

DAHOTRE & DAHOTRE

Chartered Accountants

Knowledge and Development Committee

Newsletter

Period of Update: 9th June, 2024 to 15th June, 2024
Period of Issue: 16th June, 2024 to 22nd June, 2024

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Editor-in-Chief's Message

Hello readers!

Welcome to the 24th Newsletter Edition of 2024.

In this issue, we will discuss case study: construction of factory also we will know about how the U.S. dollar became the world's reserve currency & this is how you can craft a winning marketing strategy.

Vinod Jangid
Editor-in-chief

Team's Message

"Talent wins games, but teamwork and intelligence wins championship."

Neha Deshmane
Senior Associate

Short Updates:

Direct Tax

- The income tax (I-T) department could complete by March 2025 reassessments of 170 thousand notices issued between March 2021 and March 2024 for undisclosed income in past assessment years.
- The Central Board of Direct Taxes (CBDT) had reopened cases of about 600 thousand individuals during the said three-year period for a mismatch in income disclosed in tax returns versus information available with the department. Of this, assessments have been completed in about 430 thousand notices and orders have also been passed on them, a senior

- Official with direct knowledge of the matter told Business Standard.
- The amount involved could not be ascertained though rough estimates indicate that it could be over a thousand crores of rupees.
- "These notices are for different assessment years, from 2014-15 to 2022-23. Some of these were getting time-barred also," the official said on condition of anonymity.
- The aforementioned notices were issued under Section 148 of the Income Tax Act that deals with reopening of past assessment. Majority of the total reassessment notices were issued to individuals with income above INR 50 lakh, he added.

01 Indirect Tax

Case Study: Construction of Factory



Abhishek Maske

1. ITC on Construction of Factory

- Say, a company engaged in manufacturing of goods is constructing a new factory
- Whether Company is eligible to avail ITC?
- The Company incurs expenses on civil works, machineries, land, etc.

2. Legal Provisions

- Blocked Credit

Section 17(5)(c) – Works Contract Services when supplied for construction of immovable property (excluding Plant and Machinery) except where it is an input service for further supply of works contract service

Section 17(5)(d) – Goods or services or both received by taxable person for construction of immovable property (excluding Plant or Machinery) on his own account

- Plant and Machinery

Means apparatus, equipment and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports

- Excludes –

land, building or any other civil structures;

telecommunication towers; and

pipelines laid outside the factory premises

3. Definitions

- Works Contract

A contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract.

- Construction

It includes re-construction, renovation, additions or alterations, or repairs, to the extent of capitalization, to the immovable property.

This implies that if expenses of renovation, repairs, reconstruction or alterations are not capitalized in the books of account, the same would not qualify as construction and, therefore, ITC on the same can be availed.

- Plant and Machinery

Apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes,

- Land, building or any other civil structures
- Telecommunication towers
- Pipelines laid outside the factory premises
- Immovable Property
- The term immovable property has not been defined under GST legislation.
- The Central General Clauses Act, 1897 defines immovable property to include land, benefits to arise out of the land, and things attached to the earth, or permanently fastened to anything attached to the earth.

4. Pre-Construction Phase – Lease-hold land

During pre-construction phase of an immovable property, land can be acquired either free hold or lease hold.

The lease-hold land requires payment of GST on the lease amount.

The GST law restricts ITC in respect of goods or services received by a taxable person for the construction of an immovable property (other than plant and machinery) on his own account.

Lease amount is paid before starting of construction of immovable property, thus, it can be viewed that it is not 'for the construction of immovable property' and ITC can be claimed.

5. Construction Phase – Civil Work – Pre-fabricated buildings/Pre-engineered structures

Pre-fabricated technology is a construction method that makes building parts in pieces which are assembled at the construction sites. It can be dismantled and reconstructed at a different location saving a lot of time, effort and cost.

The Central General Clauses Act, 1897 defines immovable property to include land, benefits to arise out of the land, and things attached to the earth, or permanently fastened to anything attached to the earth.

Triveni Engineering and Indus. Ltd. v. CCE 2000 (120) ELT 273 (SC) – If a chattel is movable to another place of use in the same position, it must be a movable property. However, if the chattel has to be dismantled and re-erected at the other place of use, it is to be treated as permanently attached to the earth.

CCE v. Solid & Correct Engineering Works Civil [2010] 252 E.L.T. 481 (SC) – In order for a chattel to be considered under the ambit of 'immovable property', it is important that the chattel is intended to be permanently attached to the said location.

Pre-fabricated buildings/Pre-engineered structures are intended to be permanently attached to the location, thus, it can be viewed that same is immovable property and ineligible for ITC.

6. ITC on Capital Goods

Construction Phase – Immovable Plant & Machinery – Lifts/HVAC

Post construction, several plant & machineries and other movable items are installed such as – computers, furnitures etc.

The GST law restricts ITC in respect of goods or services received by a taxable person for the construction of an immovable property (other than plant and machinery) on his own account.

The Central General Clauses Act, 1897 defines immovable property to include ... things attached to the earth, or permanently fastened to anything attached to the earth.

Lifts & HVAC systems, though immovable in nature per se, are indeed plant & machinery, thus, it can be viewed that same is eligible for ITC.

Foundation & structural supports are included in the definition of plant & machinery, thus, it can be viewed that same is eligible for ITC.

It is important to establish foundation and structural supports are meant for plant & machinery (and not building) by documentation like contract, PO & invoice.

7. Plant and machinery

Any apparatus/instruments used for a particular purpose or performing a particular function in relation to business

Plant would include any article used for carrying on business – CC v. Gujarat Perstorp

Electronics Ltd., [2005] 2005 taxmann.com 1320 (SC)

Plant includes any apparatus or instruments used by a businessman for carrying on his business but not his stock-in-trade – CIT v. Bank of India, (1979) 118 ITR 809 (Bom.)

