

REGULATORY RADAR

JANUARY'24 EDITION



KEY HIGHLIGHTS

- In this Publication we have included major regulatory amendments by governing bodies, few of them given below:
- ✓ **Income Tax :** Recent Income Tax Act (No. 04/2024) encourages non-resident investments through International Financial Service Centre (IFSC) Units, aligning with section 80LA for clarity on tax implications.
- ✓ **GST:** Taxpayers must update bank details within 30 days of registration or before GSTR-1/IFF filing to prevent suspension. Automatic suspension revocation upon update; failure may lead to registration cancellation.
- ✓ **RBI:** FinTech's drive financial transformation. The Reserve Bank proposes a draft for Self-Regulatory Organizations in FinTech, seeking stakeholder input until February 2024 for a balanced framework.
- ✓ **IRDAI:** The amendments carried out in the Motor Vehicles (Amendment) Act, 2019, Ministry of Road Transport and Highways (MoRTH) has published following gazette notifications on 25th February, 2022.
- ✓ **SEBI:** Foreign investment in Alternative Investment Funds(AIFs) The Indian Government amended Money Laundering Rules, impacting SEBI's Circular for Alternative Investment Funds (AIFs).

We would like to express our gratitude to **Mr. Taher Pepermintwala, CA, CISA** for being our Expert Advisor of the month. Mr. Pepermintwala has taken the time to update us on **the impact of Section 43B (h) on MSME payments.**

Discover the highlights from the Interim Budget 2024.
<https://lnkd.in/dmNMQH 7>

INDEX

01	<u>INCOME TAX</u>	>	04	08	<u>IRDAI</u>	>	32
02	<u>GST</u>	>	08	09	<u>PFRDA</u>	>	34
03	<u>RBI</u>	>	11	10	<u>Expert Advisory Corner</u>	>	35
04	<u>SEBI</u>	>	21	11	<u>Content Contributors</u>	>	37
05	<u>CUSTOM DUTIES</u>	>	25	12	<u>Disclaimer</u>	>	38
06	<u>DGFT</u>	>	27	13	<u>Contact Us</u>	>	39
07	<u>FASB</u>	>	31				

01 INCOME TAX

Exemption u/s 10(46)	Dated on	Circular/ notification number	Brief summary
Bellary Urban Development Authority	02 nd January, 2024	1/2024	Notification specifies income categories for Bellary Urban Development Authority, subject to conditions, barring commercial activities. Mandated income tax return filing, deemed applicable for assessment years 2021-2022, 2022-2023 and 2023-2024.
Karnataka State Rural Livelihood Promotion Society	02 nd January, 2024	2/2024	Karnataka State Rural Livelihood Promotion Society (PAN AACAK0581H) is now eligible for income exemptions under section 10(46) of the Income-tax Act, covering grants and interest income. Conditions apply, and the notification is retrospective for assessment years 2019-2024, corresponding to financial years 2018-2023.
Madhya Pradesh Professional Examination Board, Bhopal	02 nd January, 2024	3/2024	Madhya Pradesh Professional Examination Board, Bhopal, exempted from income tax for exam fees, form sales, and bank deposit interest. Conditions: no commercial activities, consistent nature of activities, and filing a return. Retrospective application for assessment year 2023-2024, relevant to the financial year 2022-2023.
District Legal Service Authority UT Chandigarh	5 th January, 2024	6/2024	The District Legal Service Authority is granted income exemption for various sources, including grants and interest on bank deposits. Conditions involve no commercial activities, maintaining income nature, and filing tax returns. Effective for assessment years 2021-2024, with a retrospective effect for continuity in tax benefits.

01 INCOME TAX

Topic name	Dated on	Circular/notification number	Brief summary
<u>Section 10(46) Income Tax Exemption for Karmayogi Bharat.</u>	05 th January, 2024	7/2024	Karmayogi Bharat granted income exemption for grants, fees, and interest, with conditions: no commercial activities, consistent income nature, and filing tax returns. Effective for assessment years 2024-2029, corresponding to financial years 2023-2028.
<u>Section 10(46) Income Tax Exemption for Haryana State Board of Technical Education</u>	05 th January, 2024	8/2024	Haryana State Board of Technical Education granted income exemption for various sources, with conditions: no commercial activities, unchanged nature of activities, and filing tax returns. Retrospective effect for assessment years 2022-2024, corresponding to financial years 2021-2023.
<u>Section 10(46) Income Tax Exemption for Polavaram Project Authority.</u>	05 th January, 2024	9/2024	Notification specifies Polavaram Project Authority's income, imposes conditions on commercial activities, mandates filing tax returns. Applies to 2020-2024 with retrospective effect, assured no adverse impact in memorandum.
<u>Income Tax Notification on Non-Resident Investment in Financial Products.</u>	04 th January, 2024	04/2024	Recent Income Tax Act (No. 04/2024) encourages non-resident investments through International Financial Service Centre (IFSC) Units, aligning with section 80LA for clarity on tax implications. Expected to boost foreign investment, offshore banking, and IFSC roles in financial markets. Non-resident investors advised to assess opportunities and comply for informed decisions.

01 INCOME TAX

Topic name	Dated on	Circular/notification number	Brief summary
<u>Section 10(46) Income Tax Exemption for Chennai Metropolitan Water Supply & Sewerage Board.</u>	08th January, 2024	10/2024	Notification outlines specified incomes for exemption: grants, subsidies, municipal receipts, taxes, fines, farm produce sales, rent, interest, etc. Conditions include no commercial activities, unchanged nature of income and Board's activities. Board must file returns per Income-tax Act. Applies retrospectively to assessment years 2020-2024, with memorandum assuring no adverse impact on individuals.
<u>Punjab State Faculty of Ayurvedic & Unani Systems.</u>	08th January, 2024	11/2024	Notification for Punjab State Faculty specifies income sources: fees, maintenance fund receipts, and interest on bank deposits crucial for Ayurvedic and Unani Systems. Conditions include no commercial activity, consistent nature of income and activities, and compliance with Income-tax Act. Retrospective application for assessment years 2020-2024, extending benefits and conditions to past years.
Section 43B Amendments FY 2023-24: Key Changes and Implications.	-	-	Section 43B now includes clause (h), which deems any unpaid amount to micro or small enterprises beyond 45 days (or an agreed shorter period) as taxable income. Timely payment is essential to avoid hefty tax liability. Non-compliance may result in full tax on the unpaid amount, except if paid before the income return filing due date. Prompt payments are crucial to minimize tax consequences.
<u>Electricity (Amendment) Rules, 2024</u>	10th January, 2024	G.S.R. 36 (E).	The Electricity (Amendment) Rules, 2024, prioritize dedicated transmission lines, open access charges, and tariff reflectivity for efficiency and fairness. Stakeholders must understand and comply with these changes in the regulatory landscape.

