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# Our Leadership Speaks

## Rise of India in AI and Software Development

India is on a trajectory to become a dominant force in this arena, potentially overtaking current leaders in the near future, indicating a pivotal shift in the global software development landscape. This shift is not merely about the quantity of developers; it represents a significant economic transformation. The rapid growth of India's digital economy, coupled with the widespread adoption of AI tools enhancing developer productivity, is positioning the country as a pivotal player in driving global digital innovation.

The convergence of India's expanding developer workforce and its growing AI capabilities presents unprecedented opportunities for economic growth, both domestically and internationally. Central to this evolution is India's strategic focus on early coding education in local languages and the implementation of forward-thinking educational policies. These initiatives are nurturing a diverse new generation of tech talent, laying the groundwork for India's sustained leadership in software development.

From a financial standpoint, this transformation demands our strategic attention. The promotion of open-source development and the increasing adoption of AI tools across Indian enterprises are accelerating innovation and enhancing global competitiveness. As we navigate this changing landscape, it's crucial that we consider how to align our strategies, investments, and partnerships to leverage India's growing influence in the software development sector. By positioning ourselves effectively, we can capitalize on the immense value being created in the emerging global AI economy and ensure our continued success in an increasingly digital world.

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Reliefs from the 53rd GST Council Meeting



Never miss a date

July 7 <sup>th</sup> Due date for deposit of Tax deducted/collected for the month of June, 2024.	July 14 <sup>th</sup> Due date for deposit of TDS for the period April 2024 to June 2024 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H	July 15 <sup>th</sup> Due date for issue of TDS Certificate for tax deducted under Sections 194-IA, 194-IB, 194M and 194S in the month of May, 2024.	July 15 <sup>th</sup> Quarterly statement of TCS deposited for the quarter ending June 30, 2024
July 30 <sup>th</sup> Due date for furnishing of challan-cum-statement in respect of tax deducted under Sections 194-IA, 194-IB, 194M and 194S in the month of June, 2024.	July 30 <sup>th</sup> Quarterly TCS certificate in respect of tax collected by any person for the quarter ending June 30, 2024	July 31 <sup>st</sup> Quarterly statement of TDS deposited for the quarter ending June 30, 2024	July 31 <sup>st</sup> Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending June 30, 2024

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Trust at the core of every relationship





# ALL YOU NEED TO KNOW ABOUT – LANDMARK TAX RELIEF PROPOSALS FROM THE 53<sup>RD</sup> GST COUNCIL MEETING

In a significant move towards refining India’s Goods and Services Tax (GST) system, the GST Council convened its 53<sup>rd</sup> meeting on June 22, 2024. This pivotal gathering, coming after a hiatus of nearly eight months and following the formation of the new government, has put forth a series of comprehensive reforms aimed at streamlining the tax structure, enhancing compliance, and alleviating the financial burden on taxpayers.

The recommendations emerging from this meeting reflect a concerted effort to address longstanding concerns within the business community while also adapting the GST framework to evolving economic realities. From extending input tax credit timelines to introducing new technological interventions, the proposed changes span a wide spectrum of GST operations.

Let us delve into the key recommendations and decisions made during the 53<sup>rd</sup> GST Council meeting. We will explore the:

- proposed legislative changes
- clarifications on contentious issues
- modifications to compliance procedures and
- tax rate changes on various goods and services

As we unpack these recommendations, it’s important to note that while they signal the direction of future GST reforms, their implementation will require formal notifications, circulars, or amendments to the existing law. Nevertheless, these proposals offer valuable insights into the government’s vision for the next phase of GST evolution in India.

## A. Proposed Legislative Changes

### 1. Extension of Input Tax Credit (ITC) Timeline:

One of the most impactful changes proposed during the meeting is the extension of the Input Tax Credit (ITC) timeline for the fiscal years 2017-18 to 2020-21. The Council has proposed extending the time limit for availing ITC from FY 2017-18 to FY 2020-21 until November 30, 2021. This extension provides taxpayers with additional time to claim their eligible credits.

### 2. Conditional Waiver of Interest and Penalty:

For demand notices issued under Section 73 for FY 2017-18, 2018-19, and 2019-20, the Council has recommended waiving interest and/or penalty if the total tax amount is paid by March 31, 2025. This measure aims to encourage compliance and reduce the financial burden on taxpayers.