Wires and cables are covered under the expression "Plant" as the same was necessary for the assessee to carry on his business – Jawahar Mills Ltd. v. CCE,

1999 (108) E.L.T 47/[1999] 1999 taxmann.com 1046 (CEGAT-LB)

8. ITC on Movable Goods

Post Construction Phase – Movable Plant & Machinery/Furniture

During construction phase, several plant & machineries are erected/constructed such as – lifts, HVAC system.

The GST law restricts ITC in respect of 'works contract services' goods/received when they are supplied for the 'construction' of 'immovable property' (other than 'plant and machinery').

Plant & machinery means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports.

Computers/furnitures placed in the building cannot be termed as immovable per se, thus, it can be viewed that same is eligible for ITC.

9. Interpretation of Section 17(5)(d)

Safari Retreats (P.) Ltd. v. Chief Commissioner of Central Goods & Service Tax [2019] 105 taxmann.com 324/ 74 GST 500/25 GSTL 341 (Orrisa)

Facts:

The petitioners were involved in the business of constructing shopping malls for the purpose of letting out of the same to numerous tenants and lessees.

Held:

On a plain reading of Section 17(5)(d), it is clear that what it contemplates and provides for is a situation where inputs are consumed in the construction of an immovable property which is meant and intended to be sold.

The denial of the input tax credit in respect of a building which is meant and intended to be let out would amount to treat it as identical to a building which is meant and intended to be sold.

Denial of credit on narrow interpretation of Section 17(5)(d) would frustrate objective of GST law to prevent multi-taxation.

10. ITC on Construction of Shopping Malls

Tarun Realtors (P.) Ltd., In re [2020] 116 taxmann.com 201/35 GSTL 438/81 GST 103(AAAR-KARNATAKA)

Issue:

ITC of goods and/or services used for installation of lifts, escalator and travellers in a shopping mall which is intended to lease/rent out for housing departmental stores, retail shops, food courts, multiplex cinema theatre complex and hypermarket.

Held:

No doubt lifts, escalator and travellers are fixed to the earth with structural supports and they qualify as plant and machinery.

However, supply of lifts and its installation at project site of the appellant are done by the vendor OTIS.

In such a case, OTIS will not be hit by the restriction imposed under section 17(5)(d) since they are engaged in the construction of lift, escalator, traveller which qualifies as plant and machinery.

However, the appellant will not be eligible for the credit of the tax paid on such procurements since the appellant is not doing the installation of the lifts, escalators and travellers.

Read next: How the U.S. Dollar Became the World's Reserve Currency

02 General

How the U.S. Dollar Became the World's Reserve Currency?



Akash Patel

The dominance of the US dollar as the world's primary currency is a result of strategic economic manoeuvres and international agreements that have shaped global trade and financial systems. From the aftermath of World War II to strategic deals with oil-producing nations, the US dollar has solidified its position as the king of all currencies. This status has not only impacted global trade and economies but has also given the United States unparalleled economic leverage and geopolitical influence. In this context, understanding the factors that led to the US dollar's supremacy provides insights into the intricate dynamics of international finance and power structures.

The US dollar became the king of all currencies through strategic economic policies and agreements, particularly during and after World War II. Here are the key points that contributed to the US dollar's dominance:

Strategic Role in World Wars: The US engaged in supplying goods during World Wars I and II, leading to significant economic growth and accumulation of gold reserves.

Bretton Woods Agreement: In 1944, 44 countries signed the Bretton Woods Agreement, pegging their currencies to the US dollar, which was backed by gold. This agreement solidified the US dollar's position as a global currency.

Petrodollar System: A strategic deal with Saudi Arabia in 1945 ensured that oil trade would be conducted in US dollars. This agreement led to the rise of the Middle East and OPEC, further strengthening the US dollar's dominance.

Swift Network and Global Trade: Countries worldwide hold forex reserves in US dollars, and the Swift network facilitates international trade payments. This widespread use of the US dollar in trade transactions solidifies its position as the primary global currency.

Investment in US Treasury Bonds: Countries invest excess forex reserves in US treasury bonds, further enhancing the US dollar's importance in the global financial system.

Geopolitical Influence: The US's ability to freeze forex accounts of other countries provides leverage in geopolitical decisions, showcasing the US dollar's power and influence.

The Bretton Woods Agreement, signed in 1944, was a landmark international agreement that established the framework for the post-World War II monetary system. Here are the key points of the Bretton Woods Agreement:

Currency Pegging: Under the agreement, 44 countries agreed to peg their currencies to the US dollar, which was in turn pegged to gold. This fixed exchange rate system aimed to promote stability in international trade and finance.

Gold Standard: The US dollar was the only currency convertible to gold at a fixed rate of \$35 per ounce. This provision ensured that the US dollar was backed by gold, providing confidence in its value.

International Monetary Fund (IMF): The Bretton Woods Agreement led to the establishment of the IMF, which aimed to promote international monetary cooperation, exchange rate stability, and provide financial assistance to countries facing balance of payment issues.

World Bank: Another key institution created under the agreement was the World Bank, which focused on

providing financial and technical assistance for post-war reconstruction and development projects.

Stabilizing Global Economy: By pegging currencies to the US dollar and establishing these international financial institutions, the Bretton Woods Agreement sought to stabilize the global economy after the devastation of World War II and promote economic growth and cooperation among nations.

The concept of petrodollars, which are U.S. dollars used for oil transactions globally.

Key Points

- The U.S. dollar became the standard currency for oil payments globally through an agreement with Saudi Arabia in 1945.
- Petrodollars emerged as oil-exporting countries accumulated excess U.S. dollars that couldn't be fully spent.
- The petrodollar system originated after the U.S. removed the gold standard post-World War II, solidifying the dollar as the world's reserve currency.
- President Nixon's decision to end the gold standard in 1971 led to the devaluation of the dollar, impacting oil-exporting countries as their oil revenues fluctuated with the dollar's value.
- Petrodollar recycling involves using U.S. dollars earned from oil contracts to invest in non-oil-related businesses through sovereign wealth funds, reducing dependency on oil prices.
- The U.S. leverages petrodollar power for foreign policy enforcement, imposing sanctions on countries like Iran and Russia, but a collapse remains unlikely as there is no viable alternative currency.