01 INCOME TAX

Topic name	Dated on	Circular/notification number	Brief summary
<u>Income-Tax Act Amendments Carried Out Through Finance Act, 2023.</u>	23 rd January, 2024	1/2024	Circular outlines recent amendments in Indian tax laws post Finance Act, 2023. Released on January 23, 2024, it covers changes in definitions, special provisions, deductions, and amendments to the Finance (No. 2) Act, 2004, emphasizing the need for taxpayers and professionals to adapt for compliance and planning.
<u>Tax Exemption Notification for State Legal Service Authority UT Chandigarh</u>	23 rd January, 2024	15/2024	The Central Government, under the Income-tax Act, notifies 'State Legal Service Authority Union Territory Chandigarh' for specific income sources. The Authority must avoid commercial activities, maintain consistent income sources, and file income tax returns. The notification applies for the assessment years 2021-2022 to 2023-2024, covering financial years 2020-2021 to 2022-2023.
<u>CBDT notifies Income Tax Return (ITR) Form ITR-6 for AY 2024-25</u>	24 th January, 2024	16/2024	ITR-6 is for companies without exemption under section 11, effective from April 1, 2024. It's for electronic filing. Other ITR forms (ITR-1 to ITR-7) are for various taxpayer categories based on income sources and amounts, such as individuals, HUFs, firms, and specific cases under different sections.
<u>CBDT Approves M/s Prayoga, Bengaluru for Scientific Research Funding U/s. 35</u>	30 th January, 2024	18/2024	Prayoga, Bengaluru, is officially recognized under Income-tax Act section 35 for Scientific Research contributions, effective retrospectively from the Previous Year 2023-24. The decision considers all stakeholders to prevent adverse effects on individuals.

02 GST

Topic name:- GST Payment Mechanism Notification for GTAs: Annual Options, Online Filing, and Validity Clarifications.
Dated on:- 1st January, 2024

Brief Summary:- Notification (No. 06/2023-Central Tax) allows GTA to choose GST payment mechanism through Annexure V or Annexure VI annually from January 1 to March 31. Online filing available for existing GTAs for FY 2024-25. Newly registered GTAs can file within 45 days from GST registration. Upload manually filed Annexure V for FY 2023-24 on the portal if already submitted physically. Option exercised by GTA continues for future years unless reversed in Annexure VI. Those who filed for FY 2024-25 by August 22, 2023, considered valid. No need to file Annexure V again for subsequent FYs if continuing with Forward charge mechanism.

Read more at:- <https://www.gst.gov.in/newsandupdates/read/620>

Topic name:-Advisory on introduction of new Tables 14 & 15 in GSTR-1
Dated on:- 15th January, 2024

Brief Summary:- As per Notification No. 26/2022 – Central Tax dated 26th December 2022 two new tables Table 14 and Table 15 were added in GSTR-1 to capture the details of the supplies made through e-commerce operators (ECO) on which e-commerce operators are liable to collect tax under section 52 of the Act or liable to pay tax u/s 9(5). These tables have now been made live on the GST common portal. These two new tables will be available in GSTR-1/IFF from January-2024 tax periods onwards. Please [click here](#) for the complete advisory.

Read more at:- [updated_advisory_new_table1415_cr23892_sj_10.01.2024.pdf \(gst.gov.in\)](#)

02 GST

Topic name:- Advisory on Payment through Credit Card (CC)/ Debit Card (DC) and Unified Payments Interface (UPI).
Dated on:- 19th January,2024

Brief Summary:- To facilitate the taxpayer registered under GST with more methods of payment, two new facilities of payment have now been provided under e-payment in addition to net-banking. The two new methods are Cards and Unified Payments Interface (UPI). Cards facility includes Credit Card (CC) and Debit Card (DC) namely Mastercard, Visa, RuPay, Diners(CC only) issued by any Indian bank.

Read more at:- https://tutorial.gst.gov.in/downloads/news/advisory_ccdcupi_19012024.pdf

Topic name:- Advisory for furnishing bank account details by registered taxpayers under Rule 10A of the Central Goods and Services Tax Rules, 2017.
Dated on:- 23rd January,2024

Brief Summary:- Registered taxpayers must submit bank account details within 30 days of registration or before the GSTR-1/IFF filing due date, per the CGST Act, 2017. Failure to comply results in suspension of registration, barring further GSTR-1/IFF filing. A new functionality will be deployed, allowing automatic suspension revocation upon bank account update. If not updated within 30 days of suspension, registration may be considered for cancellation. Taxpayers are urged to act promptly to prevent disruptions and adverse consequences.

Read more at:- <https://www.gst.gov.in/newsandupdates/read/623>

02 GST

Topic name	Dated on	News summary
12% Y-o-Y Growth, ₹14.97 Lakh Crore GST Collection in April-Dec 2023	1 st January, 2024	April-December 2023 GST collections rose 12% to ₹14.97 lakh crore. December 2023 recorded ₹1,64,882 crore in gross GST revenue, up 10.3% from the previous year. The government settled ₹40,057 crore to CGST and ₹33,652 crore to SGST from IGST.
Reporting of 4/6 digit HSN in e-Waybill from 1st February 2024	5 th January, 2024	Taxpayers with Annual Aggregate Turnover (AATO) above Rs. 5 Crores must provide a minimum 6-digit HSN code for B2B and Export transactions, while those with AATO below Rs. 5 Crores need a 4-digit HSN code. The validation in the E-Way Bill System starts from February 1, 2024. All affected taxpayers are strongly advised to adjust their systems accordingly.
In 2023, DGGI detected 6,323 cases involving evasion of duty of Rs. 1,98,324 crore.	12 th January, 2024	In 2023, DGGI detected 6,323 cases of GST duty evasion amounting to Rs. 1,98,324 crore, a 119% increase. A special drive against ITC frauds identified 2,335 cases with Rs. 21,078 crore frauds, a 46% increase. Notable achievements include Rs. 2,642 crore voluntary payment, arrest of 116 masterminds, and a 26% rise in voluntary payments, showcasing DGGI's effective efforts in upholding GST laws.
CBI arrests CGST Inspector & 2 Private Persons in A Bribery of Rs. 10 Lakh	23 rd January, 2024	CBI investigates a CGST Inspector in Jaipur for bribery; a middleman was caught accepting Rs. 10 lakh. Legal proceedings to follow in the CBI Special Court in Jodhpur, highlighting corruption concerns in government departments. Calls for a thorough examination of existing checks and balances in the public service system.
CBI Arrests Odisha GST Superintendent for Rs. 20,000 Bribery Scam.	20 th January, 2024	CBI investigates GST Superintendent in Rourkela for manipulating GST liability and bribery. The Superintendent was caught accepting a partial bribe of Rs.20,000 in a CBI trap. Searches are ongoing at the accused's residence. The case highlights the need for proactive measures against corruption in public services.
January 2024 GST Collections: ₹1,72,129 Crore, 10.4% YoY Growth	31 st January 2024	January 2024 GST collections: ₹1,72,129 crore, 10.4% YoY growth, second-highest ever. Reflects GST system strength in FY 2023-24 and efficient IGST distribution, crucial for ongoing economic monitoring and revenue stability.

