 (Delhi)*** wherein it has been held that action of the Assessing Officer acting upon the audit party's objection is not sustainable and cannot form the basis for rectifying the assessment order under section 154 thus impugned rectification at the behest of an audit party was unjustified.

Warm Regards
CA JP BHATIA





TAXATION OF REGISTERED CHARITABLE SOCIETIES AND TRUSTS

CA ANKISH GANDHI

Understanding Accumulation of Income Exceeding 15% Under Indian Tax Laws

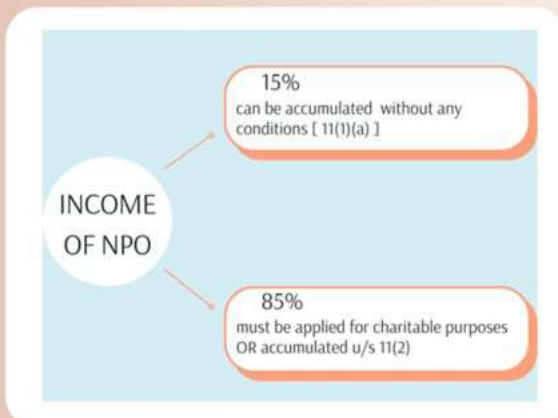
Income tax provisions for charitable organizations require detailed understanding, particularly regarding income accumulation exceeding 15%. With the upcoming Income Tax Bill 2025 aiming to streamline these provisions, tax professionals need to stay updated with both legislative changes and judicial interpretations.

Understanding the Tax Framework for NPOs

Non-Profit Organizations in India operate as extended arms of the government, delivering public services across various sectors. The Income Tax Act provides tax exemptions subject to specific conditions. The proposed Income Tax Bill 2025 consolidates all NPO-related provisions into a single chapter, reducing complexity and enhancing clarity.

The 85% Application Rule and Accumulation Provisions

The cornerstone of NPO taxation is the requirement that organizations must apply 85% of their income for charitable purposes to remain tax-exempt. Section 11(1)(a) permits 15% of income to be accumulated without conditions, while Section 11(2) provides flexibility for accumulating beyond this threshold.



Essential Conditions for Valid Accumulation Under Section 11(2)

For accumulation beyond 15% to be valid and tax-exempt, three conditions must be met:

ACCUMULATION UNDER SECTION 11(2)

FILE FORM 10	INVEST PROPERLY	SPECIFY PURPOSE
<ul style="list-style-type: none">• Submit atleast 2 months prior to Tax Filing Deadline	<ul style="list-style-type: none">• Invest Strictly in modes specified u/s 11(5)	<ul style="list-style-type: none">• Clearly state the purpose aligned with Objects of Institution

The Specificity Requirement: Judicial Interpretations

A significant debate concerns whether the purpose stated in Form 10 can be generic or must be specific:

JUDICIAL INTERPRETATIONS ON PURPOSE FOR FORM-10

✓ Specific Purpose	✗ General Purposes
<u>Calcutta & Madras High Courts</u>	<u>Delhi, Karnataka, Punjab & Haryana, Gujarat, AP & Telangana High Courts</u>
Purpose for which accumulation is sought must be clearly and specifically mentioned in Form-10. Eg. "Medical Purposes" will not suffice instead "Construction of Hospital at ABC" is the need of Statute.	General Reference to Registered objects is adequate, if supported by evidence.

Consequences of Non-Compliance

Failure to comply with Sections 11(2) and 11(5) can lead to:



TAXATION OF REGISTERED CHARITABLE SOCIETIES AND TRUSTS

1. Taxation under Section 11(3): The accumulated amount becomes taxable in the year of default if:

- o Funds are used for purposes other than specified
- o Investments are made in non-prescribed modes
- o Funds are not utilized within the specified time
- o Funds are paid to other registered entities

2. Penalty under Section 115BBI:

Taxed at a flat 30% rate without slab benefits

3. Possible Registration Cancellation:

Persistent violations may lead to proceedings under Section 12AB(4)

Practical Guidelines for Tax Practitioners

Based on judicial interpretations, tax practitioners should ensure:

1. Form 10 demonstrates concrete plans rather than general objects
2. Purpose mentions specific projects and expenditures
3. Accumulation period is reasonably justified
4. Trust deed contains investment clauses to avoid ultra vires activities

