

FOCAL POINT

Newsletter from Raju and Prasad Chartered Accountants

January 2025

Volume 11, Issue 11

Dear Reader,

The Policy updates and Verdicts of Various High Courts are enclosed in this newsletter.

We would like to draw your attention to various important updates, including GST updates on Rectification of wrong ITC Demands, New Updates for Table 12 of GSTR-1 & 1A, Extension of Suspension of certain Commodities Derivatives Trading, Updates regarding Investor Awareness and withdrawal of Recognition granted to Indian Commodities Exchange Limited (ICEX). Various intriguing case laws on Direct and Indirect Taxes are also enclosed in the newsletter.

We are happy to inform all the readers that 10 CA students from our Hyderabad Office have become qualified Chartered Accountants in the month of December 2024. Our hearty congratulations and best wishes to all of them.

We wish all the readers a Happy New Year 2025.

Hope this issue will find you and your near & dear in good health. Be safe, and healthy

Regards

For Raju and Prasad

Chartered Accountants

Your Knowledge Partners

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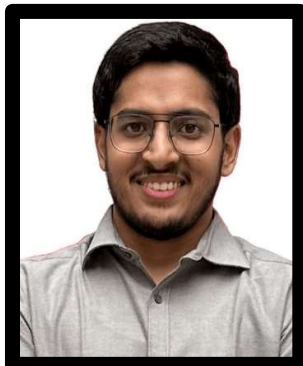
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"The only way to do great work is to love what you do."

- Steve Jobs

Steve Jobs was a visionary entrepreneur and co-founder of Apple Inc., whose innovative spirit revolutionized the technology industry.

Cheers to Our New Chartered Accountants!



VILEK BACHU



**DUGGINA BHARGAV
CHOWDARY**



S S N UDAY



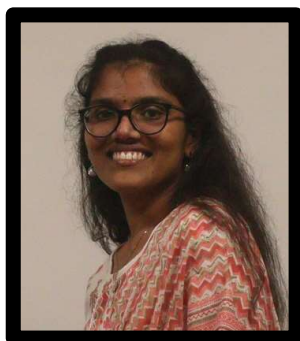
VAMSHI VUPPALA



**GANDHAM
MANJUNATH**



**KONDA PRAVEEN
REDDY**



**PULLURI
VANDANA**



**DONTHA SAI
BHAVANA**



**SHIVA
KOLICHELIMI**



MUDAM RAHUL

Policy Watch

GST

Rectification of ITC Demand Orders Now Enabled

7th January 2025

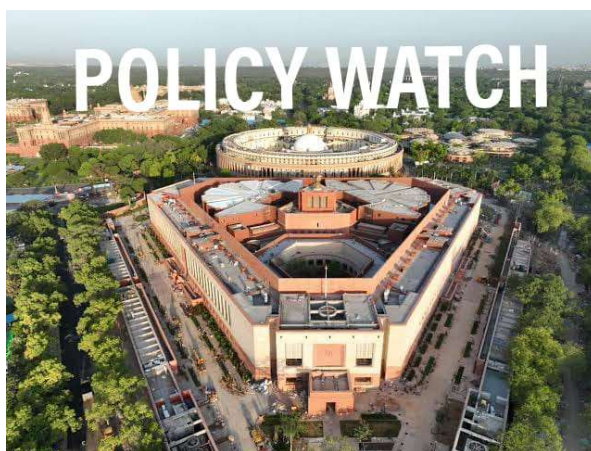
With reference to the Notification No. 22/2024-CT, issued on October 8, 2024, the rectification of ITC Demand Orders is now enabled. The Central Government has introduced a facility

for taxpayers to file applications for the rectification of demand orders related to wrong availment of Input Tax Credit (ITC). This provision

applies to cases where orders were issued for violations under sub-section (4) of section 16 of the CGST Act [A registered person cannot claim ITC for any invoice or debit note issued for the supply of goods or services after the 30th of November following the end of the financial year to which such

invoice or debit note pertains, or the date of furnishing the relevant annual return, whichever is earlier], but the ITC is now eligible as per the newly added sub-sections (5) and (6) of the same section.

A new feature has been activated on the GST portal to allow registered taxpayers to submit these rectification requests. To file an application, users can log in to the portal, navigate to Services > User Services > My Applications, select "Application for rectification of order", and click the **NEW APPLICATION** button.



Additionally, a proforma (Annexure A) in Word format, detailing the wrongly availed ITC demand order, must be uploaded.

For example, if a taxpayer wrongly availed ITC due to non-compliance with section 16(4) of the CGST Act, the GST authorities issued a demand order for reversal and payment of penalties. With the introduction of sub-sections (5) and (6) of section 16, ITC that is now valid

under these new provisions can be rectified.

Please click on:

https://tutorial.gst.gov.in/downloads/news/step_by_step_process_filing_rectification_application.pdf to view detailed step by step process on filing of rectification application.