03 RBI

Topic Name	Dated on	Press Release	Brief summary
Rate of Interest on Floating Rate Savings Bond, 2020 (Taxable)	1 st January, 2024	2023-2024/1594	Coupon rate on Floating Rate Savings Bonds, 2020 (Taxable) for Jan 01, 2024, to Jun 30, 2024, stays at 8.05% (7.70%+0.35%), as per Govt. Notification F.No.4(10)-B(W&M)/2020.
RBI releases draft circular on declaration of dividend by banks and remittance of profits to Head Office by foreign bank branches in India	2 nd January, 2024	2023-2024/1602	RBI releases draft circular on dividend declaration by banks and profit remittance by foreign bank branches in India. Comments invited by January 31, 2024. Current guidelines date back to 2005 and 2003, but recent regulatory changes prompt a comprehensive review by RBI.
Deputy Governor, Reserve Bank of India meets MD & CEOs of Credit Information Companies	2 nd January, 2024	2023-2024/1603	Deputy Governor chairs meeting with Credit Information Companies (CICs), emphasizing the need to improve data quality, address customer complaints, strengthen internal ombudsman framework, streamline data correction processes, enhance cybersecurity, and address concerns about data usage. RBI to continue engagements for improving functionality and protecting customer interests.
RBI releases Name of Applicant under the Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector	8 th January, 2024	2023-2024/1636	During the quarter ended December 31, 2023, the Reserve Bank of India has received one application under the Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector dated December 05, 2019 from Fino Payments Bank Limited.

03 RBI

Topic Name	Dated on	Press Release	Brief summary
Measuring Productivity at the Industry Level-The India KLEMS Database	9 th January, 2024	2023-2024/1641	The Reserve Bank of India has updated the measuring productivity at the industry level - The India KLEMS Database, with a new Data Manual for 2023. The time-series data covers 27 industries from 1980-81 to 2021-22, aiding analysis of productivity trends in India at a detailed industry level.
5 NBFCs surrender their Certificate of Registration to RBI.	11 th January, 2024	2023-2024/1655	Several Non-Banking Financial Companies (NBFCs), including Radical Fincap Private Limited, Volkswagen Finance Private Limited, Sterling Guaranty & Finance Limited, Esteem Credits and Investments Private Limited, and Sampada Business Solutions Limited, have voluntarily surrendered their Certificate of Registration (CoR) to the Reserve Bank of India (RBI). The RBI, utilizing its authority under Section 45-IA (6) of the Reserve Bank of India Act, 1934, has consequently canceled their CoR.
Standing Liquidity Facility for Standalone Primary Dealers.	30 th January, 2024	2023-2024/1769	The Reserve Bank of India has decided to provide an additional ₹5,000 crore to Standalone Primary Dealers (SPDs) through the Standing Liquidity Facility at the prevailing repo rate, effective from January 31, 2024. Individual SPDs will receive specific incremental limits separately, while all other terms and conditions of the facility will remain unchanged.

03 RBI

Topic Name: Penalties imposed by RBI on following banks.

Bank Name	Penalty Amount	Nature of Penalty
<input type="checkbox"/> <u>The Bhuj Commercial Co-operative Bank Limited</u> <input type="checkbox"/> <u>Navsarjan Industrial Co-operative Bank Ltd.</u> <input type="checkbox"/> <u>Sakthi Finance Limited</u> <input type="checkbox"/> <u>NKGSB Co-operative Bank Ltd</u> <input type="checkbox"/> <u>Bhilai Nagrik Sahakari Bank Maryadit</u>	₹ 1.50 lakh ₹ 7.00 lakh ₹ 6.00 Lakh ₹ 50.00 lakh ₹ 0.50 lakh	For non-compliance with the directions issued by RBI on 'Know Your Customer (KYC) Direction, 2016' and 'Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016'.
<input type="checkbox"/> <u>The Sankheda Nagarik Sahakari Bank Limited.</u> <input type="checkbox"/> <u>Shree Bharat Co-operative Bank Limited.</u> <input type="checkbox"/> <u>The Mehsana Jilla Panchayat Karmachari Co-operative Bank Ltd.</u> <input type="checkbox"/> <u>The Stambhadri Co-operative Urban Bank Ltd.</u> <input type="checkbox"/> <u>The Subramanianagar Co-operative Urban Bank Ltd.</u> <input type="checkbox"/> <u>Mehsana Nagrik Sahakari Bank Limited</u> <input type="checkbox"/> <u>The Idar Nagarik Sahakari Bank Limited</u> <input type="checkbox"/> <u>Krushiseva Urban Co-operative Bank Limited</u>	₹ 5.00 lakh ₹ 5.00 lakh ₹ 3.00 lakh ₹ 0.50 lakh ₹ 0.25 lakh ₹ 7.00 lakh ₹ 2.00 lakh ₹ 0.50 lakh	RBI imposes penalty on a bank for not adhering to directions on loans to directors and related concerns, as well as guidelines on the placement of deposits with other banks by Urban Co-operative Banks (UCBs).
<input type="checkbox"/> <u>The Limdi Urban Co-operative Bank Limited.</u>	₹ 0.50 lakh	For non-compliance with the directions issued by RBI on 'Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016.
<input type="checkbox"/> <u>The Co-operative Urban Bank Limited</u>	₹ 1.50 lakh	For non-compliance with the directions issued by RBI on 'Membership of Credit Information Companies (CICs)' and 'Exposure Norms and Statutory/Other Restrictions - UCBs'.

03 RBI

Topic Name: Penalties imposed by RBI on following banks.

Bank Name	Penalty Amount	Nature of Penalty
<input type="checkbox"/> <u>ESAF Small Finance Bank Limited</u>	₹ 29.55 Lakh	RBI has imposed a penalty on [specific bank] for not complying with its directives on 'Customer Service in Banks.' The penalty is based on the authority granted under the Banking Regulation Act, 1949..
<input type="checkbox"/> <u>Punjab and Sind Bank</u>	₹ 100.00 lakh	A penalty has been imposed by the Reserve Bank of India (RBI) on Punjab and Sind Bank for non-compliance with RBI's directives on 'Customer Service in Banks.'
<input type="checkbox"/> <u>Dhanlaxmi Bank Ltd</u>	₹ 120.47 lakh	RBI has imposed a penalty on an entity for not complying with regulations on loans, KYC, and deposit interest rates, exercising authority under the Banking Regulation Act, 1949.
<input type="checkbox"/> <u>New India Co-operative Bank Limited, Mumbai</u>	₹ 15.00 lakh	For failing to comply with RBI's directives on donations/contributions for public/charitable purposes from UCB profits.
<input type="checkbox"/> <u>The Halol Urban Co-operative Bank Ltd.</u>	₹ 2.00 lakh	Failure to comply with RBI directives on loans to directors and related entities, director guarantees, UCB deposit placements, and Co-operative Banks' deposit interest rates (2016) may lead to regulatory consequences.
<input type="checkbox"/> <u>The Patdi Nagarik Sahakari Bank Limited</u>	₹ 10.00 lakh	
<input type="checkbox"/> <u>Jila Sahakari Kendriya Bank Maryadit</u>	₹ 0.75 lakh	For contravention of the provisions of section 26A read with section 56 of the Banking Regulation Act, 1949 (BR Act) read with the 'Depositor Education and Awareness Fund Scheme, 2014' (the Scheme).
<input type="checkbox"/> <u>Dr. Panjabrao Deshmukh Urban Co-operative Bank Limited</u>	₹ 5.00 lakh	For contravention of specific directions issued by RBI under Supervisory Action Framework (SAF), and non-compliance with the RBI Directions on 'Management of Advances-UCBs' and Know Your Customer (KYC) Directions, 2016.

