



MANGALURU BRANCH OF
SOUTHERN INDIA REGIONAL COUNCIL OF
INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

FOR PRIVATE CIRCULATION ONLY

VOLUME 01; JANUARY 2023

गौरव

Markets down globally due to fear of
recession & surge in Covid-19 cases



Happy
Netaji
Jayanti



National Youth Day

12 January



Happy Republic Day



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CHAIRMAN'S MESSAGE

Dear Members & Students,

Greetings of the day.

First of all, wishing everyone a very happy and prosperous new year

We are stepping into the new calendar year and also we are approaching the most relaxing time of our professional calendar. Considering this the branch has organised many knowledge upgrading session for the members of the branch for upcoming months.



The branch organised a cricket tournament ICAI Friendship Cup 2022 on 03rd of December 2022 which is a friendly tournament between various Government Tax Departments and Chartered Accountants from Mangaluru and Udupi. The branch also organised half day seminar on Practical issues faced by members during the Tax Audit and Company Audit during the recently concluded season on 1st of December which was handled by CA Gururaj Acharya from Bengaluru. Further, a half day seminar on the topic handling the income tax notices and appeals by CA Abhishek Murali from Chennai was organised in the month of December.

The branch has planned to organise a programme on FEMA and Start up funding in the month of Jan 2023. The branch is also planning to host a GST certification course organised by the GST & Indirect taxes committee of ICAI commencing from Jan 14, 2023.

I request all the members and students to actively participate in the programmes organised by the branch and take benefit out of quality sessions.

I would like to end my message with a quote by Sri A P J Abdul Kalam:

“You were born with wings. Don’t crawl. Learn to use them to Fly and Fly”

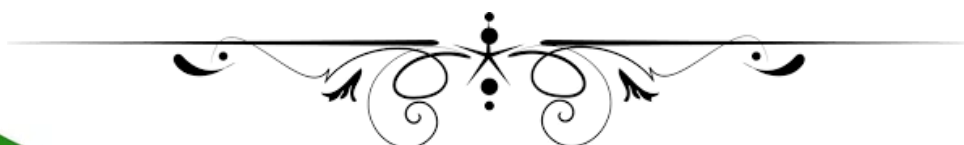
Signing off,

CA Prasanna Shenoy M

Chairman

On behalf of Managing Committee

Mangaluru Branch of SIRC of ICAI



BRANCH ACTIVITIES DURING DECEMBER, 2022

SEMINARS:

01	01.12.2022	HALF DAY SEMINAR ON Topic : Practical Issues Faced During Tax Audit and Company Audit During the Just Concluded Season Speaker : CA K Gururaj Acharya
02	16.12.2022	HALF DAY SEMINAR ON Topic : Income Tax Notices & Appeals – How to Handle & Latest Developments Speaker : DR.CA.Abhishek Murali President, All India Tax Payer s' Association (AITPA)

BRANCH ACTIVITY GALLERY



Half day seminar on the topic
Practical Issues Faced During Tax Audit and Company Audit During the Just Concluded Season

Speaker : CA K Gururaj Acharya





Half day seminar on the topic
**Income Tax Notices & Appeals – How
 to Handle & Latest Developments**

Speaker : DR.CA.Abhishek Murali
 President, All India Tax Payer s'
 Association (AITPA)



GLIMPSES OF ACTIVITIES DURING THE YEAR 2022





ARTICLE ON UPDATED RETURN

ITR U:

The government introduced the concept of updated returns in the Union Budget 2022. ITR-U is the Form used for updating your income tax return.

Section 139(8A) under the Income Tax Act allows you a chance to **update your ITR** within two years. Two years will be calculated from the end of the year in which the original return was filed. ITR-U was introduced to optimise tax compliance by taxpayers without provoking legal action.