Society for Worldwide Interbank Financial Telecommunication

The SWIFT network, which stands for the Society for Worldwide Interbank Financial Telecommunication, is a messaging network used by financial institutions worldwide to securely and efficiently send and receive information about financial transactions. It does not move money itself but provides a secure channel for banks and other

financial institutions to communicate instructions for transfers, payments, and other financial transactions.

How SWIFT Network Works:

Entities Involved: The SWIFT network typically involves six different entities: the sender's trader and bank, the recipient's trader and bank, and two intermediary American banks.

Account Setup: Each bank involved in the transaction has an account with an American bank where they hold funds in U.S. dollars.

Transaction Process: When a transaction is initiated, the sending bank instructs its American bank to transfer the specified amount in U.S. dollars to the recipient's American bank.

Currency Exchange: The U.S. dollar amount is then converted to the recipient's local currency based on the prevailing exchange rate. Efficiency in providing financial services globally. It allows U.S. banks to offer international payment services, trade finance, and other financial products to clients worldwide

Final Payment: The recipient's bank then credits the recipient's account with the converted amount in the local currency.

The SWIFT network provides several benefits for the United States, contributing to its economic and financial influence globally. Some of the key benefits of the SWIFT network for the US include:

Global Trade Facilitation: The SWIFT network enables seamless and secure communication between U.S. financial institutions and their international counterparts, facilitating cross-border trade transactions. This smooth flow of information and funds supports the U.S. in maintaining its position as a leading global trading partner.

Dollar Dominance: As the world's primary reserve currency, the U.S. dollar is widely used in international transactions facilitated through the SWIFT network. This dominance of the dollar in SWIFT transactions

enhances the U.S.'s economic power and influence in global financial markets.

Financial Stability: The secure messaging system of SWIFT helps ensure the stability and integrity of financial transactions, reducing the risk of fraud, errors, and delays. This stability is essential for maintaining confidence in the U.S. financial system and supporting economic growth.

Geopolitical Influence: The widespread use of the U.S. dollar in SWIFT transactions gives the U.S. leverage in geopolitical matters. The ability to control or restrict access to the SWIFT network can be used as a tool for imposing sanctions or influencing the behaviour of other countries.

Investment Opportunities: The SWIFT network facilitates international investment flows, allowing U.S. investors to access global markets and diversify their portfolios. This access to investment opportunities around the world can benefit the U.S. economy and financial sector.

Financial Services Industry: The use of SWIFT by U.S. financial institutions enhances their competitiveness and.

Conclusion: The rise of the U.S. dollar as the most powerful currency in the world is intricately linked to strategic decisions and historical events. From the Bretton Woods Agreement to the establishment of the SWIFT network, the U.S. has leveraged its economic might and financial infrastructure to solidify its dominance. This currency supremacy has not only shaped global trade and financial systems but also granted the U.S. significant geopolitical influence, showcasing the enduring impact of strategic financial strategies on a global scale.

Read next: This is How You Can Craft A Winning Marketing Strategy

03 Business consultancy

This is How You Can Craft A Winning Marketing Strategy



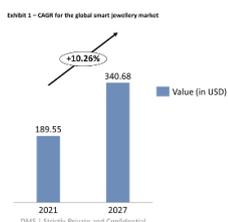
Gayatri Limaye

One of our clients is a well-known jewellery manufacturer in India. They have a large client base throughout the country. They have also exhibited their products in multiple jewellery stores and events around the world.

The client was interested in understanding the potential for smart jewellery. They wanted to understand the industry and market in depth, helping them identify what features could possibly be incorporated into the smart jewellery made of gemstones.

The objective function was to identify the potential of the product and check the attractiveness of the market for this product.

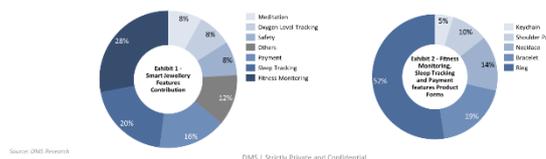
Prediction of 10.26% Growth in Global Smart Jewellery Market



In 2021, the worldwide market for smart jewellery was valued at \$189.55 million. It was projected to increase to \$340.68 million by 2027. The Compound Annual Growth Rate for the global smart jewellery

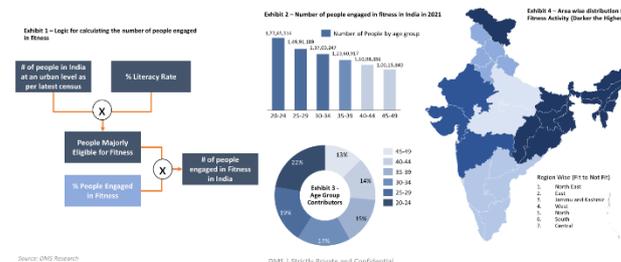
market was calculated at 10.29%.

Major Market Feature Requirements Include Fitness Monitoring, Sleep Tracking, and Payment



The market demanded key features such as Fitness Monitoring, Sleep Tracking, and Payment, which altogether accounted for 64% of the total requirement. Among these, Fitness Monitoring was the most sought-after, comprising 28%. Sleep Tracking and Payment followed, with shares of 20% and 16% respectively. Safety, Oxygen Level Tracking, and Meditation each held an 8% share. For the primary features of Fitness Monitoring, Sleep Tracking, and Payments, rings were the preferred choice, with bracelets being the second choice, making up 52% of the total usage. Based on data analysis, it was suggested that the client should focus on products centred on Fitness Monitoring, Sleep Tracking, and Payments when entering the market. While Safety could be explored as a niche market, it comes with risks. Using rings and bracelets to promote these features upon market entry was recommended due to their practicality and ease of use.

