

**DAHOTRE & DAHOTRE**  
Chartered Accountants



Knowledge and Development Committee

# Newsletter

Period of Update: 14<sup>th</sup> July 2024 to 20<sup>th</sup> July 2024  
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## Editor-in-Chief's Message

Hello readers!

Welcome to the **29<sup>th</sup>** Newsletter Edition of 2024.

In this issue, we will discuss Mutual Funds and A brief overview on Mergers & Acquisitions (M&A). Also, we will know about audit in an automated environment.

**Vinod Jangid**  
Editor-in-chief

## Team's Message

"None of us is as smart as all of us."

**Trupti Narawade**  
KND (Chairperson)

## Short Updates:

### Direct Tax

- The Central Board of Direct Taxes (CBDT) has extended the tax relief for sovereign wealth funds (SWFs) and pension funds by a year to March 31, 2025, against the previous expiry of March 31, 2024. With the changes, the funds can now enjoy exemption from tax on dividend income, interest income, or long-term capital gains tax arising from investments made in India. Though the announcement was first made in the interim budget earlier this year, the tax authority notified the changes on July 18.
- "While it's a move that will be welcomed by the infrastructure sector and infrastructure funds, given the long haul of these projects and India's long-term aspirations, the extension should have been considered for a longer duration as the investment needs are unlikely to be met in one year," said Sunil

Gidwani, partner - financial sector, Nangia Andersen LLP.

### ROC

- In exercise of the powers conferred by sub-section (1) of section 406 read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, further to amend the Nidhi Rules, 2014, namely:-
- 1. (1) these rules may be called the Nidhi (Amendment) Rules, 2024. (2) They shall come into force on the date of their publication in the Official Gazette.
- 2. In the Nidhi Rules, 2014, in rule 4, in sub-rule (5,) the following proviso shall be inserted, namely: -  
"Provided that a company shall not use the words "Nidhi Limited" in its name unless it is declared as such under sub-section (1) of section 406 of the Act."

## 01 General Mutual Funds



Shubham Nalawade

**A** mutual fund is an investment vehicle that pools funds from investors and invests in equities, bonds, government securities, gold, and other assets. Companies that qualify to set up mutual funds, create Asset Management Companies (AMCs) or Fund Houses, which pool in the money from investors, market mutual funds, manage investments, and enable investor transactions.

Mutual funds are managed by sound financial professionals known as fund managers, who have the expertise in analysing and managing investments. The funds collected from investors in mutual funds are invested by the fund managers in different financial assets such as stocks, bonds, and other assets, as defined by the fund's investment objective. Where and when to invest are some of the things taken care of by the fund managers, amongst many other responsibilities. For the fund's management, the AMC charges a fee to the investor known as the expense ratio. It is not a fixed fee and varies from one mutual fund to another. SEBI has defined the maximum limit of the expense ratio that can be charged based on the total assets of the fund.

### How Do Mutual Funds Work?

- To understand how mutual funds work, let us first understand the concept of NAV (Net Asset Value). NAV per unit is the price at which investors can buy or redeem their mutual fund investments. Investors in mutual funds are allotted units proportional to their investments and this is calculated based on the NAV. For example, if you invest Rs 500 in a mutual fund with an NAV of Rs

10, you will get  $(500/10)$ , 50 units of the mutual fund.

- Now, the NAV of the mutual fund changes every day based on the performance of the assets in which the mutual fund is invested in. If a mutual fund invests in a particular stock whose price goes up tomorrow, the same will reflect in the NAV of the mutual fund and vice versa. So, in the above example, if the NAV of the mutual fund goes up to Rs 20, then your 50 units that amounted to Rs 500 earlier will now amount to Rs 1000 (50 units x Rs 20). Hence, the mutual fund's performance is driven by its underlying assets, which generate its returns to investors.
- So, if you redeem your mutual fund units, you shall receive Rs 1000 against the Rs 500 you originally paid. This gain of Rs 500 is known as a capital gain. The market value of the mutual fund portfolio is not fixed but varies every day; consequently, NAV also tends to change daily, based on the valuation of the fund portfolio. Hence, this gain of Rs 500 can be a loss also, depending on how the NAV moves and the underlying assets perform. Since mutual fund investments are market-linked, the returns are not guaranteed and are also, dynamic in nature.
- Mutual fund returns (capital gains) are subject to tax, known as capital gains tax. Capital gains tax will impact when you choose to redeem your investment; like in the example above you will be liable to pay a tax on the Rs 500 you have earned. Bear in mind two things though:
- The capital gains tax is applicable only if you redeem the investment and not if you stay invested.
- The extent of capital gains tax will depend on the types of mutual funds and your investment holding.