Eligible Assessees:

Any person who has made an **error or omitted certain income details** in any of the following returns can file an updated return:

- Original return of income, or
- Belated return, or
- Revised return

An Updated Return **can be filed** in the following cases:

- Did not file the return. Missed return filing deadline and the belated return deadline
- Income is not declared correctly
- Chose wrong head of income
- Paid tax at the wrong rate
- To reduce the carried forward loss
- To reduce the unabsorbed depreciation
- To reduce the tax credit u/s 115JB/115JC

A taxpayer could file only one updated return for each assessment year (AY).

Ineligible Assessees:

ITR-U **cannot be filed** in the following cases:

- Updated return is already filed
- For filing nil return/ loss return
- For claiming/enhancing the refund amount.
- When updated return results in lower tax liability
- Search proceeding u/s 132 has been initiated against you
- A survey is conducted u/s 133A

- Books, documents or assets are seized or called for by the Income Tax authorities u/s 132A.
- If assessment/reassessment/revision/re-computation is pending or completed.
- If there is no additional tax outgo (when the tax liability is adjusted with TDS credit/ losses and you do not have any additional tax liability, you cannot file an Updated ITR)

Time limit to file ITR-U:

The time limit for filing ITR-U is **24 months** from the end of the relevant assessment year.

ITR-U is applicable from 1st April 2022. So during the current financial year 2022-23, you can file ITR-U for AY 2020-21 and AY 2021-22.

E.g., The Return of FY19-20 can be updated till 31st March 2023.

Requirement to pay additional tax when filing ITR-U:

One will have to pay an additional tax of 25% or 50% on the tax amount as below.

ITR-U filed within	Additional Tax
12 months from the end of relevant AY	25% of additional tax + interest
24 months from the end of relevant AY	50% of additional tax + interest

Procedure to file Form ITR-U

As per the Income tax rules, the updated return (ITR-U) has to be furnished along with an updated version of the applicable ITR form (ITR 1 – 7).

There are two parts to the form- Part A & B. Follow the below-mentioned instructions for filling up the form:

Part A: General information

A1 PAN

A2 Name

A3 Aadhaar Card Number

A4 Assessment Year

A5 Select yes if you filed the return previously for the assessment year.

A6 If yes, look at the ITR acknowledgement ("Filed u/s") to figure out if it was filed u/s 139(1) or others

A7 Next, enter the form no., acknowledgement no. or receipt no. and date of filing the original return (DD/MM/YYYY). You will find all these details in the ITR acknowledgement.

A8 Check the eligibility conditions mentioned above and select the appropriate option.

A9 Select the ITR form number.

A10 You must now select at least one reason for updating the ITR-U. (multiple selections are allowed)

A11 If 12 months have elapsed from the end of the year in which you filed the return, select '12-24 months option'. Else select 'up to 12 months option'.

A12 In case the updated return reduces the balance of carried forward loss or unabsorbed depreciation, enter the assessment year in which they were affected because of the updated return. Also, mention if a revised or updated return was filed earlier.

7. If the last return was filed late, enter the fee paid for late filing.
8. Enter the regular assessment tax paid in the last return
9. Aggregate liability on the additional income
10. Additional tax liability on updated income [25% or 50% of (9-7)]
11. Net tax amount payable (9+10)
12. Tax already paid u/s 140B: If updated ITR results in a tax payable amount, the same must be paid as a Self-Assessment Tax. Make the payment and enter the challan details.

PART B – ATI COMPUTATION OF TOTAL UPDATED INCOME AND TAX PAYABLE			
1.	A	Head of income under which additional income is being returned as per Updated Return	Amount in Rs
		Head of income (If yes, Please specify additional income)	
	a	Income from Salary	
	b	Income from House Property	
	c	Income from Business or Profession	
	d	Income from Capital gains	
	e	Income from other Sources	
	f.	Total additional income (a+b+c+d+e)	
	B.	Total income as per last valid return (only in cases where the Income Tax Return has previously been filed)	
2.		Total income as per Part B-TI (Please see instruction)	
3.		Amount payable, if any (To be taken from the “Amount payable” of Part B-TTI	