Common Pitfalls to Avoid



Impact of Income Tax Bill 2025

Based on judicial interpretations, tax practitioners should ensure:

1. Form 10 demonstrates concrete plans rather than general objects
2. Purpose mentions specific projects and expenditures
3. Accumulation period is reasonably justified

4. Trust deed contains investment clauses to avoid ultra vires activities

Key Note:

- Charitable trusts must apply at least 85% of their income towards charitable purposes to remain tax-exempt; only 15% can be accumulated unconditionally under Section 11(1)(a).
- Accumulation beyond 15% is permitted under Section 11(2) but only if specific conditions are met — including filing Form 10 with clear, project-specific purposes and compliance with investment norms under Section 11(5).
- Non-compliance (e.g., vague Form 10 declarations, misuse of funds, or delayed utilization) can trigger taxation under Section 11(3), a 30% penalty under Section 115BBI, and even registration cancellation under Section 12AB(4).
- The Income Tax Bill 2025 proposes to consolidate and simplify tax provisions for NPOs by grouping them under a single chapter and standardizing the term “registered non-profit organization.”
- Tax professionals must ensure detailed planning, proper documentation, and compliance, as judicial interpretations increasingly demand specificity in accumulation declarations and trust operations.

Conclusion

Accumulation provisions provide valuable flexibility for NPOs planning larger projects, but come with strict compliance requirements. Courts expect NPOs to articulate specific purposes beyond general objectives. As the tax landscape evolves with the proposed Income Tax Bill 2025, practitioners must continuously update their knowledge to effectively serve this sector that bridges crucial gaps in public service delivery.

Warm Regards
CA Ankish Gandhi





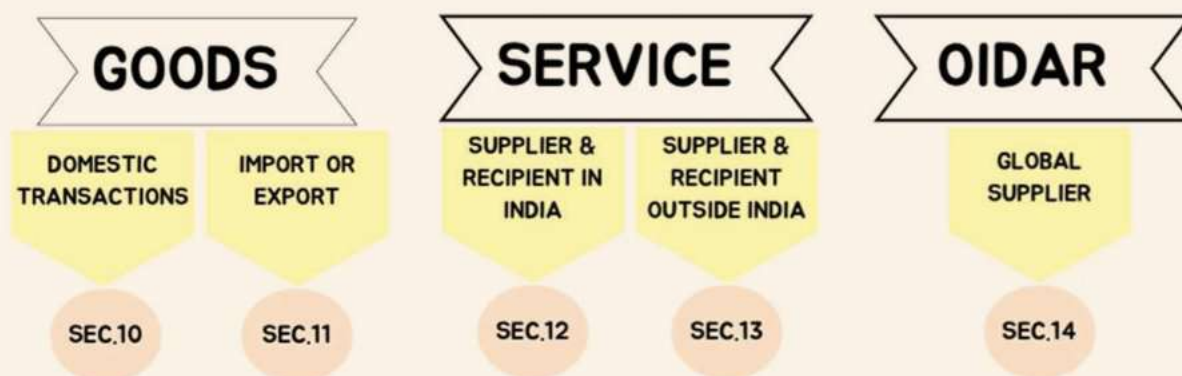
PLACE OF SUPPLY UNDER IGST

CA MAHESH PARMAR

Place of Supply under GST determines whether a supply is intra-state or inter-state, impacting the applicable tax (CGST & SGST or IGST).

Sections 10 to 14 of the IGST Act, 2017, cover the place of supply for goods and services based on factors like delivery location, recipient's address, or nature of service.

Section 14 specifically deals with the determination of place of supply in case of online information and database access or retrieval (OIDAR) services. Accurate determination ensures correct tax compliance and avoids legal issues.