### Types of Mutual Funds

There are multiple ways in which mutual funds can be categorized, for example, the way they are structured, the kind of securities they hold, their investment strategies, etc. The Securities and Exchange Board of India (SEBI) has classified mutual

funds based on where they invest, some of which we have listed below.

### Based on the structure:

1. Open-ended funds are mutual funds that allow you to invest and redeem investments at any time, i.e. they are perpetual in nature. They are liquid in nature and don't come with a specific investment period.
2. Close-ended schemes have a fixed maturity date. You can only invest at the time of the new fund offer and redemption can only be done on maturity. You cannot purchase the units of a close-ended mutual fund whenever you please.

### Based on asset classes:

1. Equity Mutual Funds invest at least 65% of their assets in stocks of companies listed on the stock exchange. They are more suitable as long-term investments (> 5 years) as stocks can be volatile in the short term. They have the potential to offer higher returns but also come with high risk.
2. Debt Mutual Funds primarily invest in fixed-income instruments like Government securities, corporate bonds, and other debt instruments. They are not affected by stock market volatility and hence, can offer more stable returns compared to equity mutual funds. The types of debt mutual funds are differentiated on the basis of the maturity period of the securities they hold.
3. Hybrid Mutual Funds invest in both equity and debt in varying proportions depending on the investment objective of the fund. Thus, hybrid funds give you diversified exposure to various asset classes. Hybrid funds are categorized on the basis of their allocation to equity and debt.

### Features & Benefits of Mutual Funds

Now that we know what mutual funds are and how they work along with their types, let us look at the advantages of investing in mutual funds.

1. Diversification: The saying 'do not put all your eggs in one basket' perfectly fits mutual funds as

spreading investment across multiple securities and asset categories lowers risk. For example, compared to direct equity investing, where your funds are deployed in individual company stocks, equity mutual funds invest in a basket of stocks across sectors, thereby reducing risk.

2. Professional management: Mutual funds are managed by full-time, professional fund managers who have the expertise, experience, and resources to actively buy, sell, and manage investments. A fund manager continuously monitors investments and rebalances the portfolio accordingly to meet the scheme's objectives.
3. Transparency: Every mutual fund has a Scheme Information Document readily available on the fund house's website that can give you all the details about its holdings, fund manager, etc. In addition, the portfolio investment value (NAV) is published daily on the AMC site, and AMFI site for investors to track the portfolio of the mutual fund.
4. Liquidity: You can redeem your investments on any business/working day at the NAV of the day of your redemption. So, depending on the type of mutual fund you have invested in, you will receive your invested funds in your bank account in 1-3 days. However, close-ended funds allow redemption only at the time of the maturity of the mutual fund. Similarly, ELSS mutual funds have a lock-in period of three years.
5. Tax Savings: Investment of up to Rs. 1,50,000 in ELSS mutual funds qualifies for tax benefit under section 80C of the Income Tax Act, 1961. Mutual fund investments, when held for a longer term, are tax-efficient.
6. Choice: There are many options to invest in mutual funds to meet your different needs. To name a few- Liquid funds, are for investors looking to benefit from the safety of debt and low-interest rate risk, flexi-cap funds if you are looking for stock diversification, and solution-oriented mutual funds if you are looking to invest for a particular goal like retirement or children's education, etc.

7. **Cost-effective:** Mutual funds are a low-cost investment vehicle. The pooled investments from several investors in a mutual fund enable the fund to invest in a basket of stocks and debt securities which otherwise may be out of reach for the ordinary investor or require a higher investment amount. Thus, these pooled investments provide advantages of economies of scale. In return, lower costs to investors, such as brokerage, etc., are addressed in the minor form of fund expenses. This is why investing in direct mutual funds through ET Money makes sense because that helps you decrease the cost further.
8. **Returns:** Mutual fund returns are not assured by mutual funds and are subject to market risks. But over the long term, equity mutual funds have the potential to deliver double-digit returns annually. Debt funds can also offer higher returns as compared to bank deposits. You can also calculate your potential returns, using a mutual fund calculator.
9. **Well Regulated:** In India, the mutual fund industry is regulated by the capital market regulator Securities and Exchange Board of India (SEBI). Therefore, mutual funds must follow stringent rules and regulations, ensuring investor protection, risk mitigation, liquidity, and fair valuation.

### Disadvantages of Mutual Funds

Now, let us have a look at the cons of investing in mutual funds.

