

SPCM & ASSOCIATES

Chartered Accountants



SPCM
LEGAL

SAMĀCĀRA

JULY

2023





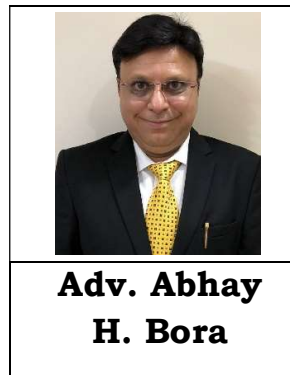
SAMĀCĀRA – JULY 2023

TEAM SAMĀCĀRA

INCOME TAX

			
CA. Suhas P. Bora	CA. Pradeep M. Katariya	CA. Disha M. Shah	Mrs. Ruchi Bhandhari

GOODS AND SERVICES TAX

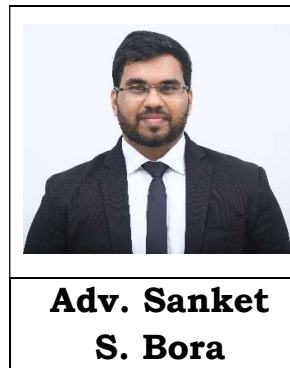


SAMĀCĀRA – JULY 2023

COMPANY LAW, BANKING AND FINANCE

			
CA. Manoj R. Jain	CA. Chetan R. Parakh	CA. Vishnu S. Rathi	CA. Prerna S. Bora

CIVIL, CRIMINAL, REAL ESTATE AND OTHER LAWS





SAMĀCĀRA – JULY 2023

INDEX

SR. NO.	PARTICULARS	PAGE NO.
1.	Editorial	05-06
2.	Glimpse of Events	07-08
3.	Income tax, PF and ESIC due date calendar for the month of July, 2023	09-10
4.	GST due dates for the month of July, 2023	11-12
5.	Note on E-Appeals Scheme, 2023	13-23
6.	Gist of GST notifications	24-24
7.	GST updates	25-27
8.	Article: Types of Financial Planning	28-33

SAMĀCĀRA – JULY 2023

EDITORIAL

Dear All,

On the auspicious occasion of “**Guru Purnima**”, I extend my warmest wishes and heartfelt greetings. Happy Guru Purnima to all!

On this auspicious Day, we acknowledge the invaluable contributions of our teachers and express our deepest gratitude for their wisdom, guidance, and support. This is so as our journey as professionals and learners would not have been possible without their selfless dedication and tireless efforts in imparting knowledge and nurturing our growth. I felt proud and privileged when I was felicitated by one of my student CA. Nilay Mehta at his educational institute Nilaya Education.

My heartiest congratulations to all Chartered Accountants of SPCM Family on this momentous occasion of the 75th foundation Day of our beloved Institute ICAI. On July 1, 1949, the accounting and auditing profession which had been in existence since long was granted autonomy through the Chartered Accountants Act, 1949.

Indian Government introduced the Goods and Services Tax (GST) on 1st July 2017 which marked a significant milestone in the country's taxation history. The main aim behind the revolution of the existing taxation scheme of the nation was to streamline the indirect taxation system of the economy. ‘One Nation, One Tax, One Market’ was the slogan used by the government to promote the newly introduced system, which in itself narrates the objective of the government for bringing the new taxation system into the country. Introduction of GST in the country has brought with itself various benefits which include the need for compliance with only one major indirect tax system and a streamlined Input Tax Credit System. This has also benefitted the consumers as the introduction of GST eliminated the cascading effect of taxation. At the same time, many issues such as the timely resolution of litigations, and the uncertainty over various provisions are still present in the current system. Despite these challenges, GST revenue collection came in at ₹1,61,497 crore in June

2023. It is for the fourth time that the gross GST collection has crossed ₹1.60 lakh crore mark. The average monthly gross GST collections for the first quarter of the FY 2021-22, FY 22-23 & FY 23-24 are ₹1.10 lakh crore, ₹1.51 lakh crore, and ₹1.69 lakh crore respectively.

At SPCM, as a part of every year's annual activity on CA Day on 1st of July, we organize a Blood Donation Camp in our office as a small contribution towards serving the Nation by promoting the noble cause of Blood Donation. This is one such donation that one eligible person can give to the needy person which can save their lives without any loss or harm to the donor. This year we have appealed all the students to contribute towards the noble cause by donating blood and at least inspiring one more person for the noble cause. We celebrated 75th Foundation Day by holding Blood Donation Camp on 1.07.2023, on CA Day, where 97 bottles of blood were collected. We have also honoured the officer bearers of PSI blood bank, their staff as well as Shir Gautam Nabriya, who has supported this activity of conducting blood donation camp every year since 2016.