Section	Applicability	Example	Place of Supply
10(1)(a)	Supply involves movement of goods	Goods delivered to a customer in a different city	Location where goods are delivered
10(1)(b)	Third-party involvement during delivery	Seller ships goods to a client on behalf of another buyer	Principal place of business of third-party buyer
10(1)(c)	Supply without movement of goods	Furniture purchased from a store and taken directly by the buyer	Location of goods at delivery time
10(1)(d)	Assembly or installation at site	Machinery installed at the buyer's factory	Place of installation
10(1)(e)	Supply on board a conveyance	Snacks sold on an airplane	Location where goods are boarded
11(a)	Import of goods	Goods imported from the US	Location of the importer in India
11(b)	Export of goods	Goods exported to Germany	Location outside India
12(2)(a)	Services to registered persons	IT services provided to a registered business	Location of the registered recipient
12(2)(b)	Services to unregistered persons	Interior design service for an individual	Address on record, or location of the supplier



PLACE OF SUPPLY UNDER IGST

Section	Applicability	Example	Place of Supply
12(3)	Services related to immovable property	Hotel accommodation	Location of the property
12(4)	Restaurant and catering services	Food catering for an event	Location where the service is performed
12(5)	Admission to events	Concert tickets	Location of the event
12(6)	Services involving multiple locations	An exhibition spanning multiple states	Locations in the taxable territory
12(7)	Telecommunication services	Mobile recharge for a customer	Billing address or supplier's location
12(8)	Transportation of goods	Shipping goods from India to Singapore	Destination of goods
12(9)	Passenger transportation	Flight from Delhi to Mumbai	Place where the passenger starts the journey
12(10)	Services on board conveyance	Wi-Fi on a train	First scheduled point of departure
12(11)	Banking, stockbroking, and similar services	Bank account maintenance	Customer's address on record
12(12)	Insurance services	Life insurance for an individual	Recipient's address on record
12(14)	Advertising services to governments	National campaign with ads in different states	States/UTs as per contract
13(2)	General rule for cross-border services	Software consultancy to a US client	Location of recipient (or supplier if unknown)
13(3)	Performance-based services	Repairs on machinery sent to India temporarily	Location where service is performed
13(4)	Immovable property-related services	Architect services for a US property	Location of the immovable property
13(5)	Admission to international events	Entry to a global conference	Place where the event is held
13(6)	Services related to hiring transport (except aircraft/vessels) for more than 1 month	Leasing a car for personal use in the US	Location of the supplier
13(7)	Services related to aircraft or vessels	Maintenance of a vessel hired for international shipping	Place where the vessel/aircraft is located



PLACE OF SUPPLY UNDER IGST

Section	Applicability	Example	Place of Supply
13(8)(a)	Intermediary services	Commission earned by a broker for facilitating a deal between two parties abroad	Location of the supplier
13(8)(b)	Service by way of hiring means of transport for short-term use	Renting a luxury car for 2 days in Dubai	Location of the supplier
13(8)(c)	Performance-based services relating to artistic or sporting activities	Fees earned by an artist performing in a foreign event	Place where the activity is performed
13(9)	Services provided by online information and database access or retrieval (OIDAR)	Subscription to an online streaming platform	Location of the recipient
13(10)	Services provided to Government entities for government purposes	IT consultancy services provided to the US Government	Location of the recipient government entity
13(11)	Services provided to an unregistered person located outside India	Legal services provided to a non-resident	Location of the recipient
13(12)	Banking, financial services including stockbroking	Opening a non-resident's savings account	Location of the supplier
13(13)	Insurance services	General insurance for international shipping	Location of the registered vessel/aircraft
14(1)	OIDAR services provided by a supplier outside India to a non-taxable online recipient	Subscription to a foreign e-book service	Location of the recipient
14(2)	Registration requirements for the supplier to pay integrated tax	A foreign streaming service provider	Supplier to register under Simplified Scheme

Key Points:

* For OIDAR services, the supplier is liable to pay IGST even if located outside India.

* Simplified registration schemes ensure compliance without physical presence in the taxable territory.

Warm Regards
CA Mahesh Parmar





GST REFUND: A COMPLETE GUIDE

CA GOURAV CHHABRA

Goods and Services Tax (GST) in India allows taxpayers to claim refunds under various circumstances. Understanding the refund process is crucial for businesses to optimize cash flow and ensure compliance. This article provides a detailed guide on GST refunds, including eligibility, application procedures, and timelines.

1. What is a GST Refund?

A GST refund is a process through which businesses or individuals can claim back excess GST paid due to various reasons, such as tax accumulation on exports, inverted duty structures, or mistaken payments.

