

FIN-O-SCOPE

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Source: <https://economictimes.indiatimes.com/news/economy/indicators/major-downward-revision-in-full-year-gdp-forecast-by-agencies-raises-alarm/articleshow/77995415.cms?from=mdr>

Safe Harbour Form Now Available for Eligible Businesses

The Ministry of Finance has introduced a new Safe Harbour option for businesses under the Income-tax (Tenth Amendment) Rules, 2024. Specifically for foreign companies involved in diamond mining, this rule allows them to opt for a Safe Harbour regime if they meet certain conditions.

Key highlights of the update:

- **Eligibility:** Foreign companies engaged in the business of selling raw diamonds in notified zones can opt for Safe Harbour.
- **Profit Requirement:** The declared profits from this business should be at least 4% of the gross receipts.

Top Trends

- India's GDP Growth Hits 7-Quarter Low at 5.4%!
- On December 11, 2024, Sanjay Malhotra assumed office as the 26th Governor of the Reserve Bank of India
- SEBI proposes expanding algo trading to retail investors
- Rupee hits fresh all-time low; settles 4 paise lower at 83.87 against dollar

Top Trends

- Over 43 lakh accounts opened under Mahila Samman Savings Certificate Scheme (03 Dec 2024)
- Repayment of '6.35% OIL MKTNC GOI Bond 2024' completed (03 Dec 2024)
- Auction for sale/re-issue of government securities conducted (03 Dec 2024)
- DRI celebrates its 67th Foundation Day (02 Dec 2024)
- UPI continues to revolutionize digital payments in India
- EPFO directs Bajaj Allianz Life Insurance to pay ₹121-crore default
- GST collection for November rises by 8.5% to ₹1.82 lakh crore
- Hinduja Tech completes acquisition of TECOSIM Group
- Govt removes mandatory registration for certain items under chip imports monitoring system
- Auditing of companies has improved in last 3-4 yrs: NFRA Chairperson

- **Procedure:** Eligible businesses can file Form 3CEFC to apply for the Safe Harbour option. This form must be submitted to the Assessing Officer before the income tax return is filed.
- **Impact:** This Safe Harbour regime simplifies compliance by accepting declared income from eligible businesses, subject to certain conditions, without additional deductions or set-offs.

This move aims to ease compliance for businesses and provide clarity on taxation for diamond sellers in special zones. Key Dates: The rules apply retrospectively from April 1, 2024, for the assessment year 2024-25.

Government Initiatives for Free Legal Aid and Faster Justice

Press Release | Dated: December 06, 2024

The Government of India has implemented several initiatives and projects to provide free legal aid and create an ecosystem for the faster disposal of cases, ensuring enhanced access to justice across the country. Key Highlights:

- **Judicial Strength:** Supreme Court Judges increased to 34, High Court Judges to 1122, and District/Subordinate Judiciary positions to 25,725.
- **Infrastructure Development:** Funding provided for court halls, residences, lawyers' halls, and digital facilities. Virtual courts and eSewa Kendras have been established under the e-Courts Mission Mode Project.
- **Fast-Track Courts:** Specialized courts set up for heinous crimes, senior citizens, women, and POCSO Act cases.
- **ADR & Mediation:** Mandatory pre-institution mediation for commercial disputes under the amended Commercial Courts Act.
- **Tele-Law Program:** Free legal advice offered via Common Service Centres in Gram Panchayats.
- **Pro Bono Services:** Advocates registered under Nyaya Bandhu provide free legal aid, with Pro Bono Clubs launched in law schools.

These initiatives aim to streamline case disposal and improve access to justice nationwide.

As shared by the Minister of Law & Justice, Shri Arjun Ram Meghwal, in a Lok Sabha reply.

MCA Initiatives for Ease of Doing Business and Compliance

Press Release | Dated: December 03, 2024

The Ministry of Corporate Affairs (MCA) has implemented significant measures to enhance the ease of doing business and compliance. Key Highlights:

C-PACE Initiative:

- 13,560 companies struck off in FY 2023-24, 11,855 in FY 2024-25 (up to 15th Nov).
- LLPs now processed via C-PACE, with 3,264 LLPs struck off.

Key Reforms:

- 63 offences decriminalized.
- 54+ forms converted to Straight Through Process (STP).
- SPICe+ and FillIP e-Forms for easier company/LLP incorporation.