I would like to conclude with the famous thought of the Nelson Mandela: *“Remember to celebrate the milestones as you prepare for the road ahead.”*

Happy 75th Chartered Accountants' Day, and here is to many more years of success and accomplishments!

With Warm Regards,



CA. Suhas P. Bora
Founder Partner,
SPCM and Associates,
Chartered Accountants



GLIMPSE OF EVENTS

Celebration of Chartered Accountant's Day at SPCM & Associates by organising the Blood Donation Camp on 01.07.2023



In frame:

(From left to right)
CA. Manoj R. Jain,
Adv. Abhay H. Bora,
CA. Suhas P. Bora,
CA. Pradeep M. Katariya,
CA. Chetan R. Parakh

Felicitation of the PSI Blood Bank Co-ordinator and senior team.





Felicitation of CA. Suhas P. Bora by one of his students of SPCM & Associates on the occasion of Guru Pournima: - CA. Nilay Mehta at his educational institute Nilaya Education



DUE DATES
Income Tax, PF and ESIC due date calendar for the month of July 2023:

DATE	DUE DATE FOR
07-07-2023	<ul style="list-style-type: none"> • Deposit of Tax deducted/collected for the month of June, 2023. • Deposit of TDS for the period April 2023 to June 2023 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H
15-07-2023	<ul style="list-style-type: none"> • Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M, 194S in the month of May, 2023. (Note: Applicable in case of specified person as mentioned under section 194S.) • Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending June, 2023 • Quarterly statement of TCS deposited for the quarter ending June 30, 2023 (Note: The due date of furnishing TCS statement has been extended from June 30, 2023 to September 30, 2023 vide Circular no. 9/2023, dated 28-06-2023) • Upload the declarations received from recipients in Form No. 15G/15H during the quarter ending June, 2023. • Payment of ESI Contribution for the month of June, 2023. • Payment of PF for the month of June, 2023.



DATE	DUE DATE FOR
30-07-2023	<ul style="list-style-type: none"> • Quarterly TCS certificate in respect of tax collected by any person for the quarter ending June 30, 2023. (Note: Due to extension of due date of TCS statement vide Circular no. 9/2023, dated 28-06-2023, the revised due date for furnishing TCS certificate shall be October 15, 2023.) • Furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194M, 194S in the month of June, 2023. (Note: Applicable in case of specified person as mentioned under section 194S.)
31-07-2023	<ul style="list-style-type: none"> • Quarterly statement of TDS deposited for the quarter ending June 30, 2023. (Note: The due date of furnishing TDS statement has been extended from June 30, 2023 to September 30, 2023 vide Circular no. 9/2023, dated 28-06-2023) • Return of income for the assessment year 2023-24 for all assessee other than: <ol style="list-style-type: none"> (a.) corporate-assessee or (b.) non-corporate assessee (whose books of account are required to be audited) or (c.) partner of a firm whose accounts are required to be audited or the spouse of such partner if the provisions of section 5A applies or (d.) an assessee who is required to furnish a report under section 92E.



GST due dates for the month June, 2023 falling in month of July 2023: -

DUE DATE	RETURN	PERIOD	DESCRIPTION
10 th July	GSTR-7 (Monthly)	June'23	Summary of Tax Deducted at Source (TDS) and deposited under GST laws.
10 th July	GSTR-8 (Monthly)	June'23	Summary of Tax Collected at Source (TCS) and deposited by E-commerce operators under GST laws.
11 th July	GSTR-1 (Monthly)	June'23	Summary of outward supplies where turnover exceeds Rs.5 crore or have not chosen the QRMP scheme for the quarter of April – June 2023.
13 th July	GSTR – 1 (Quarterly)	April – June 2023	Summary of outward supplies where turnover is below Rs.5 crore Taxpayers and who have opted for quarterly filing of GSTR 1.
13 th July	GSTR-6	June'23	Details of ITC received and distributed by ISD.
13 th July	GSTR-5 (Monthly)	June'23	Summary of outward taxable supplies & tax payable by a non-resident taxable person.