		of the updated ITR) (Please see instruction)	
4.		Amount refundable, if any (To be taken from “Refund” of Part B-TTI of the updated ITR) (Please see instruction)	
5.		Amount payable on the basis of last valid return (only in applicable cases)	
6.		(i) Refund claimed as per last valid return, if any (Please see instruction)	
		(ii) Total Refund issued as per last valid return, if any (including interest u/s 244A received) (Please see instruction)	
7.		Fee for default in furnishing return of income u/s 234F	
8.		Regular Assessment Tax, if any (in applicable cases)	
9.		Aggregate liability on additional income,	
		(i) in case refund has been issued [3 + 6ii- (5 + 8)]	
		(ii) in case refund has not been issued [3 + 6i – (5+8)]	
10.		Additional income-tax liability on updated income [25% or 50% of (9-7)]	
11.		Net amount payable (9+10)	
12.		Tax paid u/s 140B	
13.		Tax due (11-12)	

Verification of ITR-U:**For non-tax audit cases:** Digital Signature Certificate (DSC)**For tax audit cases:** Electronic Verification Code (EVC)**Computation of the tax payable for an updated return:**

Your total income tax liability would be as under:

Total Income Tax Liability = Tax Payable + Interest + Late-filing fees + Additional Tax**Net Tax Liability** = Total Income Tax Liability (as above) – TDS/TCS/Advance Tax/Tax Relief

Sr. No.	Particulars	Match figure from	Amount (in Rs)
A.	Tax payable on additional income as per modified ITR (as per Part B-TTI of modified ITR)	Modified ITR (submitted along with ITR-U)	XXXX
B.	Interest levied , if any, on additional income under Section 234A/234B/234C (as per Part B-TTI of modified ITR)	Modified ITR (submitted along with ITR-U)	XXXX
C.	Late fee , if any, under Section 234F (as per Part B-TTI of modified ITR)	Modified ITR (submitted along with ITR-U)	XXXX
D.	Taxes paid or relief TDS/TCS/Advance Tax/regular assessment tax/Relief		XXXX
E.	Total refund issued (including interest)/claimed as per the original return.	Original return filed	XXXX
F.	Aggregate tax liability on additional income	A+B+C+E-D	XXXX
G.	Additional tax 25% or 50% on (F-C)		XXXX
H.	Net Amount Payable	F+G	XXXX

FAQs

- **What is Form ITR-U?**

Form ITR-U is an updated return that allows you to update any of your previous returns within 24 months of filing. ITR U is introduced to improve tax compliance by taxpayers without involving litigations.

- **Is there any penalty for ITR-U?**

No penalty is levied for filing ITR-U. However, an additional tax shall be levied u/s 140B. The additional tax is 25% or 50% of the tax and interest due, depending on whether the ITR-U is filed within 12 or 24 months from the end of the relevant assessment year.

- **Can nil return be filed in ITR-U?**

No, you **cannot file a Nil return** in ITR-U. ITR-U cannot be filed when there is no additional outflow of tax.

- **What are the benefits of filing Form ITR-U?**

By filling out ITR-U, one can avoid the Scrutiny assessment u/s 143(3), best judgement assessment u/s 144, and income escaping assessment u/s 147. One can also avoid the hassle of a survey, search and seizure proceedings.

- **Can I file ITR-U if I have missed filing my ITR within the original due date?**

Yes, you can file ITR-U even if you missed the original ITR filing deadline. However, you will have to pay the late filing fee u/s 234F and additional liability of 25% or 50% on the tax payable.

- **Can refund be claimed in ITR-U?**

No, ITR-U cannot be filed in the following cases: claiming a refund, increase in the refund amount, nil return or filing a loss return. Therefore, you **cannot claim a refund** in ITR-U.