<https://services.gst.gov.in/services/advisoryandreleased/read/568>

Implementation of mandatory mentioning of HSN codes in GSTR-1 & GSTR 1A

9th January 2025

The Central Government is rolling out Phase-III of the mandatory HSN (Harmonized System of Nomenclature) code implementation in GSTR-1 and GSTR-1A from the return period of January 2025. This phase follows the successful implementation of Phase-I and Phase-II

Under Phase-III, manual entry of HSN codes will be replaced by a dropdown menu, allowing taxpayers to select the correct HSN code. Additionally, Table 12 of GSTR-1 and GSTR-1A has been split into two distinct tabs: B2B

(Business-to-Business) and B2C (Business-to-Consumer) for separate reporting of supplies.

New validation measures have also been introduced to ensure that the values of supplies and the associated tax amounts are accurate. However, in the initial phase, these validations will operate in warning mode, meaning non-compliance will not prevent the filing of GSTR-1 and GSTR-1A.

For detailed guidance, taxpayers can view the advisory by clicking [here](#).

<https://services.gst.gov.in/services/advisoryandreleased/read/570>



INCOME TAX



Extension of Due Date for Filing Belated and Revised Returns for AY 2024-25

31st December 2024

The due date for filing belated returns under Section 139(4) and revised returns under Section 139(5) of the Income Tax Act, 1961 for the Assessment Year (AY) 2024-25, in the case of resident individuals, has been extended. The new deadline is 15th January 2025, an extension from the original due date of 31st December 2024.

For further details, please refer to CBDT Circular No. 21/2024 dated 31st December 2024.

<https://www.incometax.gov.in/iec/foportal/latest-news?year=2024>

SEBI



SEBI Extends suspension in trading in Commodities Derivative Contracts

18th December 2024

On December 19, 2021, SEBI directed stock exchanges with a commodities derivatives segment to suspend trading in derivative contracts for the following commodities until December 20, 2022:

1. Paddy (non-basmati)
2. Wheat
3. Chana
4. Mustard seeds and its derivatives (complex)
5. Soya bean and its derivatives (complex)
6. Crude Palm Oil
7. Moong

The suspension in trading for these contracts was subsequently extended twice, for one additional year each time, until December 20, 2023, and December 20, 2024, respectively.

In continuation of these directions, the suspension of trading in the above contracts has now been extended until January 31, 2025.

<https://www.sebi.gov.in/media-and-notifications/press-releases/dec->

[2024/sebi-issues-directions-to-stock-exchanges-in-commodities-derivative-segment_90043.html](https://sebi-issues-directions-to-stock-exchanges-in-commodities-derivative-segment_90043.html)

SEBI Investor Website and Saarthi App: Free Tools for Investor Awareness and Education

2nd January 2025

The Securities and Exchange Board of India (SEBI) has provided a suite of tools and resources on its official investor website to enhance investor awareness and education. These resources aim to help both prospective and existing investors navigate their investment journey.

A few of these tools and resources, curated by different stakeholders, are mentioned below

Video Learning Repository: A collection of videos on topics such as stocks, bonds, mutual funds, and personal finance, sourced from exchanges, depositories, AMFI, NCFE, and other educational sources.

Spot a Scam: An interactive tool to assess the legitimacy of investment offers by answering a few questions.

Check Your Financial Health: A tool to evaluate financial status and provide suggestions for improvement.

Financial Calculators: Twenty-four calculators to assist investors in financial planning and investment analysis.

For more information and to access these resources, visit the SEBI investor website at <https://investor.sebi.gov.in/>

https://www.sebi.gov.in/media-and-notifications/press-releases/jan-2025/sebi-investor-website-and-saarthi-app-offer-free-tools-and-resources-for-investor-awareness-and-education_90467.html

Withdrawal of recognition granted to Indian Commodity Exchange Ltd.

2nd January 2025

In exercise of the powers conferred under sub-section (1) of section 5 of the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India (SEBI), vide notification dated December 26, 2024, has withdrawn the recognition granted to the Indian Commodity Exchange Limited (ICEX)

The said withdrawal was pursuant to acceptance of the request made by ICEX for voluntary surrender of the recognition granted to it and the SEBI Order dated December 10, 2024

permitting the exit of ICEX as a Stock Exchange. Mumbai January 02, 2025

https://www.sebi.gov.in/media-and-notifications/press-releases/jan-2025/withdrawal-of-recognition-granted-to-indian-commodity-exchange-ltd-_90469.html

RBI



Beneficiary Bank Account Name Look-Up Facility for RTGS and NEFT Systems

30th December 2024

To ensure remitters using RTGS and NEFT systems avoid mistakes and prevent fraud, a new solution is being implemented. This facility allows remitters to verify the beneficiary's bank account name before initiating a transfer. By entering the beneficiary's account number and IFSC code, the system will fetch the account name from the bank's Core Banking Solution (CBS).