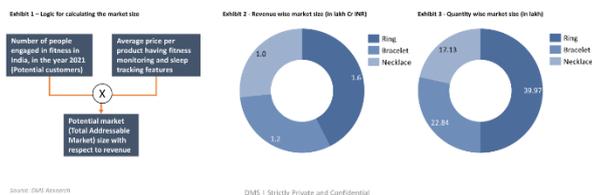
A promising target group for Fitness and Sleep Rings and Bracelets was age group of 20 to 39



Analysis revealed that Fitness Monitoring and Sleep Tracking were the most sought-after features. Rings and Bracelets were identified as the most preferred products based on this analysis. The age range of 20-39 constituted a significant portion, accounting for 73% of the total population interested in fitness.

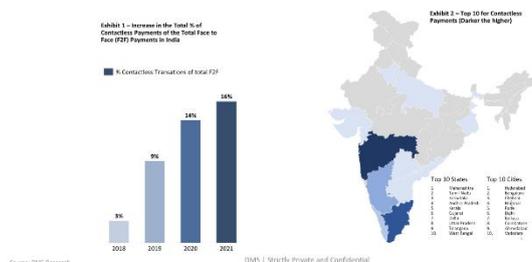
However, the consumption trend among those aged 40 and above was not promising. It was recommended that the client focus on products emphasizing fitness monitoring and sleep tracking, targeting the 20-39 age group, particularly in the North East and West regions, which were identified as major markets. Rings and bracelets were suggested as the ideal product forms for promoting these features due to their practicality and ease of use.

Rings captured the majority size in the market of fitness monitoring and sleep tracking features, in revenue as well as quantity



Rings were found to be the most prevalent in both revenue and quantity terms. The total market revenue amounted to 3.8 trillion INR. Rings accounted for 45% of this revenue, approximately 1.6 trillion INR. In terms of quantity, which represents potential customers, the market was estimated at 79 million for fitness monitoring and sleep tracking features. Rings constituted half of this market, comprising 39 million potential customers. Bracelets held a share of about 30% in both revenue and quantity terms. Necklaces represented 27% of the revenue-wise market size and 21% of the quantity-wise market size.

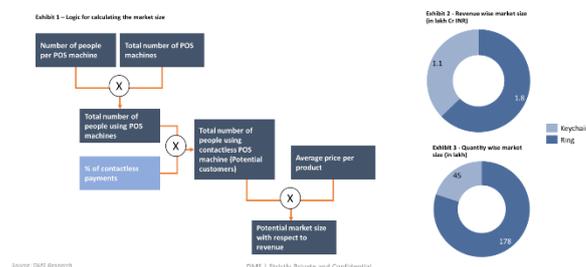
Payment Smart Jewellery can be a promising alternative to Credit and Debit Cards



From December 2018 to 2021, contactless payments as a percentage of total face-to-face transactions experienced a six-fold increase, reaching around 16%. The surge was attributed in part to the Digital India Initiative. Data highlighted Maharashtra and Tamil Nadu as leading states in contactless payments,

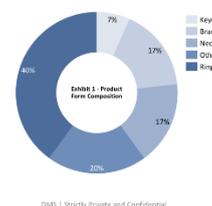
Among others. Analysis suggested that entering India's contactless payment market, especially in the top five cities, could be advantageous due to its promising growth trajectory. The recommendation was to introduce payment-smart jewellery, leveraging rings and bracelets for their practicality and ease of use. However, the potential risk of convincing people to use smart jewellery instead of traditional debit and credit cards should be carefully considered.

Payment rings capture 1.8 lakh Cr INR of the revenue-wise market of the payments feature



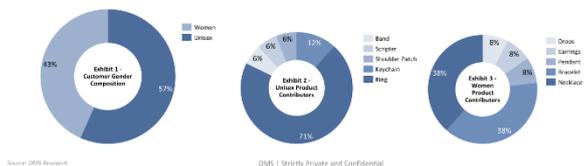
Payment rings were found to have the largest share in both revenue and quantity terms. The total revenue of the payment market was 2.8 trillion INR, with rings accounting for 63%, equivalent to 1.8 trillion INR. In terms of quantity, which represents potential customers, the total market size was 222 million. Rings constituted 80% of this market, comprising 178 million potential customers.

Rings held the major composition in the market followed by necklaces and bracelets taking 74% share



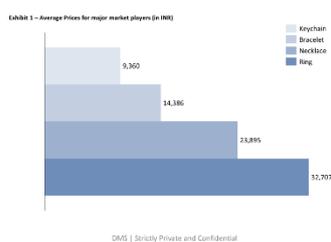
Smart jewellery comes in various forms such as rings, necklaces, bracelets, keychains, bands, earrings, drops, pendants, and scripters. Among these, rings were the most prevalent, accounting for 40% of the market share. Necklaces and bracelets each held a share of 17%. Other product forms like bands, earrings, drops, and pendants collectively made up 20% of the market share.

Unisex-based products predominantly captured 57% of the composition with rings and keychains being the major contributors



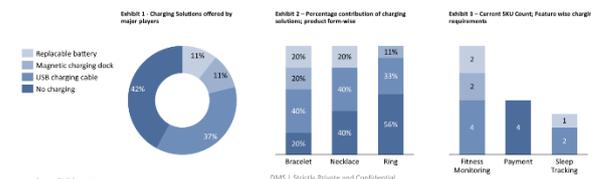
Unisex products dominated the market, constituting 57% of the total composition, indicating that smart jewellery appeals to both genders. These products included rings, keychains, shoulder patches, scripters, and bands. Among them, rings and keychains were the primary contributors. While rings held the largest share in the unisex product range, followed closely by keychains, women-centric products mainly consisted of bracelets and necklaces. It was advised for the client to target both men and women as their customer base, particularly focusing on rings and keychains. However, if targeting specifically women, bracelets and necklaces should be prioritized.