03 RBI

Topic Name: License cancelled by RBI on following banks.

Bank Name	Reason for license cancellation
<u>The Hiriyr Urban Co-operative Bank Ltd., Hiriyr, Karnataka</u>	The RBI has revoked The Hiriyr Urban Co-operative Bank's license due to financial issues. The bank has ceased operations, and depositors, 99.93% of them, are eligible for up to ₹5,00,000 in deposit insurance from DICGC. As of September 30, 2023, DICGC has already paid ₹224.53 lakh to eligible depositors.
<u>Shree Mahalaxmi Mercantile Co-operative Bank Ltd., Dabhoi, Gujarat</u>	The RBI has cancelled Shree Mahalaxmi Mercantile Co-operative Bank Ltd.'s license due to financial issues, leading to the immediate cessation of operations. Depositors, 99.36% of them, can claim up to ₹5,00,000 from DICGC upon liquidation, with ₹24.58 crore already sanctioned by DICGC as of September 30, 2023."

03 RBI

Topic Name	Dated on	Notification Number	Brief summary
<u>Review of Instructions on Bulk Deposits for Urban Co-operative Banks (UCBs)</u>	1 st January, 2024	RBI/2023-24/104	The bulk deposit limit for Scheduled Primary (Urban) Co-operative Banks in Tier 3 and 4 has been increased from Rs. 15 lakhs to Rs. 1 crore and above, as per the amendment to the Master Direction by the Reserve Bank of India on May 12, 2016. For all other Urban Co-operative Banks, the bulk deposit limit remains Rs. 15 lakhs and above. All other instructions remain unchanged.
<u>Inoperative Accounts /Unclaimed Deposits in Banks- Revised Instructions.</u>	1 st January, 2024	RBI/2023-24/105	New guidelines from April 1, 2024, instruct banks to transfer dormant account balances to the RBI's DEA Fund. The rules cover inoperative account management, fraud prevention, and customer tracing for all Commercial and Co-operative Banks, aiming to reduce unclaimed deposits under the Banking Regulation Act, 1949.
<u>Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024.</u>	3 rd January, 2024	RBI/FMRD/2023-24/109	New guidelines, including the Master Direction - RBI (Commercial Paper and Non-Convertible Debentures) Directions, 2024, have been issued for Call, Notice, Term Money, Certificate of Deposit, Commercial Paper, and Non-Convertible Debentures with maturities up to one year. These updates align with RBI policies from June 2019, issued under the powers of the Reserve Bank of India Act, 1934.
<u>Amendment to the Master Direction (MD) on KYC.</u>	4 th January, 2024	RBI/2023-24/107	The RBI's Master Direction on KYC, dated February 25, 2016, has been amended. The definition of Politically Exposed Persons (PEPs) is now included as an explanation to Section 41, offering clarity. PEPs are individuals holding prominent public roles in foreign countries. As a result, the original sub-clause (xvii) of clause (a) of Section 3, which defined PEPs, has been removed.

03 RBI

Topic Name	Dated on	Notification Number	Brief summary
<u>Risk Management and Inter-Bank Dealings – Hedging of foreign exchange risk.</u>	5 th January, 2024	RBI/2023-24/108	The RBI has updated regulations for hedging foreign exchange risks effective April 5, 2024. The revised guidelines consolidate various transactions into the Master Direction – Risk Management and Inter-Bank Dealings. Authorized Persons, including banks and recognized stock exchanges, must comply with the new directions issued under the Foreign Exchange Management Act, 1999, and the Reserve Bank of India Act, 1934.
<u>Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005.</u>	6 th January, 2024	RBI/2023-24/109	Regulated Entities must comply with the Master Direction on Know Your Customer, verifying the Weapons of Mass Destruction (WMD) Act, 2005, and the daily UNSCR 1718 Sanctions List. Recent amendments should be noted for meticulous compliance. Access the updated UNSC Sanctions list at https://www.un.org/securitycouncil/sanctions/1718/materials .
<u>Compliance Alert for Regulated Entities: Amendments to UNSC Sanctions List.</u>	6 th January, 2024	RBI/2023-24/110	Regulated Entities (REs) must comply with Section 51 of the Master Direction on Know Your Customer (MD on KYC), ensuring they do not have accounts for individuals/entities on the UNSC ISIL (Da'esh) and Al-Qaida Sanctions List. Recent amendments to the list should be noted for strict adherence.
<u>Credit/Investment Concentration Norms – Credit Risk Transfer</u>	15 th January, 2024	RBI/2023-24/112	Concentration norms for NBFCs, including NBFC-Base Layer and NBFC-Middle Layer, have been revised for uniformity. Large Exposures Framework (LEF) guidelines apply to NBFC-Upper Layer. The changes align with specific paragraphs in the Master Direction on NBFC and the Master Direction on Housing Finance Company.

03 RBI

Topic Name	Dated on	Notification Number	Brief summary
<u>Second Schedule to the Reserve Bank of India Act, 1934 – Norms for inclusion.</u>	17 th January, 2024	RBI/2023-24/115	Revised eligibility norms for Urban Co-operative Banks (UCBs) seeking inclusion in the Second Schedule to the RBI Act, 1934, have been issued. Tier 3 and Tier 4 UCBs meeting specific criteria, including a higher Capital to Risk (Weighted) Assets Ratio CRAR and no major concerns, are eligible. The circular, effective immediately, replaces the previous one dated September 27, 2013.
<u>Streamlining of Internal Compliance monitoring function – leveraging use of technology.</u>	31 st January, 2024	RBI/2023-24/117	The RBI advises Supervised Entities to enhance their compliance monitoring systems with comprehensive, workflow-based solutions by June 30, 2024, ensuring effective communication, collaboration, and a unified dashboard for Senior Management, with a monitoring mechanism for progress.
<u>Guidelines on import of gold by Tariff Rate Quota (TRQ) holders under the India-UAE CEPA as notified by–The International Financial Services Centres Authority (IFSCA).</u>	31 st January, 2024	RBI/2023-24/118	AD Category – I banks can allow advance payments for Qualified Jewellers importing gold through India International Bullion Exchange IFSC Ltd (IIBX) for eleven days, as per Circular No. 04 dated May 25, 2022. Valid TRQ holders under India-UAE CEPA can use this provision, according to Notification No. 44/2023 dated November 20, 2023. This directive is issued under FEMA, 1999.

03 RBI

Topic Name:- Draft Framework for recognising Self-Regulatory Organisations for FinTech Sector

Dated on :- 15th January,2024

Press Release:- 2023-2024/1677

Brief summary:- Fintechs play a transformative role in finance through efficiency and accessibility. Striking a balance between fostering innovation and regulatory priorities is crucial. The Reserve Bank introduces a draft framework for Self-Regulatory Organisations (SROs) in the FinTech sector, seeking feedback until end February 2024 to shape the final framework based on stakeholder input.