2. Situations Where GST Refund Can Be Claimed

A GST refund can be claimed under the following circumstances:

a) Excess Input Tax Credit (ITC)

When input tax credit is higher than the output tax liability due to an inverted duty structure (i.e., tax rate on inputs is higher than on output supplies).

b) Export of Goods or Services

Exports are considered 'zero-rated supplies,' meaning businesses can claim a refund on input taxes paid. The refund can be claimed either by:
Paying IGST on exports and claiming a refund later.
Exporting under a Letter of Undertaking (LUT) without paying IGST and claiming a refund of ITC

c) Tax Paid on Deemed Exports

Supplies notified as deemed exports (e.g., supplies to SEZ units) are eligible for a GST refund

d) Excess Cash Balance in Electronic Cash Ledger

If a taxpayer has excess cash deposited in the electronic cash ledger, it can be claimed as a refund

e) Wrong Tax Payment (Wrong GST Head or Duplicate Payment)

If GST is mistakenly paid under the wrong head (CGST instead of SGST, etc.), a refund can be claimed.

f) Refund Arising from Court Orders or Government Notifications

If GST is reduced or exempted retrospectively, businesses can claim refunds for the excess tax paid.

3. GST Refund Process: Step-by-Step

Step 1	Step 2
<ul style="list-style-type: none">* Filing Refund Application (Form GST RFD-01)* Log in to the GST portal (www.gst.gov.in).* Navigate to 'Services' + 'Refunds' + 'Application for Refund'.* Select the appropriate refund type and fill in the details.* Upload necessary documents, such as invoices, shipping bills (for exports), and tax payment proof.	<ul style="list-style-type: none">* ARN Generation and Acknowledgment* After submission, an Application Reference Number (ARN) is generated.* The GST officer reviews the application and may request additional information.
Step 3	Step 4
<ul style="list-style-type: none">* Processing of Refund Application* If no deficiencies are found, the refund is processed within 60 days from the application date.* If there are issues, the officer may issue Form GST RFD-03 to seek clarification.	<ul style="list-style-type: none">* Refund Sanction and Payment* If approved, the refund amount is credited to the taxpayer's bank account.* The final order for sanction is issued in Form GST RFD-06.

4. Time Limit for Claiming GST Refund

The refund application must be filed within two years from the relevant date, which varies based on the refund type.

5. Documents Required for GST Refund

- ❖ GST RFD-01 application form.
- ❖ Tax invoices and proof of payment.
- ❖ Export invoices and shipping bills (for export refunds).
- ❖ Bank account details for refund processing.
- ❖ Any additional documents required by the GST officer.

6. Common Issues and Challenges in GST Refunds

- ❖ Delays in Processing: Refunds may take longer due to scrutiny or verification by GST authorities.
- ❖ Document Deficiencies: Incorrect or missing documents can lead to rejection.
- ❖ Mismatch in Data: Discrepancies between GSTR-1, GSTR-3B, and refund claims may cause rejection.

7. Conclusion

GST refunds help businesses manage their working capital efficiently. A clear understanding of refund eligibility, documentation, and the application process can ensure smooth refunds with minimal delays. Staying compliant with GST rules and maintaining accurate records is key to avoiding refund-related complications.

Warm Regards
CA Gourav Chhabra





LATEST CHANGES IN PARTNER REMUNERATION & INTRODUCTION OF TDS SECTION 194T FROM FY 2025-26

CA. MOHIT CHOPRA

A Game-Changer for Partnership Firms & LLPs!

The Finance Bill (No.2) 2024 has brought impactful changes for partnership firms and LLPs, effective from April 1, 2025. Let's dive into these updates to keep your practice compliant and profitable!

New Limits on Partner Remuneration (Section 40(b))

Partner remuneration norms have undergone a transformation! Here's the fresh take:

For the first ₹6,00,000 of book profit or in case of loss:	On the balance of the book profit:
90% of the book profit or ₹3,00,000— whichever is higher.	60% of the remaining amount.

Quick Example:

If your firm's book profit is ₹6,50,000—
90% of ₹6,00,000 = ₹5,40,000
60% of the remaining ₹50,000 = ₹30,000
Total Allowable Remuneration = ₹5,70,000

Takeaway: This change offers increased flexibility in rewarding partners while ensuring tax compliance.

TDS on Payments to Partners (Section 194T) - A New Compliance Horizon!