DUE DATE	RETURN	PERIOD	DESCRIPTION
18 th July	CMP-08	April – June 2023	Summary of self-assessed tax which is payable for the quarter April to June 2023 by taxpayers who are registered as composition taxable person or taxpayer who have opted for composition levy.
20 th July	GSTR-3B (Monthly)	June'23	Summary of outward supplies, ITC claimed, and net tax payable for taxpayers with turnover more than Rs.5 crore in the last FY or have not chosen the QRMP scheme for the quarter of April - June 2023.
20 th July	GSTR-5A (Monthly)	June'23	Summary of outward taxable supplies and tax payable by OIDAR.
22 nd July	GSTR 3B Quarterly filers	April – June 2023	Summary of outward supplies, ITC claimed, and net tax payable for taxpayers with turnover less than Rs.5 crore in the last FY or have chosen the QRMP scheme for the quarter of April - June 2023.

**INCOME TAX****Note on E-Appeals Scheme, 2023**

Notification No. 33/2023-Income Tax on May 29, 2023 introduces the E-Appeals Scheme, 2023 under the provisions of the Income Tax Act, 1961.

The scheme is called the E-Appeals Scheme, 2023 and **it comes into force from the date of its publication in the Official Gazette.**

FAQs on the E-Appeals Scheme, 2023:**1. Applicability of the Scheme**

The Scheme shall apply to all the appeals as covered U/Sec.246 of the Act except the cases excluded under Sub-Section (6) of said section.

2. Who is the Appeal Authority under the Scheme?

The Joint Commissioner (Appeals) [JCIT (Appeals)], shall dispose of the appeals filed before it or allocated or transferred to it, in accordance with the provisions of this Scheme.

3. Can the JCIT (Appeals) can take assistance from anyone for disposal of Appeal?

Yes, the JCIT (Appeals) can take assistance of income-tax authority, ministerial staff, executive or consultant in the disposal of appeals.

4. Who shall allocate the appeals to JCIT (Appeals)?

The Principal Director General of Income-tax (Systems) or the Director General of Income Tax (Systems, with the approval of the Central Board of Direct Taxes, devise a process to randomly allocate or transfer the appeals to the JCIT(Appeals).

5. What is the procedure for disposal of appeal by JCIT (Appeals)?

Appeal shall be disposed of by the JCIT(Appeals) under this Scheme as per the following procedure:

5.1. On assignment of an appeal, the JCIT (Appeals) shall do the following:

- a. May condone the delay in filing appeal if the appeal is filed beyond the time permitted and record the reasons for such condonation in the appeal order.
- b. Shall give notice to the appellant asking him to file his submission within the date and time specified in such notice and also send copy of such notice to the Assessing Officer.
- c. May obtain further information, document or evidence from the appellant or any other person.
- d. May obtain a report of the Assessing Officer on grounds of appeal or information, document or evidence furnished by the appellant.
- e. May request the Assessing Officer for making further inquiry U/Sec.250(4) of the Act and submit a report thereof.
- f. Shall serve a notice upon the appellant or any other person, or the Assessing Officer to submit such information, document or evidence or report, as may be specified by it or relevant to the appellate proceedings, on a specified date and time.

5.2. The appellant or any other person shall furnish response as required in sub-clauses (b), (c) or (f) above within the date and

time specified therein, or such extended date and time as may be allowed based on the application made to the JCIT (Appeals).

- 5.3. The Assessing Officer shall furnish a report as required under sub-clauses (d), (e) or (f) above within the date and time specified therein or such extended date and time as may be allowed based on the application made to the JCIT (Appeals).
- 5.4. The appellant may file additional grounds of appeal before the JCIT (Appeals), in such form, as may be specified, specifying therein the reason for omission of such grounds in the appeal filed.
- 5.5. The appellant may furnish additional evidence, other than the evidence produced by him during the course of assessment proceedings, in such form, as may be specified, specifying therein as to how his case is covered by the exceptional circumstances specified in sub-rule (1) of Rule 46A of the Rules.
- 5.6. The JCIT (Appeals) may enhance an assessment or a penalty or reduce the amount of refund after issuance of show cause notice containing the reasons for such enhancement or reduction to the appellant.
- 5.7. The JCIT (Appeals) shall, thereafter -
 - a. Prepare in writing, an appeal order in accordance with the provisions of Section 251 of the Act stating the points for determination, the decision thereon and the reason for decision
 - b. Send such order after signing the same digitally to the appellant along with the details of the penalty proceedings, if any, to be initiated therein;
 - c. Communicate such order to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in the line with Section 250(7) of the Act

- d. Communicate such order to the Assessing Officer for such action as may be required under the Act.
- e. Where initiation of penalty has been recommended in the order, serve a notice upon the appellant calling upon him to show cause as to why penalty should not be imposed upon him under the relevant provisions of the Act.

