

CIRCULAR TO CLIENTS - 2023

Hearty Greetings from Ganesh Prasad to all our Valued Clients

The year 2022-23 has been a mixed bag for most of us. There have been highs and lows. Overall the year has been reasonably fine. As a part of the best practices we share the aspects to be taken in to consideration for the year 2022-23 and the way forward for 2023-24. Business and profession need some time to be spared to update themselves on statutory compliances. This circular will strive to enlighten you in different aspects to be taken in to consideration while managing the business or profession.

Particulars Applicable	For Individuals And HUFs	For Partnerships	For Companies/ LLPs	For Trusts/ Societies/ Sec 8 Cos.
Due date for completing Audit of Accounts	NA		30 th September	30 th September. Apply for renewal of recognition u/s 12 AAB of the Income Tax Act if necessary. All entities are to be subjected to Audit and filing of tax returns on time.
Compulsory audit of Accounts under relevant Laws	NA			Yes
Due date for Tax Audit Sec.44AB (if sales is over Rs.100 lakhs or gross receipts from Profession or Services is over Rs.50 lacs and filing of IT returns	30 th September			
Special provision for computing profits and gains of business on presumptive basis (Sec 44 AD, 44 ADA and 44AE)	<p>44AD- Income from business: A sum equal to 8% (or higher) (its 6% if the receipts is on electronic clearing through bank) of the total turnover or gross receipts on account of business shall be deemed as profits and gains of business up to Rs.2 crores.. No depreciation or partners' salary and interest can be claimed.</p> <p>44ADA- Income from Profession: If gross receipts is not over Rs. 50 lakhs – 50% (or higher) of such receipts shall be deemed as taxable income.</p> <p>44AE – Plying, Hiring or leasing of goods carriages - owning up to ten vehicles – Rs.7500 per vehicle per month shall be deemed as taxable income. In case of heavy goods vehicle (more than 12 tons) Profits and Gains shall be an amount equal to Rs.1000 per ton of gross vehicle weight.</p>			
Due date for filling IT returns in general (<i>from asst year 2018-19 if return is filed beyond the specified dates a late filing fee of Rs1000 (for income below Rs.5 lakhs, / Rs.5000 till December/ Rs. 10000 after December (Sec 234F) up to March.</i>)	Non-tax audit - 31 st July/ If subject to tax audit - 30 th Sept		30 th September	Unaudited 31 st July/ If audited 30 th September
New Provision for filing belated return or amended return with certain conditions u/s 139(8A)	If return is not filed on time in the last two years fresh return can be filed within 12 months from the end of 31 st March with additional tax of 25%		If return has been filed and revised return is also filed, one more amendment can be done within 24 months from March with additional tax of 50%	
Compulsory maintenance of books of accounts for business from 1 st April 2017	If the income exceeds Rs.2.50 lakhs or if sales or prof income exceeds Rs.25 lacs		Compulsory	Compulsory if receipts are over Rs.2,50, 000/-
Obtaining Permanent account, No:	Compulsory for all since any matter relating to IT requires PAN and bank accounts can be opened only with PA No.			
Quoting of Aadhaar Number (Sec 139AA)	Every person eligible to obtain Aadhaar number shall quote the same in Application for PA card and also in the return of income when filing. Failure to quote the Aadhaar may render the PAN invalid. Time for linking has			

	been extended till 30 th June, 2023.			
Tax deduction Account Number for payment of salary liable for TDS, Interest, commission etc.	Compulsory	Compulsory	Compulsory	Compulsory
Due date for remitting TDS	7 th of Succeeding month.			
Due date for filling TDS Quarterly Return	31 st of the month succeeding that quarter.			
Statement of stock at the year end and stock for 31 st March to be done for all trading and manufacturing businesses. Those enjoying Overdraft facility with bank, the quarterly Stock statement certified by a CA should be given to Banks. The stock statement as on 31 st March to be duly certified by Partners/ Directors and to be produced for Audit. Please ensure that the stocks Declared match with your stock registers maintained.	Yes, if business or any trading is carried on	Compulsory	Compulsory	Yes, if any trading is carried on
Payment of Advance Tax if tax liability is over Rs.10, 000/- Sec 209. Not less than 15% of tax before 15 th of June, Not less than 40% by 15 Sep, Not less than 75% by 15 Dec The whole amount as reduced by what is paid by 15 March.	Not required by Individuals not having business or professional income and age is above 60 years	Compulsory	Compulsory	Compulsory
Registration with GST (other than those already registered with VAT)	If in Profession other than Doctors with gross income over Rs.20 Lakhs		If any specified Supply of goods or service with gross over Rs.1 crore.	
Books required by the Auditors	All records maintained in your business or profession in original and proof of investments, assets purchased, all incomes form Business, Profession and Interest earnings, Loan given and taken with relevant proofs, details, proof of interest payments etc.	All books pertaining to Business or Profession with receipts etc., proofs of investments, Assets purchased Loans etc.		Receipts, Bills, Vouchers proof of investments, Bank Accounts etc.