Introducing Section 194T, a fresh TDS provision, effective from April 1, 2025:

- Payments Covered: Salary, commission, bonus, interest, or any other remuneration to partners.
- Threshold Limit: Exceeding ₹20,000 in a financial year.
- TDS Rate: 10% on amounts exceeding the threshold.
- When to Deduct:
 - On credit to the partner's account
 - OR payment, whichever is earlier.

Compliance Checklist for Firms:

- TAN Registration: Ensure you have a valid TAN.
- Timely Deduction & Deposit: Deduct and deposit TDS on time to avoid penalties.
- Quarterly TDS Returns: File returns accurately.
- Form 16A Issuance: Provide TDS certificates to partners.

Real-World Impact

- Increased Compliance: More documentation, timely deposits, and return filing.
- Cash Flow Management: TDS deductions may influence cash availability.
- Partnership Deed Updates: Align the deed with revised norms to avoid disputes.

What's Next for You?

- Review your partnership agreements
- Ensure seamless TDS compliance
- Train your finance team for timely deductions and filings
- Consult your tax advisor for optimized tax planning

Bottom Line:

The landscape for partnership firms and LLPs is evolving. Stay ahead with a proactive approach to compliance and financial planning!

Warm Regards
CA Mohit Chopra





CREDIT NOTE IN GST

CA VARUN CHADHA

A credit note is a document given by one party to another mentioning that the sender credits the other party's account in his books. During the course of trade or commerce, after the invoice has been issued there could be situation like:

- The supplier has erroneously declared a value which is more than the actual value of the goods or services provided.
 - The supplier has erroneously declared a higher tax rate
 - The quantity received by the recipient is less than what has been declared in the tax invoice.
 - The quality of the goods or services or both supplied is not to the satisfaction of the recipient.
- The credit note is therefore a convenient and legal method by which the value of the goods or services in the original tax invoice can be amended or revised. Section 34 of CGST Act, 2017 deals with Credit notes

Bare Act Section 34

(1) Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed.

(2) Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than the thirtieth day of November following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed : Provided that no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.

So as per above bare act language, it is clear that a taxable person can issue credit note with GST in case of supplies made by him. Recipient is not supposed to or required to issue corresponding debit notes with GST. The provisions are applicable only to credit note with GST implications but not applicable to financial/commercial credit note without GST . Thus financial credit notes without GST Can be issued as per normal business practices.

Credit note with GST can't be issued on account of renegotiation of prices after supply, if price is reduced. Further, credit note with GST should not be issued for Bad debts.

One credit note for multiple tax invoices and multiple credit note for one tax invoice is permissible. However, credit note should not cover tax invoices in multiple financial years.

E-INVOICING MANDATORY FOR CREDIT NOTES

Its mandatory for taxpayers to generate credit notes through e-invoicing portal if they fall under mandatory generating E-Invoices.

Taxpayers having turnover of Rs.5.00Crore or above in any financial year from 2017-18 need to generate e-invoices of credit notes from 1st August 2023 as per CBIC 6th phase of e-invoicing

E Way bill requirements for CREDIT NOTES

In the GST regime, an E-Way bill (Electronic Way Bill) needs to be generated on the GST portal – ewaybillgst.gov.in when goods of Rs. 50,000 or more are being transported from one place to another. In case of return of goods involved in credit notes, E way bill is mandatory requirement as per E way Guidelines.

How to generate an E-Way Bill when the goods are rejected by the recipient:

CASE I: The goods are in the warehouse of the transporter and are rejected by the recipient event before receiving them. Here, the goods will have to be transported back to the supplier's godown.



• **Situation A):** If the transporter is generating the e-way bill in case of sale return from his location till the supplier's location then he can mention URP as GSTIN of the supplier and the dispatch address will be his own godown location.

• **Situation B):** If the supplier is generating the e-way bill in case of 'sales return' from transporter's location to his own location, then he can mention either transporter's GSTIN or URP in the supplier GSTIN column and the 'dispatch address' will be of transporter's location.

NOTE: As an inward E-way bill, the recipient's GSTIN and address will always be of the supplier in all the cases.

Case II: The goods have reached the recipient and then they get rejected due to say some damage or 'faulty products received' or some 'other consignment is received' mistakenly. In this case, the goods again have to be transported back to the supplier.