6. Can JCIT (Appeals) admit Additional Ground?

Yes, JCIT (Appeals) can admit Additional Ground of the appellant by following the below procedure:

- a. The JCIT (Appeals) shall admit such additional ground in case of orders passed U/Sec.143(1) of the Act or U/Sec.200A of the Act or in any other case where the appealable order is an order passed by the Central Processing Centre.
- b. In any other case, the JCIT (Appeals) shall send the additional ground to the Assessing Officer for providing comments if any.
- c. The Assessing Officer shall furnish their comments, within the date and time specified therein or such extended date and time as may be allowed based on the application made to the JCIT (Appeals).
- d. The JCIT (Appeals) shall, after taking into consideration the comments, if any, received from the Assessing Officer-
 - (A) if satisfied that the omission of such additional ground from the memorandum of appeal was not wilful or there was sufficient cause, admit the additional ground; or
 - (B) in any other case, not admit the additional ground for reasons to be recorded in writing in the appeal order.

7. What is the procedure for admission of Additional Evidences by JCIT (Appeals)?

Where the additional evidences are furnished by the appellant, JCIT (Appeals) can admit such Additional Evidences by following the below procedure:

- a. The JCIT (Appeals) shall admit such additional evidences in case of orders passed U/Sec.143(1) of the Act or U/Sec.200A of the Act or in any other case where the appealable order is an order passed by the Central Processing Centre.
- b. In any other case, the JCIT (Appeals) shall send the additional evidence to the Assessing Officer for furnishing a report on the admissibility of additional evidence in accordance with Rule 46A of the Rules
- c. The Assessing Officer shall furnish the report, as referred to in sub-clause (b), within the date and time specified therein or such extended date and time as may be allowed based on the application made to the JCIT (Appeals).
- d. The JCIT (Appeals) may, after considering the additional evidence and the report, if any, furnished by the Assessing Officer admit or reject the additional evidence, for reasons to be recorded in writing, which shall form a part of the appeal order
- e. The JCIT (Appeals) shall, if he admits such evidence, before taking such evidence into account in the appellate proceedings, provide an opportunity to the Assessing Officer to examine such evidence or to cross-examine such witness, as may be produced by the appellant, or to produce any evidence or document, or any witness in rebuttal of the evidence or witness produced by the appellant, and furnish a report thereof.
- f. The Assessing Officer shall furnish the report within the date and time specified therein or such extended date and time as may be allowed based on the application made to the JCIT (Appeals).
- g. The Assessing Officer may request the JCIT (Appeals) to direct the production of any document or evidence by the appellant, or the examination of any witness, as may be relevant to the appellate proceedings;
- h. The JCIT (Appeals) for the purposes of making enquiries in the appeal proceedings as referred to in sub-clauses (c) or (e) above or where the request referred to in sub-clause (g) is received, may, if it deems fit, send a notice –

(A) directing the appellant to produce such document or evidence, as it may specify; or

(B) for examination of any other person, being a witness;

- i. The appellant or any other person furnish his response to the notice referred to in sub-clause (h), within the date and time specified therein or such extended date and time as may be allowed based on the application made to the JCIT (Appeals).

8. Can JCIT (Appeals) enhance an assessment or a penalty or reduce the amount of refund?

Yes, JCIT (Appeals) can admit enhance an assessment or a penalty or reduce the amount of refund of the appellant by following the below procedure:

- a. The JCIT (Appeals) shall show-cause notice containing the reasons for such enhancement or reduction shall serve the notice upon the appellant.
- b. The appellant shall furnish his response within the date and time specified therein or such extended date and time as may be allowed based on the application made to the JCIT (Appeals).

9. What is the procedure w.r.t Initiation of Penalty for non-compliance of any notice, direction or order issued under this Scheme by JCIT (Appeals)?

Following is the procedure to be adopted by JCIT (Appeals) w.r.t Initiation of Penalty:

- a. The JCIT (Appeals) may, in the course of appeal proceedings, send a notice to the appellant or any other person for initiation of any penalty proceedings calling upon them to show cause as to why penalty should not be imposed for non-compliance of any notice, direction or order issued under this Scheme.
- b. The appellant or any other person, shall furnish a response within the date and time specified therein or such extended date and time

as may be allowed based on the application made to the JCIT (Appeals).

- c. The JCIT (Appeals) shall, after considering all the relevant material available on the record, including the response furnished, if any, by the appellant or any other person, as the case may be, shall send the following to the appellant or any other person and the Assessing Officer —
- (a) Penalty Order after digitally signing the same; or
 - (b) Intimation w.r.t dropping of the penalty after recording reasons in writing.

