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[Daily Newsletter related to Profession]

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Most Authentic Newsletter of India

Direct & Indirect Taxes | ICAI & ICSI Updates | Corporate laws | Insolvency | SEBI | RBI | Economy & Finance

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Indirect Taxes

- **Legal Updates- Advance Ruling Authorities / Tribunals / High Courts / Supreme Court**

Sr.No.	Key to find the document	Authority who passed the order	Details of decision
1	[2021] 123 taxmann.com 342 RCI Industries & Technologies Ltd. v. Commissioner DGST, Delhi W.P.(C) 121/2021 JANUARY 7, 2021	Delhi HC	If an officer of Central GST initiates intelligence-based enforcement action against a taxpayer administratively assigned to State GST, officers of former would not transfer said case to their counterparts in latter department and they would themselves take case to its logical conclusion. • Under section 67 of the CGST Act, when an authorized officer carries out an inspection, search, and seizure, same is on basis of satisfaction arrived at by proper officer not below rank of Joint Commissioner that reasons to believe as specified under said provision. Courts can interfere and hold exercise of power to be bad in law only if grounds on which reason to believe is founded have no rational connection between information or material recorded; or are non-existent; or are such on which no reasonable person could come to that belief. Where Appropriate authority had reasons, as per mandate of section 67(2) along with relevant Rules, for formation of belief to carry out search and applying test of reasonable man, it could not be said that there was no application of mind while issuing search warrant, hence search action taken against petitioner could not have been countermanded/revoked.

Sr.No.	Key to find the document	Authority who passed the order	Details of decision
2	[2021] 123 taxmann.com 327 Tejas Pravin Dugad v. Union of India CRIMINAL WRIT PETITION NO.1715 TO 1718 OF 2020 JANUARY 15, 2021	Bombay HC	**Both adjudication & prosecution under GST can be started for issuing fake invoices.** Where there were allegations against Petitioners that they created record of false invoices for input tax credit and by deceiving authority, they had committed fraud of amount of more than Rs.84 lakh, both adjudication and prosecution could be started simultaneously and special provisions (under GST Act) would prevail over provisions of Code of Criminal Procedure; it could not be said that all provisions of Code of Criminal Procedure like sections 154 and 173 need to be followed for prosecution under CGST Act
3	[2021] 123 taxmann.com 325 Stovec Industries Ltd., In re ADVANCE RULING NO. GUJ/GAAR/R/70/2020 SEPTEMBER 17, 2020	AAR Gujrat	Where applicant entered into a contract with SPG Prints Austria (SPA) to provide services of installation/upgradation of machines sold by SPA, training at SPA's customers' site etc., to customers of SPA in India, as per SPA's instruction, it is held that applicant is supplying service of installation/ upgradation and training and said supply of service is a principle supply as such they are charging per hour for said service under head 'working hours' and other service like 'travelling hours' and 'overtime hours' are naturally bundled service to main service and, thus, specified transaction of applicant is a composite supply of service and person who receives supply in India should be considered as recipient, being inseparable from foreign buyer as far as applicant's supply is concerned.

Direct Taxes

- **News / Latest Developments / Other updates.**

❖ **Income tax department starts scrutinising fake entries, fake invoices of companies.**
The direct tax department has started scrutinising invoices of companies to check for tax evasion even as the indirect tax department continues its aggressive drive against tax dodgers. The income tax department has started scrutinising financial statements of companies to check if there are any fraudulent transactions or false entry that could result in low payment of taxes.
ET Reports

❖ CBDT issues refunds of over Rs. 1,76,217 crores to more than 1.65 crore taxpayers between 1st April,2020 to 18th January,2021. Income tax refunds of Rs. 58,631crore have been issued in 1,62,39,742 cases &corporate tax refunds of Rs. 1,17,586crore have been issued in 2,11,338 cases.

Insolvency & Bankruptcy

- **Notifications / Circulars / Press releases/ Write-ups by IBBI and Government.**

❖ **IBBI disposes of SCN issued to registered valuer organization for enrolling ineligible members with a caution.**
Where registered valuer organization due to a bona fide and inadvertent error had allowed ineligible candidates to be enrolled as members of its organization, however, after taking notice of aforesaid irregularities had taken corrective course of action, show cause notice issued to organization was to be disposed of by warning that it should be extremely careful, diligent and take effective steps to improve process of enrolling members

- **Legal Updates- NCLTs / NCL-ATs / Supreme Court**

Sr.No.	Key to find the document	Authority who passed the order	Details of decision
1	[2021] 123 taxmann.com 343 Manish Kumar v. Union of India WRIT PETITION (C) NOS. 26 OF 2020 & 19, 27, 28 OF 2020 & OTHS. JANUARY 19, 2021	SC	**SC upholds amendment stipulating liability for prior offences of erstwhile management of corporate debtor.** Supreme Court upheld section 3 of IBC (Amendment) Act, 2020 amending section 7(1) of IBC requiring minimum threshold for initiation of proceedings (class action) by certain categories of financial creditors; section 4 of Amendment Act incorporating clarificatory Explanation II in Section 11 of IBC (Persons not entitled to make application) that came into force on 28.12.2019; and section 10 of Amendment Act inserting section 32A in IBC stipulating liability for prior offences of erstwhile management of corporate debtor.

Economy & Finance

❖ **Centre may allocate ₹10,000 crores for new duty drawback scheme.**

The Centre may need ₹60,000- 70,000 crore for the new duty drawback scheme for exporters, which replaces the Merchandise Exports from India Scheme (MEIS). However, the central government may not be able to provide for the entire amount in the FY22 budget, former commerce secretary G.K. Pillai, who heads the committee to decide the reimbursement rates, said.

Mint Report

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