• Now, if the supplier is generating the e-way bill from the recipient's location to his own location so in this case, need to mention Supplier GSTIN and address of the buyer.

• In both these cases (I and II), a delivery challan has to be issued. The delivery challan is issued for sales return and it does not get reflected in GSTR 1.

• A delivery challan is a document which is issued for transporting goods from one place to another when the transaction is not considered as a 'supply'.

• NOTE: As an inward E-way bill, the recipient's GSTIN and address will always be of the supplier in all the cases.

The person who issues a credit note in relation to a supply of goods or services or both must declare the details of such credit note in the return for the month during which such credit note has been issued but not later than November following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier.

AMENDMENT IN CREDIT NOTES AS PER BUDGET 2025-GST rules for credit notes tightened to stop leakage. In Budget 2025, a significant change is introduced regarding the treatment of credit notes under GST, shifting the responsibility of input tax credit (ITC) reversal to suppliers. This amendment raises significant compliance concerns for businesses and necessitates a reassessment of ITC reconciliation strategies to avoid penalties and disputes.

Before Amendment-Suppliers could reduce their output tax liability upon issuing a credit note, irrespective of whether the recipient had reversed the corresponding ITC.

After Amendment-Suppliers can only adjust their output tax liability if the recipient has appropriately reversed the corresponding ITC.

The bare Finance Bill 2025 amends section 34 (2) of the Central Goods and Services Tax Act, by substituting its proviso, namely:—

"Provided that no reduction in output tax liability of the supplier shall be permitted, if the—

- (i) input tax credit as is attributable to such a credit note, if availed, has not been reversed by the recipient, where such recipient is a registered person; or
- (ii) incidence of tax on such supply has been passed on to any other person, in other cases."

IMS Impacting Tax Liabilities with Credit Notes -

With the implementation of IMS, the workflow for handling credit notes shifts dramatically.

• Recipients must either 'Accept' or 'Reject' any credit note. They cannot ignore or select 'Pending' status. ITC reversal is automated and compliant with GST regulations.

• With IMS, now Real-Time Notification of Credit Note will flow from Supplier to Buyer.

• Buyer can immediately reject Credit Note through IMS. This prevents the credit note from appearing in their GSTR-2B and impacting their GSTR-3B filing. Since the credit note is rejected at the source, there is:

➤ No reduction in ITC in Table 4A(5) of GSTR-3B.

➤ No need for manual reversal in Table 4B(2)

• Once this credit note is rejected by Buyer, its impact will automatically be seen in auto-generated GSTR-3B of the supplier resulting in increasing his tax liability as if this credit note was not issued by him.

There are challenges that businesses face due to these automatic adjustments in credit notes as below-

• Regular Monitoring required: While using the IMS facility on the GST portal is beneficial, businesses must establish internal processes to regularly monitor and take appropriate actions (accept/reject) on their IMS dashboard for proper ITC management.

• Staff Training Required: Staff may require training to effectively utilise the new system.

Disclaimer: The article is for educational purposes only.

Warm Regards
CA Varun Chadha



Congratulations!

JANUARY 2025 EXAM INTERMEDIATE



SAMRIDHI PRABHAKAR
CITY RANK : 1
TOTAL MARKS :- 441



DIKSHA SHARMA
CITY RANK : 2
TOTAL MARKS :- 440



SHIVIKA RAKHEJA
CITY RANK : 3
TOTAL MARKS :- 432



AARUSHI SHARMA
CITY RANK : 4
TOTAL MARKS :- 416



PARAM GUPTA
CITY RANK : 5
TOTAL MARKS :- 414



GLIMPSES



TOPIC :- INTERNATIONAL WOMEN'S DAY CELEBRATION.
DAY & DATE:- SATURDAY, 08 MARCH 2025.
VENUE : HOTEL REGANT PARK,JALANDHAR

GLIMPSES



TOPIC :- CA'S CRICKET PREMIER LEAGUE 2025
DAY & DATE:- SUNDAY, 16 MARCH 2025.
VENUE : ROYAL STUMPS CRICKET ACADEMY, JALANDHAR



GLIMPSES



TOPIC :- BANK AUDIT SEMINAR
DAY & DATE:- THURSDAY, 27 MARCH 2025
VENUE : HOTEL BEST WESTERN PLUS, JALANDHAR



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