- **Can I exhaust my balance Tax Payment Challans and claim them against the tax dues under ITR-U?**

No, if you have any pending Advance Tax challan or Self-Assessment Tax challan, the same should be reported u/s 140B(2), and the credit shall not be provided.

- **Can I claim Extra carry forward loss under ITR-U?**

No, as per section 139(8A), you cannot enhance your carry forward loss. You can only reduce the carry forward loss balance.

- **Can I file ITR-U if I do not have any tax payable?**

No, if your total tax is adjusted with TDS credit and you do not have any additional tax liability, you cannot file an Updated ITR.

- **Can I file ITR-U if my total income is below 5 lakhs and I have claimed rebate u/s 87A?**

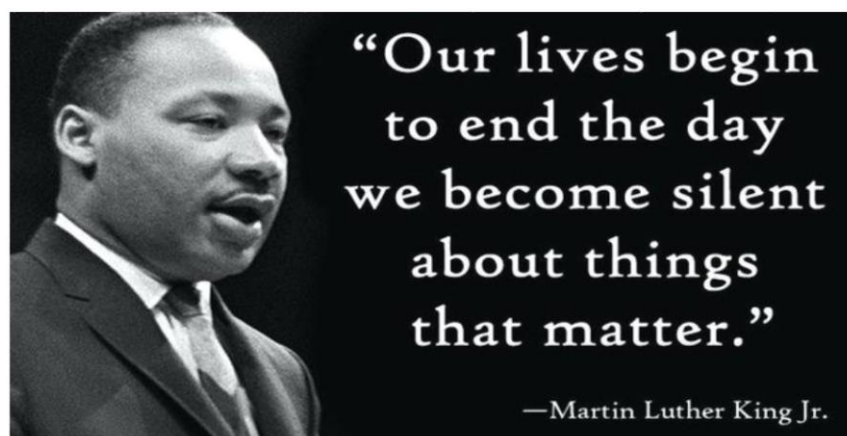
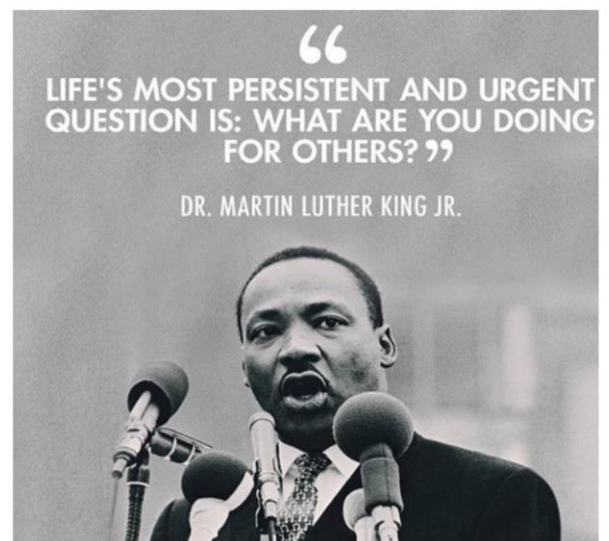
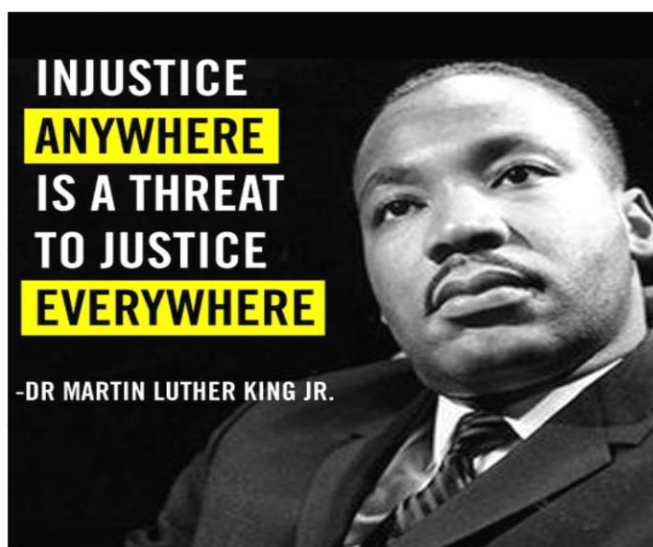
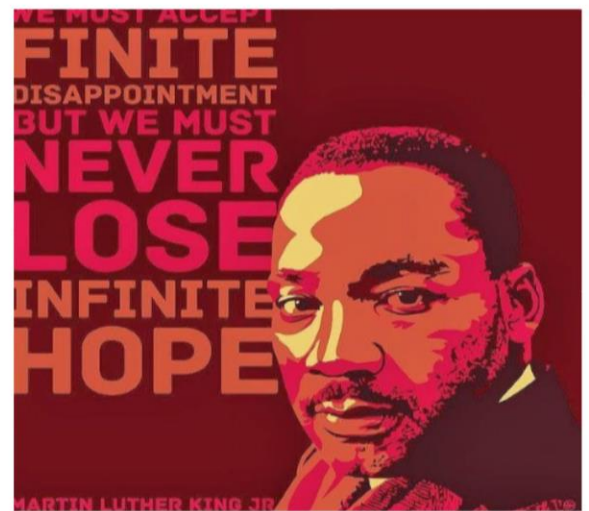
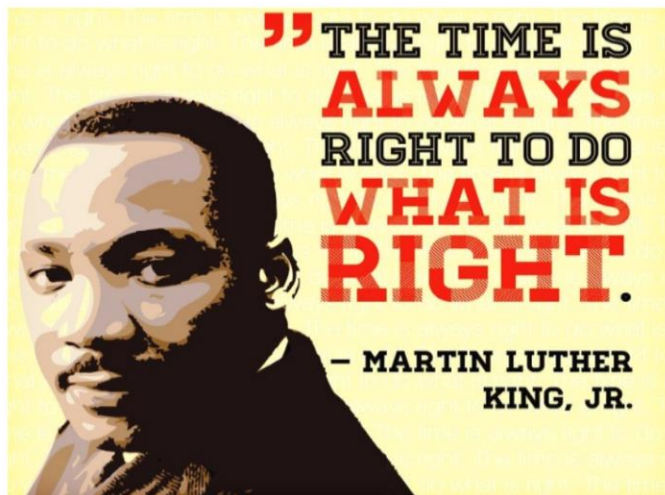
Yes, you can file the updated return, but you will be liable for late filing fees. The same must be paid, and the payment details must be updated under the "Taxes Paid under 140B" tab.

