

MONTHLY NEWSLETTER

NOVEMBER 2022
Volume II Issue 11

S M L & ASSOCIATES,
COIMBATORE | MADURAI
www.smlassociates.in

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Getting Started

By Partners

Greetings to All!

Once again, we extend our gratitude for your responses about our monthly newsletter and here it is for the month of Nov'22!

Starting, owning or doing a business in India comes with important compliance that a business irrespective of its structure, must adhere to during a financial year. Statutory Compliance are part and parcel of a Business. So here we have prepared a Tax & ROC Compliance Calendar for the due dates falling in the Month of November, 2022 covering all the important due dates for Income Tax Return Filing, GST Return filing, TDS Payments, Due dates for ROC Annual Filing for Companies, OPCs, LLPs and Small Businesses with a primary focus on Individuals, Professionals, & SME Businesses.

Why worry around due dates now! Check our newsletter, make a **well-planned November with 100% Compliance!**



A BRIEF ANALYSIS ON SECTION 54

*An Article by S. Ramalakkshmi
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INTRODUCTION:

Tax evasion is a serious concern for our country. India is losing more than \$10.3 billion (around Rs 75,000 crore) in taxes every year due to international corporate and private tax evasion, according to a report by the State of Tax Justice. The social impact of the lost tax is equivalent to 44.70% of the health budget and 10.68% of education spending.

To mitigate the concern of revenue to the government and at the same time to address the issues of the taxpayers, Tax planning is the collaborative solution.

Tax planning is a focal part of financial planning. It ensures savings on taxes while simultaneously conforming to the legal obligations and requirements of the Income Tax Act, 1961. The primary concept of tax planning is to save money and mitigate one's tax burden.

The Income Tax Act 1961 provides a series of such benefits and one among them is Section 54 Capital gain related exemptions that provides a comfortable cushion to taxpayers involved in capital asset transactions.

The series of Section 54 related exemptions have a significant impact and play a pivotal role when it comes to tax planning. In this article, we shall be discussing the primary Section 54 in detail.

Section 54 – Capital Gains on Sale of Residential House

Let's say, A person wanted to shift his residence due to certain reasons, hence, he sold his old house and from the sale proceeds he purchased another house. In this case the objective of the seller was not to earn income by sale of old house but to acquire another suitable house. If in this case the seller was liable to pay income-tax on capital gains arising on sale of old house, then it would be a hardship on him.

Section 54 gives relief from such a hardship. Section 54 gives relief to a taxpayer who sells his residential house and from the sale proceeds he acquires another residential house. The detailed provisions in this regard are discussed in this part.

(1) Eligible Assesses -

Individuals & HUFs

(2) Conditions to be fulfilled -

- (a) There should be a transfer of residential house (buildings or lands appurtenant thereto)

- (b) It must be a long term capital asset.
- (c) Income from such house should be chargeable under the head 'House Property'
- (d) Where the amount of capital gains exceeds Rs.2 Crores - one residential house in India should be purchased within 1 year before or 2 years after the date of transfer (or) constructed within a period of 3 years after the date of transfer.
- (e) Where the amount of capital gains does not exceed Rs.2 Crores - the assessee i.e., individual or HUF, may at his option, purchase two residential houses in India within 1 year before or 2 years after the date of transfer (or) construct two residential houses in India within a period of 3 years after the date of transfer.

Note:

- A. Where during any assessment year, the assessee has exercised the option to purchase or construct two residential houses in India, he/she shall not be subsequently entitled to exercise the option for the same or any other assessment year.
- B. If such investment is not made before the date of filing of return of income, then the capital gain has to be deposited under the Capital Gains Deposit Accounts Scheme (CGDAS).

(3) Amount of Exemption -

- a) If cost of new residential house or houses, as the case may be is greater than or equal to long term capital gains, entire long term capital gains are exempt
- b) If cost of new residential house or houses, as the case may be is lesser than the long-term capital gains, long term capital gains to the extent of cost of new residential house is exempt

Examples:

Example	Long term Capital Gain	Cost of new house	Exemption u/s 54
1	Rs.2.05 Crores	Rs.3 Crores	Rs.2.05 Crore
2	Rs.2.05 Crores	Rs.1.55 Crores	Rs.1.55 Crore and balance Rs.0.5 Crore taxable under Capital gains @20%

(4) Consequences of transfer of new asset before 3 years:

If the new asset is transferred before 3 years from the date of its acquisition or construction, then cost of the asset will be reduced by capital gains exempted earlier for computing capital gains.

Continuing Example 1, if the new house was sold after 21 months (i.e short term asset) for Rs.5 Crore, then short term capital gain chargeable to tax would be -

Net Consideration	Rs.5,00,00,000
Less: Cost of acquisition minus capital gains exempt earlier (Rs.3,00,00,000 - Rs.2,05,00,000)	(Rs.95,00,000)
Short term capital gains chargeable to tax	Rs.4,05,00,000

Conclusion:

Not just Section 54, Section 54B,54D,54EC,54EE and 54F are other lucrative capital gain exemption sections which can be effectively used for tax planning which will be discussed in the upcoming articles.