Read more at:- https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57127

Topic Name:- Report of Working Group on State Government Guarantees

Dated on :- 16th January,2024

Press Release:- 2023-2024/1685

Brief Summary:- The Reserve Bank of India released a report on State Government Guarantees, recommending a broad definition of guarantees, clear purpose definitions, and setting a ceiling for incremental guarantees. It suggests charging a minimum guarantee fee, categorizing risks, and publishing data in line with Indian Government Accounting Standards to improve fiscal management by State Governments.

Read more at:- https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57135

03 RBI

Topic Name:- RBI invites comments on the Draft Circular on Credit/Investment Concentration Norms – Government owned NBFCs’

Dated on :- 15th January,2024

Press Release:- 2023-2024/1680

Brief summary:- The Reserve Bank has today placed on its website the Draft Circular on Credit/Investment Concentration Norms – Government owned NBFCs’ which shall be applicable to all Government owned NBFCs registered with RBI. Feedback on the draft circular is invited from the stakeholders and may be submitted by email with the subject line Feedback on Credit/Investment Concentration Norms – Government owned NBFCs’ by February 29, 2024.

Read more at:- [Reserve Bank of India - Press Releases \(rbi.org.in\)](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57224)

Topic Name:- Action against Paytm Payments Bank Ltd under Section 35A of the Banking Regulation Act, 1949

Dated on :- 31st January, 2024

Press Release:- 2023-2024/1774

Brief Summary:- On March 11, 2022, the Reserve Bank of India directed Paytm Payments Bank to stop onboarding new customers, restrict new deposits and credit transactions after February 29, 2024, allow unrestricted withdrawals, cease additional banking services after February 29, 2024, terminate nodal accounts by February 29, 2024, and complete settlements for transactions initiated by February 29, 2024, by March 15, 2024.

Read more at:- https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57224

04 SEBI AND CORPORATE LAWS

Topic Name:- Shri Govindayapalli Ram Mohan Rao takes charge as Executive Director, SEBI

Dated on:- 4th January, 2024

Press Release :- 01/2024

Brief Summary :- Shri Govindayapalli Ram Mohan Rao assumed the role of Executive Director at SEBI, Mumbai, starting January 3, 2024, for a three-year term. He will oversee the Investigation and Internal Inspection Departments. Previously, he served as Regional Director in SEBI's Eastern Regional Office, managing various portfolios. Shri Rao, an Engineer and MBA from Osmania University, Hyderabad, also holds a Law degree from Mumbai University and is a certified fraud examiner (ACFE).

Read more at- [SEBI | Shri Govindayapalli Ram Mohan Rao takes charge as Executive Director, SEBI](#)

Topic Name:- Framework for Short Selling.

Dated on:- 5th January, 2024

Circular No:- SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/1

Brief Summary:- SEBI issued a Master Circular outlining rules for 'Short Selling and Securities Lending and Borrowing Scheme.' It defines short selling, allows all investor classes, prohibits naked short selling, mandates delivery obligations, and introduces an Securities Lending and Borrowing (SLB) scheme. Institutional investors cannot day trade, and disclosure/reporting requirements are specified for institutions and brokers. The circular aims to protect investor interests and regulate the securities market, aligning with SEBI's statutory powers. The full circular is available on the SEBI website under Legal Framework - Circulars.

Read more at:- https://www.sebi.gov.in/legal/circulars/jan-2024/framework-for-short-selling_80448.html

04 SEBI AND CORPORATE LAWS

Topic Name:- Foreign investment in Alternative Investment Funds(AIFs)

Dated on:- 11th January, 2024

Circular number:- SEBI/HO/AFD/PoD1/CIR/2024/2

Brief Summary :- The Indian Government amended Money Laundering Rules, impacting SEBI's Circular for Alternative Investment Funds (AIFs). Revised thresholds require investors not on UN Sanctions List or from countries with Anti-Money Laundering (AML)/(CFT) Combating the Financing of Terrorism deficiencies. AIF managers cannot draw further capital from non-compliant investors. Effective immediately, the circular is issued to protect investor interests and regulate the securities market.

SEBI has amended AIF Regulations, making it mandatory for Alternative Investment Funds (AIFs) to hold investments in dematerialized form from October 1, 2024. Pre-existing investments are exempt, except in specific conditions. AIFs must appoint a SEBI-registered custodian for securities safekeeping, adhering to reporting standards set by the Standard Setting Forum for AIFs and SEBI, with the goal of ensuring investor protection and fostering market development.

Read more at- [SEBI | Foreign investment in Alternative Investment Funds \(AIFs\)](#)

Topic Name:- Voluntary Freezing/Blocking of Trading Accounts for Ease of Investment

Dated on:- 12th January, 2024

Circular No:- SEBI/HO/MIRSD/POD-1/P/CIR/2024/4

Brief Summary:- Increasing Investor Security: Proposal for Voluntary Freezing/Blocking of Online Trading Accounts in India. A framework, to be established by the Brokers' Industry Standards Forum, aims to address suspicious activities by allowing investors to voluntarily freeze/block their trading accounts. Guidelines for client communication, request processing, and re-enabling processes are expected by April 01, 2024. Implementation by Trading Members is targeted for July 01, 2024, with stock exchanges ensuring compliance and reporting to SEBI by August 31, 2024. The initiative seeks to enhance ease of doing business and safeguard investor interests in the online trading environment.

Read more at :- https://www.sebi.gov.in/legal/circulars/jan-2024/ease-of-doing-investments-by-investors-facility-of-voluntary-freezing-blocking-of-trading-accounts-by-clients_80597.html

04 SEBI AND CORPORATE LAWS

Topic Name:- Changes in reporting

Dated on:- 12th January, 2024

Circular number:- SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/03

Brief Summary:- SEBI streamlines collateral monitoring for stock brokers by discontinuing redundant reports. Amendments to the master circular aim to enhance efficiency and ease of doing business. Key changes include the deletion and modification of specific clauses, reinforcing the 'G' principle for monitoring clients' funds. Effective immediately, stock exchanges are directed to communicate and implement these changes.

Read more at- [SEBI | Ease of doing business- Changes in reporting](#)

Topic Name: - Guidelines for AIFs with respect to holding their investments in dematerialised form and appointment of custodian

Dated on:- 12th January, 2024

Circular No:- SEBI/HO/AFD/PoD/CIR/2024/5

Brief Summary:- SEBI amends Alternative Investment Funds (AIF) Regulations: AIFs to hold investments in dematerialized form from October 1, 2024. Custodians must be appointed before the first investment, and existing AIFs meeting specific criteria must appoint custodians by January 31, 2025. Reporting standards for investments under custody will be formulated by industry associations, and compliance will be monitored through quarterly reporting to SEBI.