Persons eligible for Salary and Interest	Nil	Working Partner-Salary and all partners – interest provided the Partnership Deed specifies the same and the expense is shown in P & L a/c.	Managing and Whole time Directors for salary, interest, Loan for Director, Share Holders and Designated partner of LLPs, with suitable permission through the LLP deed.	The Trustees are eligible for remuneration if they contribute in the day to day running of the entity in professional capacity. Such compensation should be commensurate with their Qualification and reasonable.	
Statutory Meetings to be convened (For Companies)	Nil	Board meetings every quarterly and for accounts adoption and AGM before 30 th September	Convening Board Meetings as prescribed in the Bye Law or every quarter (as a best practice), AGM before 30 th September		
Statutory Meetings to be convened (For LLPs)	Nil	No Board Meetings	One Annual Meeting for Review. ROC returns to be filed before May/ Sept.		
Online filing of Chartered Accountant's Report/ Certificates to be attached with Returns	Section 44AB audit, Trusts with gross revenue over Rs.2.50 Lakhs, for claiming deductions u/s 80-HHA to HHD, 80-IA, 80 IBetc., <u>For receiving Certificate and Audit reports from a Chartered accountant a requisition has to be submitted by the client to the Auditor and UDIN number should be generated by the CA and mentioned in the certificate.</u>				
Maintenance of Minutes Books	NA	Compulsory			
Maintenance of Statutory Registers	NA	Compulsory			
Proof (copies) of Purchases to be maintained	Bills for all GST purchases and for assets where depreciation is claimed				
Filing of Return for Foreign Currency Donation	NA	Quarterly Return should be filed within 15 Days following the last day of the quarter in which donation has been received.			
General Income Tax Rate Plus Health and Education cess 4% (Applicable for Asst. year 2023-24 only) New rates for 2024-25 shall be discussed later as it involves some decision making for individuals.	Rs.2,50,000/- to Rs.5,00,000 5% tax, Rs.5,00,000/- to Rs.10,00,000/- 20%, above 10,00,000/- 30% Tax. Rebate of Rs.12,500/- for Total Income up to Rs.5,00,000/- (There is a <u>graded IT rate for Individuals without any tax rebates, which may be discussed with your auditors before filing The tax returns.</u>)	30% on Taxable income with no lower limit.	Where the TO or receipt less than Rs 250 crores during the Previous year 2017-18 – 25% And for all other companies 30% Foreign companies 40%. (There is a <u>new rate of taxation of 15% for new companies and lower rate of 22% for existing companies, which you may discuss with your auditor During filing.</u>)	No Tax if the excess income is utilized over the next 5 years, Otherwise- @30%. All business receipts will be taxed as income from business as per section 2(15) of the IT Act, 1961 even though it's recognized as a trust/ society etc. u/s 12 AA.	
IT Surcharge	10% if net income exceeds	12% if net income	Company	1 to 10 crore	10 crore