References:

<https://www.businesstoday.in/latest/economy-politics/story/india-losing-103-bn-every-year-due-to-tax-abuse-by-mnncs-evasion-279314-2020-11-21>

DUE DATES FOR GST RETURNS - NOV' 22

DUE DATE	FORM TO BE FILED	PERIOD	WHO SHOULD FILE?
10.11.2022	GSTR 7	October 2022	GSTR 7 is a return to be filed by the persons who is required to deduct TDS (Tax deducted at source) under GST
	GSTR 8	October 2022	GSTR-8 is a return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST
11.11.2022	GSTR 1	October 2022	Taxpayers having an aggregate turnover of more than Rs. 1.50 Crores or opted to file Monthly Return
13.11.2022	GSTR 1 (IFF)	October 2022	GST return for the taxpayers who opted for QRMP scheme (Optional)
	GSTR 6	October 2022	Input Service Distributors
20.11.2022	GSTR 5 & 5A	October 2022	Non-Resident Taxpayers and ODIAR services provider
	GSTR 3B	October 2022	The due date for filing GSTR-3B
25.11.2022	GST Challan Payment	October 2022	GST Challan Payment if no sufficient ITC for September (for all Quarterly Filers)

WARNING
**DUE DATES ARE CLOSER
 THAN THEY APPEAR**

DUE DATES FOR INCOME TAX COMPLIANCE / PF / ESI - NOV' 2022

07.11.2022	Challan No. ITNS-281	October 2022	Payment of TDS/TCS deducted /collected in October 2022.
07.11.2022 (As Extended)	ITR Return	AY 2022-23	Due date for filing of return of income for the assessment year 2022-23 if the assessee (not having any international or specified domestic transaction) is (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 (Due date extended from October 31, 2022 to November 07, 2022)
14.11.2022	TDS Certificate	September 2022	Due date for issue of TDS Certificate for tax deducted under Section 194IA in the month of September, 2022
	TDS Certificate	September 2022	Due date for issue of TDS Certificate for tax deducted under Section 194IB in the month of September, 2022
	TDS Certificate	September 2022	Due date for issue of TDS Certificate for tax deducted under Section 194M in the month of September, 2022
	TDS Certificate	September 2022	Due date for issue of TDS Certificate for tax deducted under section 194S in the month of September, 2022 Note: Applicable in case of specified person as mentioned under section 194S
15.11.2022	Form 24G by Government officer	October 2022	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of October, 2022 has been paid without the production of a challan
	TDS Certificate	July to September 2022	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending September 30, 2022
	Electronic Challan cum Return (ECR) (PF)	October 2022	E-payment of Provident Fund

15.11.2022	ESI Challan	October 2022	ESI payment
30.11.2022	TDS Challan-cum-statement	October 2022	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194 IB, 194M
	Return of Income	FY 2021-22	Return of income for the assessment year 2022-23 in the case of an assessee if he/it is required to submit a report under section 92E pertaining to international or specified domestic transaction(s)
	Copy of Audit of Accounts	-	Submit copy of audit of accounts to the Secretary, Department of Scientific and Industrial Research in case company is eligible for weighted deduction under section 35(2AB) [if company has any international/specified domestic transaction].
	TDS Certificate	October 2022	Due date for issue of TDS Certificate for tax deducted under section 194S in the month of October, 2022 Note: Applicable in case of specified person as mentioned under section 194S
	Form No. 3CEJ		Due date for e-filing of report (in Form No. 3CEJ) by an eligible investment fund in respect of arm's length price of the remuneration paid to the fund manager. (if the assessee is required to submit return of income on November 30, 2022).
30.11.2022 (As Extended)	TDS Payment	July to September 2022	Quarterly statement of TDS deposited for the quarter ending September 30, 2022 (The due date for furnishing of TDS statement for the quarter ending September, 2022 has been extended from October 31, 2022 to November 30, 2022)

**DUE DATES FOR COMPANY & LLP ANNUAL
FILING - NOV' 22**

DUE DATE	FORM TO BE FILED	PERIOD	WHO SHOULD FILE?
28.11.2022 (As per the MCA MGT 7A Help Kit)	Form MGT 7A	FY 2021-22	One Person Company does not require to hold AGM, yet the due date for filing Form MGT 7A shall be 60 days from the completion of the 6 Months from the end of financial year, that means the due date shall be 28.11.2022.
28.11.2022	Form MGT 7	FY 2021-22	Form MGT-7 must be filed with the Registrar of Companies (ROC) by all the Private Limited Companies and Public Limited Companies registered in India every year. (If we take the day of the AGM into consideration)