Read more at:- [SEBI | Guidelines for AIFs with respect to holding their investments in dematerialised form and appointment of custodian](#)

04 SEBI AND CORPORATE LAWS

Topic Name:- Extension of timeline for verification of market rumours by listed entities

Dated on:- 25th January, 2024

Circular number:- SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/7

Brief Summary :- SEBI's LODR Regulation 30(11) mandates top listed companies to address market rumors. Initially, it applied to the top 100 from Feb 1, 2024, and later to the top 250 from Aug 1, 2024. Due to ongoing industry standards and regulation changes, the implementation dates are postponed to June 1, 2024, for the top 100 and Dec 1, 2024, for the top 250, authorized by SEBI's powers.

Read more at- https://www.sebi.gov.in/legal/circulars/jan-2024/extension-of-timeline-for-verification-of-market-rumours-by-listed-entities_80867.html

Topic Name:- Streamlining of Regulatory Reporting by Designated Depository Participants (DDPs) and Custodians

Dated on:- 25th January, 2024

Circular No:- SEBI/HO/AFD/ AFD-SEC-2/P/CIR/2024/8

Brief Summary:- SEBI mandates specific reports through the SEBI Intermediary Portal (SI Portal) for DDPs and Custodians, covering audits, system reviews, AI/ML reports, etc. Formats are finalized with Custodians and the Designated Depository Participants Standard Setting Forum (CDSSF), to be disclosed on their websites. Submission timelines range from monthly to annual, due within 15 days from month or quarter-end. Effective from February 2024, allowing adaptation time for DDPs and Custodians.

Read more at:- https://www.sebi.gov.in/legal/circulars/jan-2024/streamlining-of-regulatory-reporting-by-designated-depository-participants-ddps-and-custodians_80869.html

05 CUSTOM DUTIES

Topic Name:- Extension of Concessional Import Duties on Edible Oils up to 31st March 2025

Dated on:- 15th January, 2024

Notification No:- 01/2024

Brief Summary:- The government amends customs tariff, introducing a new entry (S. No. 9B) for molasses with a 50% import duty. The change, effective from January 18, 2024, addresses economic concerns. Concessional import duties on specific edible oils extended until March 31, 2025, to stabilize the market and support economic goals in the edible oils sector

Read more at:- [Explore \(cbic.gov.in\)](https://cbic.gov.in)

Topic Name:- Customs Duty Rates for Imported Spent Catalysts & Ash Containing Precious Metals in India

Dated on:- 22nd January, 2024

Notification No:- 03/2024

Brief Summary:- CBIC amends Notification No. 50/2017 dated 30th June 2017, specifically changing the tariff rate for Spent catalysts and ash containing precious metals (S. No. 364A) to 10% from the previous rate. This modification is outlined in Notification No. 03/2024-Customs dated 22nd January 2024.

Read more at:- [Explore \(cbic.gov.in\)](https://cbic.gov.in)

05 CUSTOM DUTIES

Topic Name:- Change the applicable Basic Custom Duty (BCD) rate on specified parts/sub-parts of cellular mobile phone

Dated on:- 30th January, 2024

Notification No:- 09/2024

Brief Summary:- The Government of India, Ministry of Finance, has amended the Customs Act, 1962, via Notification No. 09/2024-Customs dated January 30, 2024. The key changes include alterations in customs duty rates for various goods used in the manufacture of cellular mobile phones, with amendments in percentages and additions of new entries. Notably, specific items in S. No. 7 have been omitted.

Read more at:- <https://taxinformation.cbic.gov.in/view-pdf/1010004/ENG/Notifications>

Topic Name:- CBIC extends Exemption Validity to 30th September, 2024: Amends 33 notifications

Dated on:- 29th January, 2024

Notification No:- 07/2024

Brief Summary:- The Central Government, under the powers conferred by the Customs Act, 1962, and the Customs Tariff Act, 1975, has amended 33 notifications to extend the validity of exemptions expiring on March 31, 2024, until September 30, 2024. The amendments involve substituting the date of validity from "31st March, 2024" to "30th September, 2024" in various paragraphs of the specified notifications.

Read more at:- <https://taxinformation.cbic.gov.in/view-pdf/1010002/ENG/Notifications>

06 DGFT

Topic Name:- Import policy of Used IT Assets (laptops, desktops, monitors, Printers) from SEZ to DTA

Dated on:- 1st January, 2024

Notification No:- 56/2023

Brief Summary:- New import policy for Used IT Assets (laptops, desktops, monitors, printers) introduced under Para 2.31 [I (e)]. SEZ to DTA movement allowed without license if assets have 2-year SEZ usage, not older than 5 years. Relocation from SEZ to DTA allowed without a license if assets meet age criteria. License required for import not meeting conditions. Import relaxation depends on not availing exemptions during initial SEZ import.

Read more at:- <https://content.dgft.gov.in/Website/dgftprod/9ed3e71d-cde9-417b-9ce5-6196859c874b/Notification%2056%20dt%2001-01-24%20Eng.pdf>

Topic Name:- Amendment in Import Policy for Screws under HS Code 7318

Dated on:- 3rd January, 2024

Notification No:- 55/2023

Brief Summary:- Amendment changes import policies for specific threaded articles, including various screws, categorizing them as "Prohibited" except when CIF value is Rs. 129/- or above per kilogram, then considered "Free" subject to Policy conditions no. 2 and 3 of Chapter 73. Notable shift towards stricter regulations on certain screws while allowing flexibility for those meeting specified value criteria.

Read more at:- <https://content.dgft.gov.in/Website/dgftprod/4a3a8ba0-ef35-4598-8c1b-61b1f77bd4b0/Noti-55%20Eng.pdf>

06 DGFT

Topic Name:- Amendment in policy condition of silver covered under Chapter 71 of Schedule - 1 (Import Policy) of ITC (HS) 2022

Dated on:- 15th January, 2024

Notification No:- 57/2023

Brief Summary:-The notification introduces Policy Condition no. 05 in ITC(HS) 2022, allowing the 'Free' import of Semi-Manufactured Silver for Electrical, Electronics, and Engineering industries and Research & Development by the Government or recognized institutions. Import for other purposes is permitted through Nominated Agencies as notified by RBI or DGFT. Amendments apply to specific ITC(HSN) codes, such as 71069210 and 71069290, and now allow import through nominated agencies and qualified jewellers via India International Bullion Exchange (IIBX).

Read more at:- <https://content.dgft.gov.in/Website/dgftprod/d6455700-fbb9-40ac-a0ba-3fed5090e567/0427.pdf>

Topic Name:- DGFT Allocates 8606 MTRV Raw Cane Sugar to USA under TRQ Scheme 2024

Dated on:- 3rd January, 2024

Public Notice No:- 36/2023

Brief Summary:- The Public Notice No. 36/2023 serves as a formal declaration of the allocation of 8606 MTRV of raw cane sugar to the USA under the TRQ scheme for the US fiscal year 2024. The conditions, certifications, and the role of APEDA in implementation highlight the meticulous approach of the DGFT in regulating and facilitating international trade. Stakeholders are advised to adhere to the specified guidelines for a smooth and compliant export process.