10. Can JCIT (Appeal) rectify any mistake apparent from the record?

Yes, JCIT (Appeals) can amend any order passed by it in accordance with the provisions of the Act, by an order passed in writing, on an application for rectification of mistake filed by the appellant of Assessing Officer by following the below procedure:

- 10.1. The JCIT (Appeals) shall examine the application and send the notice for granting an opportunity to the appellant or the Assessing Officer whosoever has filed the application calling them to show cause as to why rectification of mistake should not be carried out under the relevant provisions of the Act.
- 10.2. The appellant or the Assessing Officer shall furnish a response to such notice within the date and time specified therein or such extended date and time as may be allowed based on the application made to the JCIT (Appeals).
- 10.3. The JCIT (Appeals) shall, after taking into consideration the application and response furnished by the appellant or the Assessing Officer by an order in writing -
 - (a) rectify the mistakes; or
 - (b) reject the application for rectification by recording reasons in writing

10.4. The JCIT (Appeals) shall send such order after digital signature it to the appellant and the Assessing Officer for such action as may be required under the relevant provisions of the Act.

11. Where can an appeal be filed against the order of JCIT (Appeals)?

An appeal against an order passed by the JCIT (Appeals) under this Scheme shall lie before the Income Tax Appellate Tribunal having jurisdiction over the jurisdictional Assessing Officer of the appellant.

12. How will the communication be made between the JCIT (Appeals) and the appellant / authorised representative or the Assessing Officer and the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner?

All the communications between the JCIT (Appeals) and the appellant, or his authorised representative and all internal communications between the JCIT (Appeals), the Assessing Officer and the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner will be made through electronic mode.

13. How the electronic record under this scheme be authenticated?

Any electronic record shall be authenticated by -

- a. In case of any order referred above passed by the JCIT (Appeals) - by affixing his digital signature.
- b. The appellant or any other person - by affixing his digital signature or electronic verification code or by logging into his registered account in the designated portal.

14. What is the mode of delivery of electronic record under this scheme?

- 14.1. Every notice or order or any other electronic communication under this Scheme shall be delivered to the appellant, by way of -
- a. placing an authenticated copy in the appellant's registered account; or
 - b. sending an authenticated copy thereof to the registered e-mail address of the appellant or his authorised representative; or
 - c. uploading an authenticated copy on the Mobile App of the appellant followed by a real time alert.
- 14.2. Every notice or order or any other electronic communication under this Scheme shall be delivered to the addressee, being any other person, by sending an authenticated copy thereof to the registered e-mail address of such person followed by a real time alert.
- 14.3. The appellant shall furnish his response to any notice or order or any other electronic communication through his registered account and once an acknowledgement is generated upon successful submission of response, the response shall be deemed to be authenticated.
- 14.4. The time and place of dispatch and receipt of electronic record shall be determined in accordance with the provisions of Section 13 of the Information Technology Act, 2000 (21 of 2000).

15. Can the appellant appear before JCIT (Appeals) for personal hearing under this Scheme?

- 15.1. A person shall not be required to appear either personally or through authorised representative in connection with any proceedings under this Scheme.

- 15.2. The appellant or his authorised representative may request for personal hearing to make oral submissions or present his case before the JCIT (Appeals) and the concerned JCIT (Appeals) shall allow the request for personal hearing and communicate the date and time of hearing to the appellant.
- 15.3. Such hearing shall be conducted through video conferencing or video telephony, including use of any telecommunication application software which supports video conferencing or video telephony, to the extent technologically feasible, in accordance with the procedure laid down by the Board.
- 15.4. Any examination or recording of the statement of the appellant or any other person shall be conducted by the JCIT (Appeals) under this Scheme, exclusively through video conferencing or video telephony, including use of any telecommunication application software, to the extent technologically feasible, in accordance with the procedure laid down by the Board.

16. What are the functions of Principal Chief Commissioner of Income-tax National Faceless Appeal Centre under this Scheme?

The Principal Chief Commissioner of Income-tax (National Faceless Appeal Centre), with the prior approval of Board shall perform the following functions for effective functioning of the Office of the JCIT (Appeals) set-up:

- a. Transfer in and transfer out of cases from e-appeal Scheme;
- b. Transfer of cases from one JCIT(Appeals) to another;
- c. Co-ordinate with the Principal Director General or Director General of Income tax (Systems) for devising processes for allocation of appeals, if required;
- d. Approval of Formats of notices or letter;
- e. Issuing Standard Operating Procedures for various processes and for conducting Video Conference; and

- f. Any other procedural function assigned by the Board from time to time.