Currently, the Unified Payments Interface (UPI) and Immediate Payments Service

(IMPS) systems enable a remitter to verify the name of the beneficiary before initiating transfer. It has been decided to put in place a similar facility that would enable a remitter to verify the beneficiary bank account name before initiating a transaction using RTGS or NEFT system. Accordingly, National Payments Corporation of India (NPCI) has been advised to develop the facility and onboard all banks.

Banks which are participants of RTGS and NEFT Systems, shall make this facility available to their customers by April 1, 2025 through Internet banking and Mobile banking. The facility shall also be available to remitters visiting branches for making transactions

This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007)

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12759&Mode=0>

RBI Issues Master Direction on Credit Information Reporting

6th January 2025

The Reserve Bank of India (RBI) has issued a Master Direction on Credit Information Reporting to streamline and consolidate guidelines for various financial entities. This notification, cited as RBI/DoR/2024-25/125, applies to a wide range of institutions including commercial banks, small finance banks, local area banks, regional rural banks, co-operative banks, All India Financial Institutions, NBFCs, HFCs, ARCs, and CICs. The new directive aims to enhance data quality, ensure accurate and timely credit information reporting, and improve customer service through robust grievance redressal mechanisms. A technical working group will also be established to oversee the dissemination of credit information, fostering transparency and efficiency in the credit system.

Verdicts

Direct Tax

Direct
Tax

Act: The Income Tax Act, 1961

Where the Assessing Officer has reasonable assertion to believe that the assessee has allegedly misused and diverted the loan to its sister concern instead of paying its statutory liabilities and other creditors, the Assessing Officer could proceed with the reassessment, the High Court dismissed the petition stating the AO to proceed with the Re-Assessment, the same was held by the Supreme Court.

- Vide decision of Supreme Court

Alankar Apartments (P.) Ltd vs Assistant Commissioner of Income Tax

The Assessing Officer (AO) issued a reassessment notice to Alankar Apartments Pvt. Ltd. for the Assessment Year 2016-17, alleging that ₹330.33 crore of a ₹780.04 crore loan was illegally diverted to a sister concern,

bypassing statutory liabilities and creditors. The reassessment was triggered by credible information about the misuse of borrowed funds. Additionally, the company failed to mention its VAT registration in the tax audit report, suggesting non-compliance.

Despite being asked to provide details of statutory liabilities under Section 133(6) of the Income-tax Act, the company did not respond. Investigations revealed discrepancies in the company's Statutory Dues, which increased significantly over the years. The AO formed an opinion that income had escaped assessment due to these discrepancies and the company's failure to file accurate returns.

The Delhi High Court upheld the AO's authority to reassess the case. The company challenged this in the Supreme Court, which dismissed the petition, agreeing with the High Court's ruling. The reassessment was deemed valid under Sections 36(1)(iii) and 147 of the Income-tax Act,

reinforcing the need for compliance with financial and legal standards.

Tax authorities cannot reopen and reassess already scrutinized accounts based on the same information, citing “change in opinion” as a reason.

- Vide decision of Supreme Court
**Assistant Commissioner of Income Tax vs
Adani Power Rajasthan Ltd**

The Honorable Supreme Court of India vide Assistant Commissioner of Income Tax vs Adani Power Rajasthan Ltd has dismissed the Special Leave Petition against order of High Court that where Assessing Officer issued reopening notice on ground that CSR expenditure



could not be allowed as expenditure and there was escapement of income, since original assessment was passed without any addition or disallowance after undertaking detailed scrutiny and said objection towards CSR was raised based on audit objections, reopening was merely based on change of opinion and was to be quashed.

Statutory and Tax Compliance

Calendar of February 2025

INCOME TAX

7th Feb	Depositing TDS and TCS for January 2024
7th Feb	Form 27C (Declaration u/s 206C (1a) of The IT Act, 1961 to be made by a buyer for obtaining goods without collection of tax for declarations received in the month of January, 2025)
15th Feb	Form 16A (TDS Certificate u/s 203 of IT Act, 1961 provided by the tax (TDS) deductor to the recipient for payments received other than salary income)

STATUTORY

10th Feb	Professional Tax (PT)
15th Feb	Provident Fund (PF), ESI Payment for July
15th Feb	ESIC payment
15th Feb	EPF payment

GOODS & SERVICE TAX

11th Feb	GSTR-01
20th Feb	GSTR-3B

You cannot
tailor-make the
situations in life,
but you can
tailor-make the
attitudes to fit
those situations.
- Zig Ziglar

Zig Ziglar (1926-2012) was an American author, salesman, motivational speaker and the founder of Ziglar Inc. a company dedicated to providing personal development training and sales coaching.

Disclaimer

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