Read more at:- <https://content.dgft.gov.in/Website/dgftprod/09f2455b-ee95-4ac8-8a7d-91e08a22f8ae/Public%20Notice%20No%2036-2023-%20English.pdf>

06 DGFT

Topic Name:- Extension of validity of Pre-Shipment Inspection Agencies (PSIAs)

Dated on:- 12th January, 2024

Public Notice No. 37/ 2023

Brief Summary: - DGFT, Santosh Kumar Sarangi, has extended the recognition of Pre-Shipment Inspection Agencies in line with Foreign Trade Policy 2023. The extension, effective until March 31, 2024, is crucial for seamless pre-shipment inspections, supporting international trade practices and easing operations for listed agencies and businesses. Public Notice No. 37/2023-DGFT reflects a pragmatic approach to address challenges and disruptions, aligning with the goal of promoting efficient foreign trade.

Read more at:- <https://content.dgft.gov.in/Website/dgftprod/1d76be5c-4e76-48ee-bb07-82e49218a5d6/PN%20English.pdf>

Topic Name:- Clarification regarding Import Policy Provisions for Laptops, Tablets, All-in-one Personal Computers and Ultra Small Form Factor Computers, Servers under HSN 8471

Dated on:- 12th January, 2024

Notification No:- 09/2023-24

Brief Summary:- Import of Laptops, Tablets, All-in-one Personal Computers, Ultra Small Form Factor Computers, and Servers under HSN 8471 is restricted. Import is allowed only with a valid authorization. Desktop Computers under the same tariff head are exempt from this restriction.

Read more at:- [https://content.dgft.gov.in/Website/dgftprod/4a775675-fe21-4b9b-b575-65f882da30e6/Modified%20draft%20Clarification%20reg%20Import%20Policy%20for%20IT%20Hardware%20\(2\).pdf](https://content.dgft.gov.in/Website/dgftprod/4a775675-fe21-4b9b-b575-65f882da30e6/Modified%20draft%20Clarification%20reg%20Import%20Policy%20for%20IT%20Hardware%20(2).pdf)

06 DGFT

Topic Name:- DGFT revises Import Policy for Glufosinate Technical to 'Prohibited' with Exceptions Effective January 25, 2024

Dated on:- 23rd January, 2024

Notification No:- 58/2024

Brief Summary:- The amendment changes the import policy for 'Glufosinate Technical,' making it prohibited if the CIF value is below a specified threshold, replacing the previous free import status. The goal is to regulate and control its import to ensure compliance with regulations. Stakeholders and businesses in this trade should adjust their strategies accordingly. The review clause reflects a commitment to periodic evaluations, signaling a proactive government approach to trade regulation. Importers and industry players should stay alert for future updates.

Read more at:- <https://content.dgft.gov.in/Website/dgftprod/5766ea34-fbf8-499e-bc14-d2090be46ada/Noti%2058%20Eng%20-%20%2023.01.2024.pdf>

08 FASB

Topic Name:- FINANCIAL ACCOUNTING FOUNDATION LAUNCHES REDESIGNED WEBSITE FOR THE FINANCIAL ACCOUNTING STANDARDS BOARDS

Dated on:- 23rd January, 2024

Brief Summary:- The Financial Accounting Foundation has unveiled a revamped website for the Financial Accounting Standards Board (FASB) at www.fasb.org, with improved navigation and design. Similar upgrades for the Governmental Accounting Standards Board (GASB) and Financial Accounting Foundation sites are expected soon. FAF Executive Director John W. Auchincloss credited a collaborative team effort for the successful redesign, enhancing user experience for stakeholders.

Read More at:- https://accountingfoundation.org/page/getarticle?uid=faf_MediaAdvisory-01-23-24

09 IRDAI

Topic Name:- Investments in Infrastructure Debt Funds-NBFC

Dated on:- 5th January, 2024

Reference No:- IRDAI/F&I/INV/CIR/003/01/2024

Brief Summary:- IRDAI has eased regulations for insurers investing in Infrastructure Debt Funds (IDF-NBFCs) by eliminating the need for case-by-case approval. Conditions include IDF-NBFC registration with RBI, a 5-year minimum tenure for debt securities, a minimum credit rating of AA or equivalent, and compliance with exposure norms per IRDAI regulations. This change aims to boost insurers' investments in the infrastructure sector and streamline the process.

Read more at:- <https://irdai.gov.in/document-detail?documentId=4296416>

Topic Name:- IRDAI Compliance Guidelines for Advance Reinsurance Program Submission

Dated on:- 5th January, 2024

Reference No :- IRDA/REIN/CIR/RISF/4/1/2024

Brief Summary:- The circular, based on IRDAI (Re-Insurance) Regulations, 2018, outlines submission requirements for insurers' advance reinsurance programs. It includes specific formats for General and Life insurers, guidelines for information submission, and stresses the importance of timely submission. Insurers must submit a certificate signed by the CEO and CFO to validate the accuracy of the information, emphasizing leadership accountability.

Read more at:- <https://irdai.gov.in/document-detail?documentId=4297326>

09 IRDAI

Topic Name:- Compliance with MoRTH notifications in view of the Motor Vehicles (Amendment) Act, 2019

Dated on:- 8th January, 2024

Reference No:- IRDAI/NL/CIR/MOTOR/2/1/2024

Brief Summary:- Three key notifications were issued by the Ministry of Road Transport and Highways on February 25, 2022, post-amendments to the Motor Vehicles (Amendment) Act, 2019:

A. G.S.R. 162(E): Central Motor Vehicles (Motor Vehicle Accident Fund) Rules, 2022

B. G.S.R. 163(E): Compensation to Victims of Hit and Run Motor Accidents Scheme, 2022

C. G.S.R. 164(E): Central Motor Vehicles (Fifth Amendment) Rules, 2022 – Procedure for Investigation of Motor Vehicle Accidents

General insurers in the Motor Insurance sector must comply with these notifications, understanding and implementing their roles and responsibilities.

Read more at:- <https://irdai.gov.in/document-detail?documentId=4304235>

Topic Name:- Denotification of Arbitration Clause

Dated on:- 24th January, 2024

Reference Number :- F. No. IRDAI/Gen Insurance/Tariff/1/195/2024

Brief Summary:- The Insurance Regulatory and Development Authority of India (IRDAI) has revoked the Arbitration clause in tariff products under Fire, Motor, Engineering, Workmen's Compensation, and other insurance categories. In 2006, after the withdrawal of tariffs, the Authority had issued a notification stating that certain regulations for classes like Fire, Engineering, Motor, etc., would continue. Now, exercising its powers under the Insurance Act, the Authority de-notifies the Arbitration clause provisions in tariff regulations, effective from October 27, 2023. Insurance contracts related to Arbitration will be governed by circulars issued by the Authority from that date onwards.

Read more at:- <https://irdai.gov.in/document-detail?documentId=4360309>

10 PFRDA

Topic Name:- PFRDA notifies Point of Presence (POP) Regulations requiring only one registration for National Pension System

Dated on:- 17th JAN 2024

Brief Summary:- The Pension Fund Regulatory and Development Authority (PFRDA) notified the Point of Presence (Pop) Regulations 2023, simplifying the registration process with the objectives of ease of doing business and greater usage of digital mode.