The average price for Smart Rings in the market was 32,707 INR being the highest of all Product Forms; Keychains and Bracelets were the lowest at INR 9,360 and INR 14,386 respectively



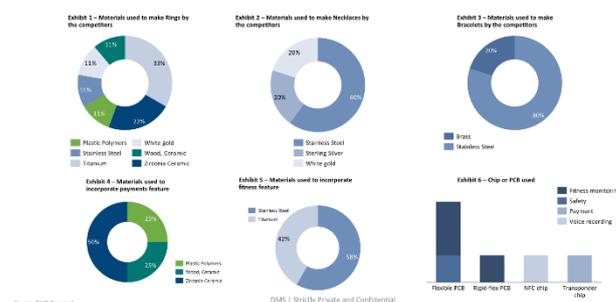
Smart rings stood out as the costliest option, priced at INR 32,707 per piece, with Competitor 17 contributing significantly to this high average price. Conversely, bracelets and necklaces were sold at much lower price points, making them more affordable for consumers. It was suggested, based on data analysis, that the client should price their products lower than the current market average to effectively enter the Indian market. Additionally, the client needed to carefully consider the financial feasibility when determining the pricing strategy for their products.

Payment rings required no charging; Bracelets could be integrated with any available charging solution



Majority of rings, accounting for 56%, do not require charging, particularly payment rings which are activated using RFID near POS machines, eliminating the need for charging. Payment rings are often supported by companies such as MasterCard. On the other hand, bracelets can be integrated with any available charging solution. It was recommended that for payment rings, the client should collaborate with companies offering payment and technology solutions. Additionally, smart bracelets were suggested since all existing charging solutions in the market are compatible with this product form.

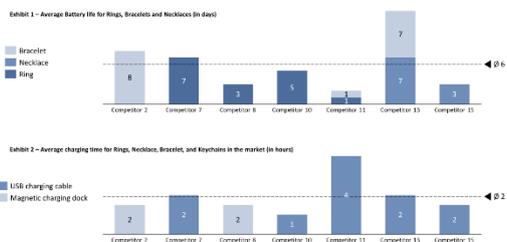
Non-metals used in making Payment rings and Stainless Steel used in making necklaces and bracelets



Payment rings were crafted using non-metal materials to prevent interference with NFC functionality, favouring titanium as the primary material for fitness tracking rings. Stainless steel emerged as a popular option for crafting necklaces and bracelets. Market analysis revealed challenges in integrating payment features with metal materials. For integrating fitness monitoring features, existing products in the market utilized stainless steel and titanium as base materials. Flexible PCB was commonly employed among components to integrate fitness-tracking features. It was advised for the client to examine the technical

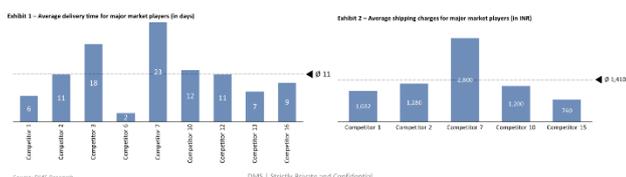
requirements and compatibility of technology with metals used in jewellery manufacturing.

Aimed for a product that offered 6 days of average battery life in 2 hours of charging time



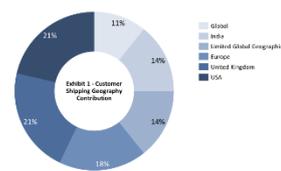
Competitor 11 products needed four hours of charging but provided only one day of battery life. The Competitor 10 required approximately one hour of charging via USB cable and offered an average battery life of five days. Across all product forms, the average battery life was six days, with an average charging time of two hours. It was recommended for the client to ensure a maximum charging time of two hours and aim for a product with a battery life of approximately six days.

Average delivery time and shipping charges for major market players stood at 11 days and INR 1,410 respectively



the average delivery time for major market competitors was 11 days, with Competitor 6 offering the shortest delivery time and Competitor 7 the longest. Regardless of the destination, competitors maintained an average shipping charge of INR 1,410.

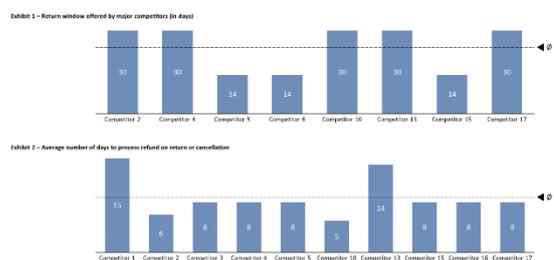
Products being shipped maximum to USA and United Kingdom followed by Europe; Capturing 60% of the Composition



Source: DMS Research
DMS | Strictly Private and Confidential

Majority of the products were shipped to the USA and United Kingdom, followed by Europe, collectively capturing 60% of the total composition. Other global customer geographies also received shipments, with India accounting for the smallest share at 14%. Notably, one specific player, Competitor 16, targeted the Indian customer market for fitness rings. Based on data analysis, it was observed that Indian customers may not have been particularly mindful of smart jewellery. Therefore, it was recommended for the client to focus on educating and raising awareness among the Indian public before entering the market.

Establishment of a system where returns could be received within 3 weeks



Source: DMS Research
DMS | Strictly Private and Confidential

Competitors who permitted product returns offered a return window of 2 to 4 weeks. However, activated payment rings were not eligible for returns. On average, refunds were processed within 9 days. It was recommended that the client establish a return system that could receive returned products within 3 weeks and ensure an average refund processing time of 9 days.

Key features like fitness monitoring, sleep tracking, and payment were identified as significant demands in the market, particularly among the age group of 20-39. Rings emerged as the dominant product form, capturing a substantial share in revenue and quantity, with payment rings alone contributing 1.8 trillion INR revenue-wise and 178 million in quantity terms. Furthermore, the trend indicated maximum product shipments to the USA and the United Kingdom, followed by Europe, comprising 60% of the total

composition. Establishing efficient return systems that could receive products within three weeks and process refunds within nine days was recommended to enhance customer satisfaction.