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**3. Reduction in Pre-deposit for Appeals:**

The Council has proposed reducing the pre-deposit amount for filing appeals:

- Before the Appellate Authority: Reduced to INR 20 crore for both CGST and SGST
- Before the GST Appellate Tribunal (GSTAT): Reduced from 20% to 10% with a maximum cap of INR 20 crore for both CGST and SGST

**4. Time Limit for Filing Appeals before GSTAT:**

The three-month period for filing appeals before GSTAT will commence from a date to be notified by the government.

**5. Interest Applicability on Delayed Return Filing:**

The Council has recommended excluding the amount available in the electronic cash ledger (ECL) when computing interest for delayed return filing.

**6. Monetary Limits for Departmental Appeals:**

New monetary limits for filing appeals by the department have been proposed:

- GSTAT: INR 20 lakhs
- High Court: INR 1 crore
- Supreme Court: INR 2 crores

**7. Sunset Clause for Anti-profiteering Applications:**

A sunset clause for anti-profiteering cases has been proposed, with April 1, 2025, as the sunset date for new applications. The hearing panel will be shifted to the principal bench of GSTAT.

**8. Extra Neutral Alcohol (ENA) Taxation:**

An amendment to the CGST Act will exclude ENA from GST when used to manufacture alcoholic liquor for human consumption.

**9. Reduction in Tax Collection at Source (TCS) Rate:**

The Council has proposed reducing the TCS rate to 0.5% (0.25% CGST + 0.25% SGST) for supplies made through e-commerce operators (ECOs).

**10. Refund Mechanism for Additional IGST:**

A mechanism will be prescribed for claiming a refund of additional IGST paid due to upward price revision after the export of goods.



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B. Clarificatory Changes

1. ITC Time Limit under Reverse Charge Mechanism (RCM):

The date of issuance of the self-invoice will be considered for determining the time limit for availing ITC on supplies received from unregistered suppliers under RCM.

2. Import of Services by Related Persons:

Clarification will be issued regarding the value of supply for import of services from related persons where full ITC is eligible.

3. Valuation of Corporate Guarantee Arrangements:

Rule 28(2) will not apply to export of services or cases where the recipient is eligible for full ITC.

4. Co-insurance and Reinsurance Commission:

Certain activities related to co-insurance premium apportionment and ceding re-insurance commission/premium will be deemed as 'no supply' under GST.

5. ITC Eligibility for Ducts and Manholes:

ITC will be eligible for ducts and manholes used in optical fiber cable networks.

6. Place of Supply for Custodial Services:

The place of supply for custodial services provided by banks to foreign portfolio investors (FPIs) will be the location of the FPI.

C. GST Compliance and Functionality Changes

1. Introduction of FORM GSTR-1A:

An optional facility (FORM GSTR-1A) will be introduced to enable taxpayers to amend details in FORM GSTR-1 and declare additional information before filing GSTR-3B.

2. Biometric-based Aadhaar Authentication:

Implementation of biometric-based Aadhaar authentication for registered applicants will be rolled out in phases across India.

3. Exemption from Annual Return Filing:

Taxpayers with an aggregate annual turnover of up to INR 2 crore will be exempted from filing the annual return (FORM GSTR-9/9A) for FY 2023-24.



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4. Reporting of B2C Supplies in GSTR-1:

The threshold for reporting B2C inter-state supplies invoice-wise in Table 5 of FORM GSTR-1 will be reduced from INR 2.5 lakh to INR 1 lakh.

5. Mandatory Filing of FORM GSTR-7 by ECOs:

ECOs will be required to file GSTR-7 every month, regardless of whether any tax has been deducted. No late fee will apply for delayed filing of nil GSTR-7 returns.

6. Extension of GSTR-4 Filing Deadline:

From FY 2024-25 onwards, the due date for filing GSTR-4 for composition taxpayers will be extended from April 30 to June 30 following the end of the financial year.