With this notification, banks and non-banks can act as PoPs to on-board NPS subscribers. Now, they require only single Registration for NPS, instead of multiple registrations earlier, and can operate with just one branch with wider digital presence. The timeline for disposing off applications has been reduced from 60 days to 30 days.

The above simplification is in line with Union Budget 2023-24 announcement to review regulations to reduce the cost of compliance and enhance the ease of doing business.

Read More at:- [showimg.cshtml \(pfrda.org.in\) doc2024117300001.pdf \(pib.gov.in\)](https://www.pfrda.org.in/doc2024117300001.pdf)

11 EXPERT ADVISORY CORNER – Impact of Section 43B(h) on MSME Payments



CA, CISA Taher. A. Pepermintwala
Partner

Taher has more than 15 years of professional experience in the areas of Statutory Audits, Internal Audit, Risk Advisory and IT Systems Audits involving BFSI Sector. His work experience includes Internal Audits, Risk Assessment, System Audits, Indirect Taxation Compliance review, Internal Financial Control Testing and preparation of SOP and Risk Control Matrix. Taher has conducted Training Session on Cyber Securities and Data Privacy at C&AG Training Institutes and has been guest speaker at various ICAI Forum.

Introduction:

The Finance Act, 2023 has introduced an important amendment to Section 43B of Income Tax Act, 1961 (“IT Act”) w.e.f 1st April 2023 (F.Y 2023-24 onwards)

Key Changes:

The new clause specifies that any sum payable by the taxpayer to micro or small enterprise beyond the timeline specified in section 15 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 will be deductible in the year of actual payment.

Implication:

First Proviso to section 43B of the IT Act allows deduction of dues in respect of which payment is made after the end of the financial year but before the date of filing income tax return. However, such benefit is not available to the taxpayer making payment to MSEs. Thereby unless such amount is paid within the due dates specified in section 15 of MSMED Act, amount will not be allowed as deduction in Tax Return of that financial year but will be allowed in subsequent financial year returns when taxes are paid.

Impact:

Auditor/taxpayer has to make disallowance under section 43B(h) for all the creditors outstanding on 31st march for whom payments have been made after the time limit defined in the MSMED Act i.e., 15 days in case of no agreement and 45 days in case of agreement. (Due date of payment should be counted from date of delivery of goods/services as per agreed terms). This would result in increase in tax liability for businesses delaying payments to MSMEs.

Challenges:

Increase Paperwork and administrative work in terms of confirmation about MSE status, this may discourage business partnerships with MSEs due to payment terms.

Corollary:

This amendment aims to encourage timely payments to micro and small enterprises (MSEs), however medium enterprises & Traders are excluded in the amendment.

11 EXPERT ADVISORY CORNER – DISCLOSURE REQUIREMENTS

STEPS TO BE TAKEN TO ENSURE COMPLIANCE BY BUSINESS

- ✓ Taxpayer may obtain MSME registration certificates from such vendors during the year to identify whether the vendor is a Micro or Small or Medium Enterprise.
- ✓ Vendor Balance confirmation/Ledger Reconciliation/Identification exercise should be conducted in first week of February 24 itself to ensure compliance with provisions of section 43B(h) of the IT Act.
- ✓ Status of MSME Vendors can also be checked using MSME Udyam Website Link:
https://udyamregistration.gov.in/UA/UA_VerifyUAM.aspx
- ✓ Once the Status is determined as Micro or Small Enterprises, outstanding dues as well as status of delivery of goods/rendering of services should be determined to ensure that proper payment of services is made within as per agreement/15/45 days (as the case may be, but in no case should exceed 45 days)

Limits

- Investment in Plant & machinery
- Turnover

Micro Enterprises

- Less than 1 Crores
- Less than 5 Crores

Small Enterprises

- Between 1 Crore to 10 Crores
- Between 5 crores to 50 Crores

Medium Enterprises

- Between 10 Crore to 50 Crores
- Between 50 crores to 250 Crores

CONTENT CONTRIBUTORS

- Goods & Service Tax
- Securities Exchange Board of India
- DGFT
- Financial Accounting Standards Board
- Income Tax
- Reserve Bank of India
- Custom Duties
- IRDAI

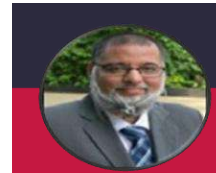


Pankaj Yadav



Mirza Sahil

➤ Strategic Guide



HUZEIFA UNWALA

➤ Overall Co-ordinator & Reviewer for this Activity



ZENAB TOPIWALA

DISCLAIMER

Insights to help you sharpen your Governance, Risk and Compliance Knowledge Issued by Knowledge Management team of

JHS About Regulatory Radar:-

This regulatory radar is received by you as you are an existing or past client or employee of JHS or an acquaintance of partners or employees of JHS. This radar is prepared with due care and research from publicly available sources on internet; however, this is not an advice or a substitute for an advice. Each client circumstance, facts and case are unique and may require study of law and detailed examination of facts for a suitable solution. This regulatory radar is prepared in good faith and with the sole of intention of updating the reader with new legal amendments on a regular basis.

Below are the links for previous months Regulatory Radar

OCTOBER :- https://drive.google.com/file/d/126wJAqcunuW42Hr9hzN_3L_F3uejCSYx/view?usp=drive_link

NOVEMBER :- https://drive.google.com/file/d/1ncLoPgt4fP2PqZ8_p8RGHV80jFjtSA4A/view?usp=sharing

DECEMBER :- <https://drive.google.com/file/d/1iqsfylFWaze7UyG34HdutlsyoLpPgKjy/view?usp=sharing>



Contact Us

Andheri

Unit No. B-406 to 410, 4th floor, Navkar Chambers, Marol Naka Metro Station, Andheri (East). Mumbai – 400059

Ahmedabad

Unit No. 206, 2nd floor, Shital Varsha, Shivranjani Cross Road, Ahmedabad. Gujarat - 380015

Bengaluru

Unit No. 2, 2nd Floor, Stepsmart Kundhalanahalli. Bengaluru - 560037

Delhi

Unit No.306, DIF Centre, Savitri Cinema Complex, Delhi - 110048

Kalyan

Unit No 11-12, Regency Avenue, Murbad Road Kalyan(West). Mumbai- 421301

Kolkata

Unit No.402, 4th floor, Vardhan Complex, 25A Camac Street, Kolkata. West Bengal - 700016

Mazgaon

Unit no.11A, Ground floor, New Sai Niketan CHS LTD, DR Mascarenhas Road, Mazgaon. Mumbai - 400010

Masjid Bunder

Unit No.402, 4th floor, Nav Vyapar Bhavan, 49 P.D'mello Road, Bunder Masjid (East). Mumbai- 400009

Vadodara

4th floor, Lila Chambers, Notus Pride, Vadodara. Gujarat-390023

Vapi

Unit No.101 ,Saga Casa, Daulat Nagar, Vapi. Gujarat - 396215

Associates: Chennai, Cochin, Daman, Diu, Hyderabad, Indore.

Representative Offices Outside India: UAE, UK, Oman, Kenya



JHSAssociatesLLP



jhs-associates-llp