Conclusion:

In summary, the smart jewellery market showed a changing landscape influenced by factors like price, usefulness, and necessity. This detailed analysis highlighted the shifting preferences and opportunities in the smart jewellery market. Over time, people's tastes evolved. Smart jewellery combines jewellery with smart features found in smartphones, trackers, and smartwatches, making it a luxury item appealing to a small segment of the population. Nonetheless, there is a need for research to make it more appealing to a wider audience. It serves as a platform to enhance the accuracy of fitness tracking or improve the convenience and security of payments.

Read next: Wall of Wisdom

WALL OF WISDOM (WOW):

- “Be the best of whatever you are”.
- “We need not wait to see what others do”.

Read next: Do you know?

DO YOU KNOW?

1. Wearing headphones for just an hour could increase the bacteria in your ear by 700 times.
2. Human teeth are the only part of the body that can't heal themselves.

What else do You Know

Let us know.

Read next: Motivational Quote

MOTIVATIONAL QUOTE:

“If you want to walk fast, walk alone but if you want to walk far, walk together.”

- Ratan Tata

Sources-

- Company Law Notifications and Circulars
- CBDT Notifications and Circulars
- CBIC Notifications and circulars
- Other Allied Law Notifications and circulars
- MCA21 Website.
- Income Tax Website.
- GST Website.
- Other Statutory Government Websites.
- Extracts from Tax guru- Extracts from Clear Tax.- Extracts from CA club India.

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Read next: Statutory Due Date

Statutory Due Dates Calendar

INCOME TAX

Due Dates in the Month of	Particulars	For the Period	Due Date
April-2023	1 TDS/TCS Payment	March 2023	07/04/2023
May-2023	1 TDS/TCS Payment	April 2023	07/05/2023
	2 TDS Statement for Form 24Q, 26Q and 27Q	Q4 FY 2022-23	31/05/2023
	3 TCS Statement– for Form 26QB, 26QC, 26QD	Q4 FY 2022-23	15/05/2023
June-2023	1 TDS/TCS Payment	May 2023	07/06/2023
	2 Advance Tax	1 st Installment of FY 2023-24	15/06/2023
	3 Form 16/ 16A	Q4 FY 2022-23	15/06/2023
	4 Statement of Financial Transactions (SFT) Compliance	FY 2022-23	31/05/2023
July-2023	1 TDS/TCS Payment	June 2023	07/07/2023
	2 TDS Statement for Form 24Q	Q1 FY 2023-24	31/07/2023
	3 TCS Statement– for Form 26QB, 26QC, 26QD	Q1 FY 2023-24	15/07/2023
	4 Income tax Return for A.Y. 2023-24 for all assessee other than (a) Assessee whose accounts are required to be audited (b) Partner of a firm whose accounts are required to be audited (c) An assessee who is required to furnish a report under Section 92E.	FY 2022-23	31/07/2023
August-2023	1 TDS/TCS Payment	July 2023	07/08/2023
September-2023	1 TDS/TCS Payment	August 2023	07/09/2023
	2 Advance Tax	2 nd Instalment FY 2023-24	15/09/2023
	3 Due date for filing of audit report under Section 44AB for AY 2023-24 in the case of a corporate- assessee or non-corporate assessee (who is required to submit his/its return of income on October 31, 2023)	FY 2022-23	30/09/2023

		TDS Statement for Form 26Q and 27Q	Q1 FY 2023-24	30/09/2023
October-2023	1	TDS/TCS Payment	September 2023	07/10/2023
	2	Due date for filing of return of income for AY 2023-24 if assessee is (a) Corporate-assessee (b) Non-corporate assessee (whose books of account are required to be audited) (c) Partner of a firm whose accounts are required to be audited (d) An assessee who is required to furnish a Report u/s 92 E	FY 2022-23	30/09/2023
	3	TDS Statement for Form 24Q, 26Q and 27Q	Q2 FY 2023-24	31/10/2023
	4	TCS Statement– for Form 26QB, 26QC, 26QD	Q2 FY 2023-24	15/10/2023
November-2023	1	TDS/TCS Payment	October 2023	07/11/2023
December-2023	1	TDS/TCS Payment	November 2023	07/12/2023
	2	Advance Tax	3 rd Installment FY 2023-24	15/12/2023
	3	Filing of belated/revised return of income for the assessment year 2023-24 for all assessee.	FY 2022-23	31/12/2023
January-2024	1	TDS/TCS Payment	December 2023	07/01/2024
	2	TDS Statement for Form 24Q, 26Q and 27Q	Q3 FY 2023-24	31/01/2024
	3	TCS Statement– for Form 26QB, 26QC, 26QD	Q3 FY 2023-24	15/01/2024
February-2024	1	TDS/TCS Payment	January 2024	07/02/2024
March-2024	1	Advance Tax	4 th Installment of FY 2022-23	15/03/2024
	2	TDS/TCS Payment	February 2024	07/03/2024

GOODS AND SERVICES TAX ACT

Due Dates in the Month of	Particulars	For the Period	Due Date
April-2023	1 GSTR 1 (Regular Taxpayers)	March 2023	11/04/2023
	2 GSTR 1 (Quarterly Taxpayers)	March 2023	13/04/2023
	3 GSTR 3B (Monthly Return)	March 2023	20/04/2023
	3 GSTR 3B (Quarterly Return)	Jan to Mar 2023	22/04/2023
	4 CMP 08	Jan to Mar 2023	18/04/2023
5 GSTR 4(Annual Return under Composition scheme)	Apr 2022 to Mar 2023	30/04/2023	
May-2023	1 GSTR 1 (Regular Taxpayers)	April 2023	11/05/2023
	2 GSTR 3B (Monthly Return)	April 2023	20/05/2023
	3 Monthly Tax Payment under QRMP Scheme(PMT 06)	April 2023	25/05/2023
June-2023	1 GSTR 1 (Regular Taxpayers)	May 2023	11/06/2023
	2 GSTR 3B (Monthly Return)	May 2023	20/06/2023
	3 Monthly Tax Payment under QRMP Scheme(PMT 06)	May 2023	25/06/2023
July-2023	1 GSTR 1 (Regular Taxpayers)	June 2023	11/07/2023
	2 GSTR 1 (Quarterly Taxpayers)	Apr to June 2023	13/07/2023
	3 GSTR 3B (Monthly Return)	June 2023	20/07/2023
	4 GSTR 3B Quarterly Return)	June 2023	22/07/2023
	5 CMP-08	Apr to June 2023	18/07/2023