D. Rate Changes for Goods and Services

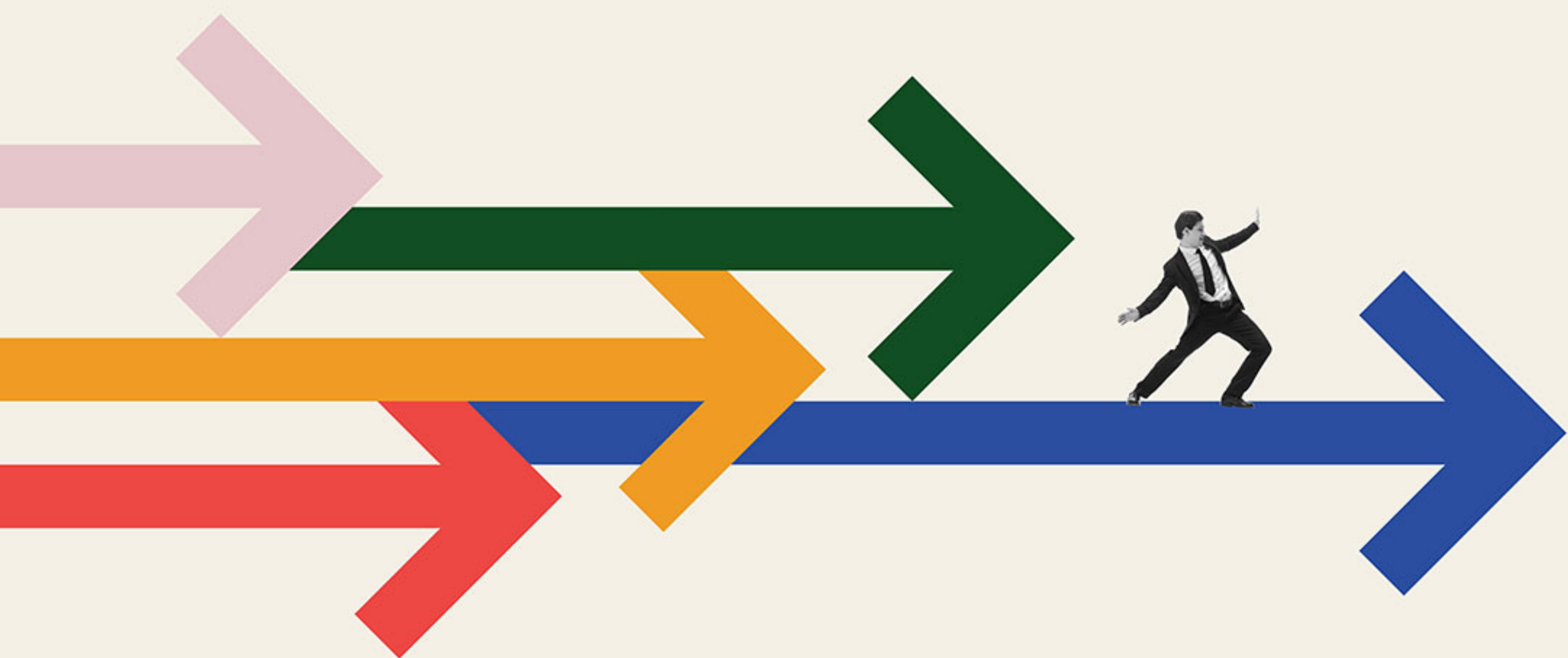
The Council has recommended several rate changes and clarifications for various goods and services, including:

- Uniform 12% GST on all milk cans
- Reduction in GST rate on cartons, boxes, and cases from 18% to 12%
- 12% GST rate on all solar cookers
- Uniform 12% rate on all types of sprinklers
- Extension of exemptions on imports of specified items for defence forces and research equipment
- Clarifications on GST rates for aircraft parts, components, and poultry-keeping machinery
- Exemptions on certain services provided by Indian Railways, accommodation services, and services by RERA

Conclusion

The 53rd GST Council meeting has introduced several taxpayer-friendly measures aimed at simplifying compliance, reducing litigation, and easing the financial burden on businesses. These recommendations, once implemented through notifications, circulars, or amendments to the law, are expected to enhance the ease of doing business in India. While some critical issues like the taxation of online gaming and rate rationalisation were deferred, they are likely to be addressed in the upcoming Council meeting scheduled for August 2024.





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