Support for Small Businesses:

- Increased thresholds for Small Companies and Small LLPs.
- Fast-track mergers for startups and small companies.

Digital Transformation:

- Zero fees for company incorporation (up to ₹15 Lakh capital).
- AGMs/EGMs via video conferencing.
- New rules for listing on international exchanges (GIFT IFSC).

These measures aim to streamline business operations and enhance compliance efficiency. As shared by Shri Harsh Malhotra, Minister of State, MCA, in a Rajya Sabha reply.

Changes to Data Entry Format on UDIN Portal

Notification No. ICAI/UDIN/2024 | Dated: December 6, 2024

The ICAI has introduced updates to the Unique Document Identification Number (UDIN) portal. These updates involve a phased change in the data entry format for capturing figures and values, transitioning from alphanumeric to numeric input.

Key details:

- **Audit & Assurance Functions:** Numeric format implemented from December 6, 2024.
- **GST & Tax Audit Category:** Transition on December 13, 2024.
- **Certificates Category:** Transition on December 20, 2024.

ICAI's new numeric-only format for UDIN data ensures uniformity and accuracy, effective immediately, across all categories.

Top Trends

- PE investment hits \$30.89 bn, up 22.7%; IPO exits take spotlight in 2024
- Realty firm Signature Global to recognise Rs 10k cr revenue by Mar 2026
- Kairali Ayurvedic Group eyes Rs 150 cr revenue by FY26 with organic growth
- Overall coal production hits 90.62 million tonnes in November 2024: Coal Ministry
- Biocon Biologics gets US nod to launch Stelara biosimilar
- CSA targets Indian market to boost SA20 viewership, tourism
- India and ADB sign \$50 million loan for water harvesting in Meghalaya on 05 Dec 2024
- Bank's October credit growth to NBFCs slows to 6.4%, shows RBI data
- Domestic passenger vehicle wholesales rise by nearly 4% in November
- Volkswagen workers to go on warning strikes at plants across Germany
- Rivals press the accelerator as Ola Electric's e2W market share shrinks

Top Trends

- IPRU Edge drives ICICI Prudential's agent productivity by 37% in HIFY25
- Donald Trump threatens BRICS countries of 100% tariff if they drop dollar as currency
- SBI Card introduces a 1% fee on utility payments over ₹50,000, affecting payments for electricity, water, gas, and other services
- Jet fuel and LPG prices hiked amid global oil price trends
- India's alco-bev market is projected to grow from ₹1,70,000 crore in FY15 to ₹5,00,000 crore by FY28.
- Putin approves military-focused 2025-2027 budget
- Greaves Cotton board approves IPO of subsidiary Greaves Electric Mobility
- India's consumption story is facing a huge challenge with incomes in the low lane
- Brightcom Group reports Q1 FY25 results, clarity on suspension revocation awaited
- RBL Bank, Bajaj Finance to stop issuing new co-branded credit cards

Exemption Denied for Non-Adjacent Flats under Section 54F

Court: High Court | **Case No.** IT APPEAL 246 OF 2019 | **Dated:** 03-12-2024

The Delhi High Court in the case of Mrs. Kamla Ajmera v. Principal Commissioner of Income-tax examined the scope of exemption under Section 54F of the Income Tax Act, 1961, for investments in residential properties.

Key Facts

- **Assessee:** Mrs. Kamla Ajmera
- **Issue:** The assessee sold a plot of land and used the proceeds to purchase two non-adjacent flats in the same residential tower.
- The flats were on different floors, located at diagonally opposite ends, making it impossible to combine them into a single residential unit.

Legal Question

Does the phrase "a residential house" in Section 54F of the Income Tax Act allow exemption for multiple residential units if they cannot be combined into a single dwelling unit?

Court's Observations

1. Section 54F Interpretation:

- The term "a residential house" denotes a singular residential unit.
- The use of the article "a" implies one unit, not multiple.

2. Assessee's Claim:

- The assessee argued that "a residential house" could include more than one unit if judicial precedents were considered.

3. Court's Analysis:

- The flats were bought through separate allotment letters.
- Their physical separation and location on different floors precluded their combination into a single dwelling unit.

4. Intent of the Law:

- The amendment to Section 54F in the Finance Act 2014 clarified that the exemption applies to "one residential house."

Judgment

- **Held:** The assessee is eligible for exemption under Section 54F for only one flat, as the two flats do not qualify as a single residential unit.
- **In Favor Of:** Revenue