- **Can I change the ITR form number when filing an ITR-U or updated return?**

Yes, if you had filed ITR-1 for an assessment year and the updated return changes to ITR 2/3/4 due to the declaration of an additional source of income, such a submission will be accepted.



WORDS OF WISDOM



INFO CAPSULE

◆ **RBI stress tests show bad loans may ease next year:**

Banking sector bad loans could slightly decline to 4.9% of total advances by September 2023 under the baseline stress scenario, down 10 basis points (bps) from September this year, the Reserve Bank of India (RBI) said on December 29, 2022. This, RBI said, is based on the assumption of no further regulatory reliefs as well as not accounting for the potential impact of stressed asset purchases by India's bad bank National Asset Reconstruction Company Limited (NARCL). For details: <https://www.livemint.com/industry/banking/rbi-stress-tests-show-bad-loans-may-easenext-year-11672321539890.html>

◆ **Bank fraud: CBI files FIR against Corporate Power**

The CBI has filed an FIR against Corporate Power Limited and its directors for alleged bank fraud of ₹ 4,000 crore, officials said. The agency searched 16 locations on Thursday in multiple cities, including Nagpur, Mumbai, Ranchi, Kolkata, Durgapur, Ghaziabad, and Vishakhapatnam, they said. The Kolkata-based company had allegedly committed a bank fraud of ₹ 4037.87 crore involving a consortium of 20 banks.