17. What are the powers of Principal Director General or the Director General of Income-tax (Systems) under this Scheme?

The Principal Director General or the Director General of Income-tax (Systems) shall, in consultation with the Principal Chief Commissioner of Income-tax National

Faceless Appeal Centre and with the prior approval of the Board, lay down the standards, procedures and processes for effective functioning of the Office of the JCIT (Appeals) set-up such as:

- a. Service of the notice, order or any other communication;
 - b. Receipt of any information or documents from the person in response to the notice, order or any other communication;
 - c. Issuance of acknowledgment of the response furnished by the person;
 - d. Provision of e-appeal facility including login account facility, tracking status of appeal, display of relevant details, and facility of download;
 - e. Accessing, verification and authentication of information and response including documents submitted during the appellate proceedings;
 - f. Receipt, storage and retrieval of information or documents in a centralised manner; and
 - g. any other function assigned by the Board from time to time.
-

GST**GIST OF GST NOTIFICATIONS**

NOTIFICATION NO.	DATE	SUBJECT / HIGHLIGHTS
17/2023- Central Tax	27-06-2023	Extension of due date for filing of return in FORM GSTR-3B for the month of May 2023 for the persons registered in the districts of Kutch, Jamnagar, Morbi, Patan and Banas kantha in the state of Gujarat up to 30th June 2023.
16/2023- Central Tax	19-06-2023	The due date for furnishing FORM GSTR-7 extended for April and May, 2023 for registered persons whose principal place of business is in the State of Manipur.
15/2023- Central Tax	19-06-2023	The due date for furnishing FORM GSTR-3B extended for April and May, 2023 for registered persons whose principal place of business is in the State of Manipur.
14/2023- Central Tax	19-06-2023	The due date for furnishing FORM GSTR-1 extended for April and May, 2023 for registered persons whose principal place of business is in the State of Manipur.
Instruction No. 03/2023-GST	14-06-2023	Guidelines for processing of applications for registration is instructed.



GST UPDATES

1. E-Invoice Verifier APP By GSTN - Advisory:

The E-Invoice Verifier App developed by GSTN, has been introduced which offers a convenient solution for verifying e-Invoices and other related details. GSTN understands the importance of efficient and accurate e-invoice verification, and this app aims to simplify the process for your convenience.

2. Advisory On Online Compliance Pertaining to Liability / Difference Appearing in R1 – R3B (DRC-01B):

It is informed that GSTN has developed a functionality to enable the taxpayer to explain the difference in GSTR-1 & 3B return online as directed by the GST Council. This feature is now live on the GST portal.

The functionality compares the liability declared in GSTR-1/IFF with the liability paid in GSTR-3B/3BQ for each return period. If the declared liability exceeds the paid liability by a predefined limit or the percentage difference exceeds the configurable threshold, taxpayer will receive an intimation in the form of DRC-01B.

Upon receiving an intimation, the taxpayer must file a response using Form DRC-01B Part B. The taxpayer has the option to either provide details of the payment made to settle the difference using Form DRC-03, or provide an explanation for the difference, or even choose a combination of both options.

3. The Goods and Service Tax Network (“GSTN”) enabled the new facility to withdraw the Refund application introduced for Taxpayers, in case there are errors in the Refund application:

1. Withdraw the Refund Application in case you have made a mistake while filing

2. Fill out a simple Form RFD-01W to withdraw
3. File the Corrected Refund Application immediately for quicker processing can be withdrawn up to the stage of acknowledgement of application in Form RFD-02

4. GSTN enabled the Online facility for Taxpayers to track status of refund application in real time:

The Goods and Service Tax Network (“GSTN”) enabled the Online facility for Taxpayers to track the status of refund application in real time.

- Red
- Current Status shown in Red
- Green
- Completed stages shown in Green
- Grey
- Pending stages shown in Grey

Navigate services > Track Application Status > Select the Refund option > Enter ARN > click SEARCH.

5. 2 Factor Authentication will be made mandatory for all taxpayers with AATO above 100cr:

The National Informatics Centre has issued an update that 2 Factor Authentication will be made mandatory from July 15, 2023 for all taxpayers with AATO above 100cr.

To enhance the security of e-Way Bill/e-Invoice System, NIC is introducing 2-Factor Authentication for logging in to e-Way Bill/e-Invoice system. In addition to username and password, OTP will also be authenticated for login.