August-2023	1	GSTR 1 (Regular Taxpayers)	July 2023	11/08/2023
	2	GSTR 3B (Monthly Return)	July 2023	20/08/2023
	3	Monthly Tax Payment under ORMP Scheme(PMT 06)	July 2023	25/08/2023
September-2023	1	GSTR 1 (Regular Taxpayers)	August 2023	11/09/2023
	2	GSTR 3B (Monthly Return)	August 2023	20/09/2023
	3	Monthly Tax Payment under ORMP Scheme(PMT 06)	August 2023	25/09/2021
October-2023	1	GSTR 1 (Regular Taxpayers)	September 2023	11/10/2023
	2	GSTR 1 (Quarterly Taxpayers)	July to Sept 2023	13/10/2023
	3	GSTR 3B (Monthly Return)	September 2023	20/10/2023
	4	GSTR 3B (Quarterly Return)	July to Sept 2023	22/10/2023
	5	CMP-08	July to Sept 2023	18/10/2023
November-2023	1	GSTR 1 (Regular Taxpayers)	October 2023	11/11/2023
	2	GSTR 3B (Monthly Return)	October 2023	20/11/2023
	3	Monthly Tax Payment under ORMP Scheme(PMT 06)	October 2023	25/11/2023
December-2023	1	GSTR 1 (Regular Taxpayers)	November 2023	11/12/2023
	2	GSTR 3B (Monthly Return)	November 2023	20/12/2023
	3	Monthly Tax Payment under ORMP Scheme(PMT 06)	November 2023	25/12/2023
	4	GSTR-9(Annual Return)	FY 2022-23	31/12/2023
January-2024	1	GSTR 1 (Regular Taxpayers)	December 2023	11/01/2024
	2	GSTR 1 (Quarterly Return)	Oct to Dec 2023	13/01/2024
	3	GSTR 3B (Monthly Return)	December 2023	20/01/2024
	4	GSTR 3B Quarterly Return)	Oct to Dec 2023	22/01/2024
	5	CMP-08	Oct to Dec 2023	18/01/2024

February-2024	1	GSTR 1 (Regular Taxpayers)	January 2024	11/02/2024
	2	GSTR 3B (Monthly Return)	January 2024	20/02/2024
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	January 2024	25/02/2024
March-2024	1	GSTR 1 (Regular Taxpayers)	February 2024	11/03/2024
	2	GSTR 3B (Monthly Return)	February 2024	20/03/2024
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	February 2024	25/03/2024
April-2024	1	GSTR 1 (Regular Taxpayers)	March 2024	11/04/2024
	2	GSTR 1 (Quarterly Return)	Jan to Mar 2024	13/04/2024
	3	GSTR 3B (Monthly Return)	March 2024	20/04/2024
	4	GSTR 3B Quarterly Return)	Jan to Mar 2024	22/04/2024
	5	CMP-08	Jan to Mar 2024	18/04/2024
	6	GSTR 4(Annual Return under Composition scheme)	Apr 2023 to Mar 2024	30-04-2024

COMPANIES ACT

Due Dates in the Month of	Particulars	Description	Due Date
April-2023	Form MSME (outstanding payments to MSME's)	The return is to be filed by any company, who get supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty-five days from the date of acceptance or the date of deemed acceptance of the goods or services.	30 th April 2023 (For the period of October'22 – March'23)
			31 st October 2023 (For the period of April'23 – September'23)
May-2023	LLP FORM-11	Annual Return (to be filed by all LLP's irrespective of turnover)	15 th July 2023
June-2023	DPT-3	To be filed in case company has deposit or exempted deposit.	31th July 2023
September-2023	DIR-3 KYC	Form for Director KYC. Need to be filed mandatorily for every director on Board	30 th September 2023
October-2023	ADT-1	Form for Auditor Appointment	15 th October 2023
	AOC-4	Form for filing Financials, Auditors Report, Directors Report, etc.	30 th October 2023
November-2023	MGT-7	ROC Annual Return (Details of Shareholding etc.)	29 st November 2023
Event Based	CHG FORMS	Form for charge creation, modification, satisfaction	Within 30 days of any charge occurring
	DIR-12	Form for Director Changes (Appointment/Resignation/Death)	Within 30 days of any charge occurring

PTRC and PTEC Compliance

Due Dates in the Month of	Particulars	Description	Due Date
June-2023	PTEC	Person who stands enrolled before the commencement of a year or is enrolled on or before 31st May of a year (F.Y. 2022-23)	30/06/2023
		Person who is enrolled after the 31st May of a year	Within one month of the date of enrolment
		Person who is enrolled and the rate of tax at which he is liable to pay tax is revised	Within one month of the date of such revision
March-2023	PTRC	Yearly - Tax Liability is less than INR 1,00,000/-	31/03/2023
		Monthly - Tax Liability is equal to or more than INR 1,00,000/-	The last date of the month to which the return relates