	Rs.50 lakhs and 15% above Rs 1 crore (for all individuals)	exceeds Rs.1 crore subject to marginal relief.	<i>Domestic</i> 7% 12%	
			<i>Foreign</i> 2% 5%	
Alternate Minimum tax/ Minimum alternate tax	<u>Adjusted Total Income</u>	<u>%</u>	If the computed income is a loss, 30% of the book profit shall be considered. The taxbe 19.24%	If the adjusted total income is over Rs.50 lakhs, The tax will start from 19.24%.
	50 lakhs and less	19.24		
	More than 50 lakhs but less than 1 crore (Along with surcharge)	21.164		
	More than 1 crore (Along with surcharge)	22.126		
Time before which you should submit the books/soft copy of accounts to Auditors	30 th June	31 st August	30 th June	
Statutory Returns to be filed	Nil	With ROC before 30 th November	With Registrar of Societies before 30 th November	
Valuation of Stock Applicable to all Manufacturing & Trading Concerns	<p>(a) Raw material to be valued at landed cost (without GST if input credit is taken) including freight, cartage transit insurance less Discount if any.</p> <p>(b) Stock in process to be valued at cost including Material, Labour & direct overheads,</p> <p>(c) Finished goods to be valued at cost of Material, Labour overhead & Administrative overheads, but not including Selling Expenses & Interest.</p> <p>(d) Value of Materials such as Packing and allied items to be valued at cost and shown as Current Assets.</p> <p>(e) Value of any construction is to be taken at cost of Material, Labour & Overheads.</p>			
Physical Stock of Finished Goods, Raw Materials etc., To conduct the Physical verification as on 31 st March	Physical verification of stocks to be duly conducted as on 31 st March and to be certified by Partner of a Firm/Concern and Director of a Company. This may be produced during audit of accounts. Any variation in stock quantity/ value between book stock & bank declared stock should be explained.			
ICDS (Income computation and disclosure standards) under the Income Tax Act.	Applicable to all assessees. Auditors will be doing the computation in accordance with TEN standards prescribed by the Tax Authorities. This is applicable from 1.4.2017.			
Restriction in cash transactions	Section 269ST and 271D (Accepting loans and Deposits), 271DA prohibits a person from receiving amount in excess of Rs 2 lakhs by cash (a) either in aggregate in a day; (b) in respect of a single transaction or (c) in respect of transactions relating to an event or occasion from a person. If such transactions are noticed a penalty of equal amount shall be levied on the recipient by the tax officer (after getting concurrence from the higher official). A chance will be given to the recipient to prove the reasons for such receipts. This does not apply to amount deposited or withdrawn from bank, co-operative bank and PO savings accounts.			
Expenditure paid by cash exceeding Rs.10,000 by cash	Sec 40 A(3,3A) - All expenditure paid in excess of Rs 10000 by cash shall be disallowed. If any asset eligible for claiming depreciation had been purchased by making cash payment, no depreciation shall be allowed on such assets.			

We will be pleased to offer any clarification that you may require in this Circular. Please ensure that you adhere to the formalities. Assuring you of our best services at all times. Regards,

Ganesh Prasad, Chartered Accountants.

Annexure – I

Rates for Tax deduction at source:

Nature of Payment		Cut Off amount	TDS Rate %	
			Individual /HUF	Others
194	Dividends from Companies	Beyond ₹ 5000/-	10	10
194 A	Interest other than interest on securities to resident from Banks and Co-operative Banks and Societies.	₹.40,000 Pa	10	10
194 C	Payment to resident Contractor / Sub contractor	₹.30,000 per contract or Rs.1,00,000 Pa	1	2
194 H	Commission or brokerage to a resident	₹.15,000 pa	5	5
194 I	Rent for Plant, Machinery & Equipment	₹. 2,40,000 pa	2	2
	Rent for land, building or furniture	₹. 2,40,000 Pa	10	10
194 IA	Payment to a resident for transfer non agriculture property on sale consideration or guideline value, whichever is higher. (TAN is not necessary)	₹. 50 lakhs and above	1	1
194 IB	Rent by an Individual (not subjected to tax audit) (TAN not necessary)	₹. 50,000 and above per month	5	5
194 IC	Payment under joint development agreement	No limit	10	10
194 J	Professional Services	₹. 30,000 pa	10	10
	Technical Services		2	2
194 K	Dividends from Mutual Funds	₹. 5000	10	10
194 M	Payment of for Contract, commission or services	Individuals and HUFs in excess of ₹.50 Lakhs	5	5
194 O	By E Commerce Operator on the participants on such sales or service value	Individual & HUF beyond ₹ 5 Lakhs Others with no limits	1	1
194 Q	Deduction on payment for purchases from any person for value over ₹.50 Lakhs	All persons	0.1	0.1
194 R	By any person liable for Tax audit, on all payment or gift of cash or in kind to any persons which is claimed as expenditure.	Over ₹.30,000	10	10
194 S	On payment of consideration of Virtual Digital Assets (commonly called crypto currencies)	Individuals and HUF ₹50,000 and others ₹.10000	1 plus surcharge	1 plus surcharge
206 C (1G)	Tax collection at source from Foreign by the agent from the remitters	Above ₹. 7 Lakhs	5	5
206 C (1H)	Tax collection from sellers at the time of paying for the supplies.	Over ₹. 50 Lakhs pa and the sellers' sales is over ₹. 10 crores).	0.1/ (1 % is no PAN or Aadhar)	0.1

Tax deduction at source is mandatory for all Individuals also if their business receipts exceed Rs.100 lakhs or professional receipts exceed Rs.50 Lakhs.