There are 3 different ways of receiving the OTP. You may enter any of the OTP and login to system. The various modes of generating OTP are explained below:

- i. **SMS:** OTP will be sent to your registered mobile number as SMS.
- ii. **On 'Sandes' app:** Sandes is a messaging app provided by government so that you can send and receive messages.
- iii. **Using 'NIC-GST-Shield' app:** 'NIC-GST-Shield' is a mobile app provided by e-Way Bill /e-Invoice System, so that OTP can be generated by using the app.

Registration for 2-Factor Authentication:

On logging to e-Waybill System go to Main Menu? 2 Factor Authentication and confirm the registration. Once confirmed, the system will ask OTP along- with username and password. The OTP authentication is based on individual user accounts. The sub users of GSTIN will have separate authentication depending on their registered mobile number in the e-Way Bill/ e- Invoice System. Once you have registered for 2 Factor authentication, then the same is applicable for both e-Way bill and e-Invoice system.

Financial Planning (2/2): Types of Financial Planning:

In the June edition we discussed on whether Financial Planning and Capital Structuring is necessary. In continuance with the topic, in July edition we will discuss various types of financial planning with giving more emphasis on Corporate Financial Planning.

Financial Planning is extremely wide in its ambit and therefore, involves the following:

1. Investment Planning
2. Insurance Planning
3. Child Future Planning
4. Tax Planning
5. Retirement Planning
6. Cash Flow Planning
7. Estate Planning
8. Corporate Financial Planning

1. Investment Planning:

Investment planning focuses on identifying effective investment strategies according to an investor 's risk appetite and financial goals. There is a wide variety of investment options, including shares, bonds, mutual funds, bank deposits, real estate and futures and options. Through investment planning, one can identify the most appropriate portfolio mix. Investment planning begins after you have taken into account your current and expected income level and have laid down your financial goals.

2. Insurance Planning:

Insurance is an important part of any sound financial plan. In the Western world, it is also a key tool for not only covering multitude of risks like death, accident, disability and loss of property due to fire, burglary or

earthquake etc. but as an investment tool, it helps in creating financial corpus to meet long term goals.

The Human Life Value Approach to Calculating Life Insurance Needs:

The human life value concept deals with human capital, which is a person's income potential. It goes beyond just the numbers and considers the overall impact of losing someone, especially the breadwinner.

Calculating one's life insurance needs with this process involves multiple steps. The Future expected earnings of the insured needs to be capitalized and the present value of the income flow to the family, for the time frame needed, to be determined.

3. Child Future Planning:

Financial Planning for our children has two parts. The easier to solve is the financial part, the more intense and difficult one is the behavioural part. The financial part of the financial planning is as follows:

- To set goals on what is to be done in the future.
- Assign values / estimates at today's cost.
- Forecast (there will be large margins of error here) the expected cost in the future.
- Start saving/ investing to reach the targets
- Fine tune on a yearly basis (more or less, or as often as the situation demands).

4. Tax Planning:

Tax planning is the analysis of one's financial situation from a tax efficiency point of view so as to plan one's finances in the most optimized manner. Tax planning allows a taxpayer to make the best use of the various tax exemptions, deductions and benefits to minimize their tax liability over a financial year. Tax planning is a legal way of reducing

income tax liabilities, however caution has to be maintained to ensure that the taxpayer isn't knowingly indulging in tax evasion or tax avoidance.

5. Retirement Planning:

Retirement planning is the process of planning and managing short and long-term finances to help achieve financial dreams both during working years and retired life. It involves analysing financial objectives, current financial position and expected future cash flow to develop a comprehensive retirement roadmap. Without a judicious retirement plan in place, we run the risk of outliving our savings and not being able to maintain the desired lifestyle in our retirement years. We also run the risk of not being able to accumulate enough corpus for our dependants owing to unfortunate and uncertain events like death, disability etc.

Retirement planning helps us determine how much to save today for retirement; how to invest our savings to get the desired returns; how to protect our assets and provide for in case of unfortunate events and how to make judicious use of retirement income post-retirement.

6. Cash Flow Planning:

A Company should create at least a basic cash flow plan to ensure that it has enough cash on hand to meet these expenditures in the periods in which they occur. Otherwise, it may fall short of its cash needs and either have to raise capital quickly (which is expensive), lay off employees or even cease operations.

Cash flow plans are strategic documents companies make in order to forecast their cash inflows and outflows over several periods. In the insurance world, cash flow plans refer to coordinating the payment of insurance premiums with cash flow.