VAT

Due Dates in the Month of	Particulars	For the Period	Due Date
April	1 Monthly Return (VAT payment)	March 2023	21/04/2023
	2 Quarterly Return (VAT payment)	January 2023 to March 2023	21/04/2023
May	1 Monthly Return (VAT payment)	April 2023	21/05/2023
June	1 Monthly Return (VAT payment)	May 2023	21/06/2023
July	1 Monthly Return (VAT payment)	June 2023	21/07/2023
	2 Quarterly Return (VAT payment)	April 2023 to June 2023	21/07/2023
August	1 Monthly Return (VAT payment)	July 2023	21/08/2023
September	1 Monthly Return (VAT payment)	August 2023	21/09/2023
October	1 Monthly Return (VAT payment)	September 2023	21/10/2023
	2 Quarterly Return (VAT payment)	July 2023 to September 2023	21/10/2023
November	1 Monthly Return (VAT payment)	October 2023	21/11/2023
December	1 Monthly Return (VAT payment)	November 2023	21/12/2023
	1 Monthly Return (VAT payment)	December 2023	21/01/2024
January	2 VAT Audit (Form 704)	F.Y. 2022-2023	15/01/2024
	3 Quarterly Return (VAT payment)	October 2023 to December 2023	21/01/2024
February	1 Monthly Return (VAT payment)	January 2024	21/02/2024
March	1 Monthly Return (VAT payment)	February 2024	21/03/2024

Summary of Penalties of Income Tax

Particulars	Description	Amount/ Interest rate
1. Default in making payment of tax.	The amount of penalty leviable will be as determined by the Assessing Officer. However, the amount will not exceed the amount of tax in arrears	Penalty determined by the assessing officer
2. Under-reporting of income.	1. If the income assessed/ re-assessed exceeds the income declared by the assessee, or in cases where return has not been filed and income exceeds the basic exemption limit, penalty at 50% of tax payable on such under reported income shall be levied.	50% of tax payable Under reported Income OR 200% of tax payable from misreporting of income
	2. 200% of the tax is payable if under-reporting results from misreporting of income	
3. Failure to maintain books of accounts and other documents	1. Normally, the amount of penalty leviable is INR25,000	INR 25000 OR 2% of value of International transaction
	2. In case, the assessee is a person who has entered into international transaction, the penalty will be 2% of the value of such international transactions or specified domestic transactions	
4. Penalty for false entry such as fake invoices	1. The assessee might have to pay a penalty of the amount equal to sum of such false or omitted entries.	Amount equal to such false or omitted entries
5. Undisclosed income	1. If undisclosed income is admitted during the course of Search and assessee pays tax and interest and files return, a penalty @ 30% of such undisclosed income is payable.	30% OR 60%
	2. In all other cases, penalty is leviable @ 60%	
6. Audit and Audit Report	1. If the assessee fails to get his accounts audited, obtain audit report, or furnish report of such auditor, a penalty will be leviable at the INR 1,50,000 or 0.5% of the total sale/ Turnover/ gross receipts whichever is lesser.	INR 150000/- OR 0.5% of total sale, turnover/gross receipt
	2. Failure of assessee to furnish Audit report related to foreign transaction, a penalty @ INR 1,00,000 will be payable	

7. TDS/TCS	1. Where a person fails to deduct tax at source, he will be liable to pay a penalty equal to the amount of tax which he has failed to deduct/ pay.	Penalty equal to amount of Tax,
	2. Where a person fails to collect tax at source, he will be liable to pay a penalty equal to the amount of tax which he has failed to collect.	
	3. Failure to furnish TDS/TCS statement or furnishing incorrect statements, shall attract a penalty ranging from 10,000 to 1,00,000	INR 10000/-to INR 100000/-
	4. Non-Deduction of TDS, either in whole or part	1% Per month
	5. Non-payment of TDS (after deduction), either in whole or part	1.5% per month
	6. Failure to furnish information/ furnishing inaccurate information related to TDS deduction related regarding Non-residents shall attract a penalty of 100,000	INR 100000/-
8. Penalty for using modes other than Account payee cheque/ draft/ ECS	1. If a person takes/ accepts loan/ deposit except by way of Account payee cheque/ account payee draft/ ECS, and if the aggregate amount exceeds INR20,000, he shall be liable to pay a penalty of an amount equal to such loan/ deposit.	Penalty amount equals to such loan / deposit
	2. If, an amount of INR2,00,000 or more is received in aggregate from a person in a day/ single transaction/ relating to one event, a penalty equal to such amount will be payable.	
	3. If a person repays loan/ deposit and such amount so repaid exceeds INR20,000 and such amount has been repaid except by way of Account payee cheque/ account payee draft/ ECS, an amount equal to such loan/ deposit shall be payable.	
9. Others	1. Failure to apply/quote/ intimate PAN/ quoting false PAN shall attract a penalty of INR10,000	INR 10000/-
	2. Failure to apply/quote TAN/ quoting false TAN shall attract a penalty of INR10,000	
	In case of the following defaults, INR10,000 will be the penalty leviable,	
	1. Refusal to answer questions put by the department	

	2. Refusal to sign statements made in income tax proceedings	
	3. Noncompliance with summons to give evidence/ produce books of accounts	
	4. Failure to comply with a notice	
10. late Filing ITR	1. If the ITR is filed after the due date but by 31st December of the succeeding year.	INR 5000/-
	2. If the ITR is filed after 31st December of the succeeding year.	INR 10000/-
	3. for small taxpayers having total income of up to INR 5 lakh.	INR 1000/-

Read next: Amendment Summary

Amendment Summary

DEC-2022						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
			1 Central Excise	2	3	4
5	6	7 Direct Tax	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Sr. No.	Date	Area of Knowledge (AOK)	Notification/ Circular/ Press Release	Short Description
1	1/12/2022	Central excise	Notification No 40.2022	To reduce the Special Additional Excise Duty on Diesel, Seeks to further amend No. 04/2022-Central Excise, dated the 30th June, 2022
2	1/12/2022	Central excise	Notification No 41.2022	To reduce the Special Additional Excise Duty on production of Petroleum Crude, Seeks to amend No. 18/2022-Central Excise, dated the 19th July, 2022
3	7/12/2022	Direct Tax	Circular No 24.2022	Deduction Of Tax At Source income-Tax Deduction From Salaries Under Section 192 Of The Income-Tax Act, 1961 During The Financial Year 2022-23

Rectifications in the previous Newsletter:

No Rectifications pertaining to the previous Newsletter(s).

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