For details: <https://www.thehindubusinessline.com/money-and-banking/bank-fraud-cbi-files-fir-against-corporate-power/article66296411.ece>

◆ **Technology and Automation:**

How will AI tools change the way we use internet in 2023?

Artificial intelligence (AI) tools could change the way we use the internet by enabling more advanced virtual assistants and chatbots, personalizing the online experience, improving search accuracy and automating tasks. The impact will depend on how these technologies are adopted. AI is already answering basic queries, forecasting, what products customers will be interested in and sectioning loans based on probability of default.

For details: <https://timesofindia.indiatimes.com/business/india-business/how-will-ai-tools-change-the-way-we-use-internet-in-2023/articleshow/96504812.cms>

◆ **Amendment in GST: Taxability on Renting of Residential Property**

Up to 17th July, 2022, there was no GST on rent of residential property but after this date government has levied the GST on rent of residential property under RCM (Reverse Charge Mechanism) subject to one condition i.e. tenant is registered under GST. If the tenant is registered under GST then he has to pay the GST on rent of residential property irrespective of the amount of rent. There is no any obligation on the landlord to pay the GST on rent of residential property.

Example: If GST registered company have taken a residential property on rent and they are paying a rent of Rs. 2,00,000/- pm. to the landlord. Now in this case, company must pay the GST on Rs. 2,00,000/- @ 18% every month. because this case is under RCM.

So even if the annual residential rent of the landlord exceeds Rs. 20 lakhs then also he does not require to take the GST registration due to RCM.

Some Situations in which tenant must pay the GST under RCM:

1. If GST registered company or person is taken a residential property on rent for his employees or officers
2. If GST registered company or person is taken a residential property on rent for his guest
3. If GST registered company or person is provided the alternate accommodation to the landlords in case of Redevelopment of Societies or any properties
4. If GST registered company or person is taken a residential property on rent for his proprietor or partner

To summarise, if tenant is registered under GST and taken a residential property on rent then irrespective of the rent amount, purpose of use of property and landlord's registration status under GST, he must pay the GST on residential rent under RCM.

For details: Refer **Notification No. 05/2022 - Central Tax (Rate)**



JANUARY SPECIAL

INDIAN ARMY DAY



Army Day is celebrated on 15 January every year in India, in recognition of Field Marshal Kodandera M. Cariappa's (then a Lieutenant General) taking over as the first Commander-in-Chief of the Indian Army from General Francis Roy Bucher, the last British Commander-in-Chief of India, on 15 January 1949. The day is celebrated in the form of parades and other military shows in the national capital New Delhi as well as in all headquarters. Army Day marks a day to salute the valiant soldiers who sacrificed their lives to protect the country and its citizens. While celebrations take place across the country, the main Army Day parade is conducted in Cariappa Parade ground in Delhi cantonment. Gallantry awards and Sena medals are also awarded on this day. Military hardware, numerous contingents and a combat display are part of the parade.

MANGALURU BRANCH OF SIRC OF ICAI
ICAI BHAWAN | NEAR KANCHANA HYUNDAI SHOWROOM| PADIL
MANGALORE – 575007

Tel: 0824-2439722 Email: mangalore@icai.org

Website: www.mangalore-icai.org

The Managing Committee of Mangalore Branch of SIRC of ICAI invites articles, write ups and other similar materials in the areas of Accounting, Taxation or any other subject of professional interest for publishing in its E-Bulletin. The articles submitted for consideration of publication should be of 2000-4000 words typed. Soft copy of the article, along with the author's photograph may be sent to icaiebulletin@gmail.com.

Feedback on this e-bulletin can be sent to the editorial team at icaiebulletin@gmail.com

Editorial Team

CA Prashanth Pai K. | CA Prasanna Shenoy M. | CA Gautham Pai |

CA Gautham Nayak | Committee Members