From an insurance perspective, a *cash flow plan* often means simply paying an insurance premium in instalments rather than all at once. For example, car insurance premiums are often assessed once every six months. Rather than pay one very large amount twice a year, insured 's often negotiates cash flow plans with their insurance companies whereby they pay one-sixth of the bill every month so as to "smooth out" their cash flows each month.

Although corporate budgets are crucial, the non-cash portions of those budgets are often of little use in helping companies determine whether they'll run out of cash in a given period. Having a cash flow plan helps companies predict when they'll need to raise capital or borrow more.

Likewise, cash flow plans in the insurance business may delay the receipt of cash for insurance businesses, but they also likely ensure a higher rate of collection from their insured 's, who are usually better able to make small, regular payments rather than large, infrequent payments. Personal cash management is the key to achieving financial freedom.

7. Estate Planning:

Estate planning is the act of preparing for the transfer of a person's wealth and assets after his or her death. Assets, life insurance, pensions, real estate, cars, personal belongings, and debts are all part of one's estate. Estate plans must be written, signed, and notarized by the person who owns the estate

Estate planning is for everybody, not just the wealthy. Without an appropriate estate plan, friends and relatives can spend a lifetime (and their life savings) battling over your assets. It can be intimidating, but it is a necessary step in ensuring that your assets end up where you want them, without the interference of the third parties.

8. Corporate Financial Planning:

Corporate financial planning indicates a firm 's growth, performance, investments and requirements of funds during a given period of time, usually three to five years. It involves the preparation of projected or pro forma profit and loss account, balance sheet and funds flow statement.

The steps followed in CFP are given as follows:

- Undertaking Strategic Review of Operations
- Evaluating current financial condition of the firm.
- Analysing future growth prospects and options.
- Appraising the investment options to achieve the stated growth objective.
- Projecting the future growth and profitability.
- Estimating funds requirement and considering alternative financing options.
- Comparing and choosing from alternative growth plans and financing options.

Constraints to keep in mind for corporate financial planning:**a. The Sustainable Growth Model:**

Defined as the annual percentage growth in sales that is consistent with the firm 's financial policies.

It helps in ascertaining the organic growth rate without resorting to additional borrowings or issue of equity. A commercial lender would want to compare a potential borrower 's actual growth rate with their sustainable growth rate. If the actual growth rate is much higher than the sustainable growth rate, the borrower runs the risk of growing broke and any lending must be viewed as a down payment on a much more comprehensive lending arrangement than just one round of financing. Any growth rate higher than sustainable growth will need incremental cash, which if not funded, may lead to cash constraints or bankruptcy.



b. Incremental Funds Needed (IFN):

Helps in ascertaining the incremental cash for growth rate higher than the one to be financed from internal accruals. It is calculated as:

$$\text{IFN} = (\text{Incremental change in total assets}) - (\text{Incremental change in spontaneous liabilities}) - (\text{Incremental retained earnings})$$

Where,

Spontaneous Liabilities – Increase with the change in Biz volume i.e., current liabilities.

c. Bankruptcies:

Financial bankruptcy refers to the inability of a company to meet financial obligations, as and when they fall due. The following indicators usually characterize the impending bankruptcy:

- Highly leveraged Balance Sheet
- Uncertain and scattered Cash Flows
- Ambitious projects such as expansions &/or takeovers acquisitions
- No time to digest the past expansion or takeover
- Greed of the promoters to expand so that they can sell the assets at substantial premium at a later date.

Prediction of bankruptcy

Altman Z score Model

$$Z = 1.2X1 + 1.4X2 + 3.3X3 + 0.6X4 + 1.0X5$$

X1 = Working Capital/Total Assets

X2 = Retained Earnings/Total Assets

X3 = Earnings Before Interest and Taxes/Total Assets

X4 = Market Value of Equity/Total Assets

X5 = Sales/Total Assets

Ideally,

A company scoring less than 1.81 was **“very likely”** to go Bankrupt later.

A company scoring more than 2.99 was **“unlikely”** to go Bankrupt later.



THANK YOU!

DISCLAIMER

While every care has been taken in the preparation of this “Samācāra” to ensure its accuracy at the time of publication, SPCM & Associates and/or SPCM Legal assumes no responsibility for any errors which despite all precautions, may be found therein. Neither this alert nor the information contained herein constitutes a contract or will form the basis of a contract. The material contained in this document does not constitute/ substitute professional advice that may be required before acting on any matter. All images, pictures, logos and trademarks appearing in the “Samācāra” are property of their respective owners.