Those who are liable to deduct tax at source on the above heads shall have to obtain Tax Deduction Account No. (TAN) apart from regular PAN. It's advised that if any TDS obligation arises as mentioned here, please obtain the PAN of the payee without fail.

Similarly TDS is mandatory for all Trusts, societies or section 8 company under the Companies Act, 2013, irrespective of their income being exempt u/s 12 AA of the Income tax Act. The Tax Deductions should be remitted on or before 7th of succeeding month.

Every quarter a return has to be filed for Tax deduction on Salary in 24 Q and for other deductions in 26Q. For deductions to Non - Residents form 27Q has to be filed. Return should be filed on the last day of the month following that quarter. The Return for the last quarter i.e ending March should be filed on or before 31st May.

Delay in furnishing the quarterly return will involve a daily fee of Rs.200/- till the actual date of filing. The maximum fee will be to the extent of the tax due to be deducted. Please ensure timely compliance otherwise unnecessary fee has to be paid.

APPLICABLE ONLY FOR THOSE REGISTERED UNDER GST:

Registration:

Following persons should register under GST:

- ✓ Individuals registered under the Pre-GST law (i.e., Excise, VAT, Service Tax etc.)
- ✓ Businesses with turnover above the threshold limit of Rs. 40 Lakhs*
- ✓ Casual taxable person / Non-Resident taxable person
- ✓ Agents of a supplier & Input service distributor
- ✓ Those paying tax under the reverse charge mechanism
- ✓ Person who supplies via e-commerce aggregator
- ✓ Every e-commerce aggregator
- ✓ Person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered taxable person

Composition Scheme:

A tax payer whose turnover is below ₹.1.50 crores can opt for Composition scheme:

The following people cannot opt for the scheme:

- × Supplier of services (whose annual turnover in preceding financial year is more lakhs) other than restaurant related services
- × Manufacturer of ice cream, pan masala, or tobacco
- × A person making inter-state supplies
- × A casual taxable person or a non-resident taxable person

Return Form	Particulars	Frequency	Due Date
GSTR – 1	Details of outward supplies of taxable goods and/or services affected.	Quarterly return – Annual turnover up to 1.5 crores	31 st of the month following that quarter.
		Monthly – turnover more than 1.5 crores and did not opt quarterly return.	11 th of next month following that month.
GSTR – 3B	Simple Return in which summary of outward supplies along with Input Tax Credit is declared and payment of tax is made by taxpayer	Monthly	20 th of the next month following that month.
GSTR – 4	Return for a taxpayer registered under the composition levy	Quarterly	18 th of the month following that quarter.
GSTR – 10	Final Return	Once when GST Registration is cancelled or surrendered	Within three months of the date of cancellation or date of cancellation order, whichever is later

Annual Returns under GST:

GSTR 9	Regular Tax Payers filing GSTR - 1, 2, 3
GSTR 9A	Tax Payers under Composition Scheme
GSTR 9B	E-commerce operators filing GSTR - 8
GSTR 9C	Tax Payers whose turnover exceeds Rs. 5 Crores.

- *Applicability:* All Assesses.

Except,

- Casual taxable persons.
- Input Service Distributors.
- Non – resident taxable persons.
- Persons paying TDS under Sec. 51 of GST Act.

In view of the COVID 19 the Government has relaxed the due days for filing various forms and compliances. Please get in touch with your GST consultants for more information.

- *Penalty:*

Rs.200 (Rs. 100 for CGST and Rs.100 for SGST) per day or 0.25% of Turnover in state or Union territory whichever is less.

PARTS OF GSTR 9:

SI no	Parts of the GSTR-9	Information required
1	Part-Is	Basic details of the taxpayer. This detail will be auto-populated.
2	Part-II	Details of Outward and Inward supplies declared during the financial year(FY). This detail must be picked up by consolidating summary from all GST returns filed in previous FY.
3	Part-III	Details of ITC declared in returns filed during the FY. This will be summarized values picked up from all the GST returns filed in previous FY.
4	Part-IV	Details of tax paid as declared in returns filed during the FY.
5	Part-V	Particulars of the transactions for the previous FY declared in returns of April to September of current FY or up to the date of filing of annual returns of previous FY whichever is earlier. Usually, the summary of amendment or omission entries belonging to previous FY but reported in Current FY would be segregated and declared here.
6	Part-VI	Other Information comprising details of:
		-GST Demands and refunds,
		-HSN wise summary information of the quantity of goods supplied and received with its corresponding Tax details against each HSN code,
		-Late fees payable and paid details and
		-Segregation of inward supplies received from different categories of taxpayers like Composition dealers, deemed supply and goods supplied on approval basis.