1. **Exit Load:** Mutual funds generally levy an exit load (fee) for redeeming investments within a specified period, for example, one year from the date of investment. This is done to refrain the investor from exiting the scheme too early, as it impacts both the fund's performance and the investor's goal achievement. When investing directly in stocks, say, you do not face any exit load and in comparison, this may seem like an added expense. However, this has been introduced in the investors' interest.
2. **High cost:** SEBI has defined the maximum limit of expense ratios that mutual fund houses can

charge and they depend on the mutual fund's size. As the size grows, the expense tends to come down. The maximum expense ratio that is chargeable for an equity-oriented mutual fund is 2.25%. And you have to bear this charge irrespective of the performance of the fund. When compared to another mode of investment, say, direct stocks, you may find the expense ratio to be higher than the brokerage you pay. But then it is being paid for the convenience and expertise, so, it is a balance that you need to achieve.

3. **Over-diversification:** In the quest to diversify your investments, you may invest in mutual funds, which invest in a vast number of stocks, leading to over-diversification. Not all the stocks of a portfolio would deliver high returns all the time. You may end up investing in two mutual funds holding similar portfolios which may then lead to over-diversification. It is advisable to study the mutual fund portfolio before you invest.
4. **Risk:** Investments in mutual funds are subject to market risk. The risk of losses faced by all types of securities in the financial markets cannot be reduced by diversification. Market risks may occur due to many macro and microeconomic factors. For example, equity mutual funds are subject to volatility risk owing to fluctuations in the stock market whereas debt mutual funds are subject to interest rate risk which is caused by fluctuations in the interest rates and so on.

Mutual funds offer investors a reliable, time-tested method of growing investments at a rate faster than traditional investment instruments. They have the potential to offer higher returns, capital growth, and income generation, provide a hedge against inflation, and enable fund generation to meet various long- and short-term needs.

*Read next: Mergers & Acquisitions (M&A)*

## 02 General

# Mergers & Acquisitions (M&A)



Sourabh Jain

**M**ergers and acquisitions (M&A) refer to transactions between two companies combining in some form. Although mergers and acquisitions (M&A) are used interchangeably, they come with different legal meanings. In a merger, two companies of similar size combine to form a new single entity.

On the other hand, an acquisition is when a larger company acquires a smaller company, thereby absorbing the business of the smaller company. M&A deals can be friendly or hostile, depending on the approval of the target company's board.

### Summary

- Mergers and acquisitions (M&A) refer to transactions involving two companies that combine in some form.
- M&A transactions can be divided by type (horizontal, vertical, conglomerate) or by form (statutory, subsidiary, consolidation).
- Valuation is a significant part of M&A and is a major point of discussion between the acquirer and the target.

### Mergers and Acquisitions (M&A) Transactions – Types

#### 1. Horizontal:

- A horizontal merger happens between two companies that operate in similar industries that may or may not be direct competitors.

#### 2. Vertical

- A vertical merger takes place between a company and its supplier or a customer along its supply chain. The company aims to move up or down along its supply chain, thus consolidating its position in the industry
- #### 3. Conglomerate
- This type of transaction is usually done for diversification reasons and is between companies in unrelated industries.

### Mergers and Acquisitions (M&A) – Forms of Integration

1. Statutory: Statutory mergers usually occur when the acquirer is much larger than the target and acquires the target's assets and liabilities. After the deal, the target company ceases to exist as a separate entity
2. Subsidiary: In a subsidiary merger, the target becomes a subsidiary of the acquirer but continues to maintain its business.
3. Consolidation: In a consolidation, both companies in the transaction cease to exist after the deal, and a completely new entity is formed.

### Reasons for Mergers and Acquisitions (M&A) Activity

Mergers and acquisitions (M&A) can take place for various reasons, such as:

#### 1. Unlocking synergies

The common rationale for mergers and acquisitions (M&A) is to create synergies in which the combined company is worth more than the two companies individually. Synergies can be due to cost reduction or higher revenues.

Cost synergies are created due to economies of scale, while revenue synergies are typically created by cross-selling, increasing market share, or higher prices. Of the two, cost synergies can be easily quantified and calculated.

#### 2. Higher growth

Inorganic growth through mergers and acquisitions (M&A) is usually a faster way for a company to achieve

higher revenues as compared to growing organically. A company can gain by acquiring or merging with a company with the latest capabilities without having to take the risk of developing the same internally.

### 3. Stronger market power

In a horizontal merger, the resulting entity will attain a higher market share and will gain the power to influence prices. Vertical mergers also lead to higher market power, as the company will be more in control of its supply chain, thus avoiding external shocks in supply.

### 4. Diversification

Companies that operate in cyclical industries feel the need to diversify their cash flows to avoid significant losses during a slowdown in their industry. Acquiring a target in a non-cyclical industry enables a company to diversify and reduce its market risk.

### 5. Tax benefits

Tax benefits are looked into where one company realizes significant taxable income while another incurs tax loss carry forwards. Acquiring the company with the tax losses enables the acquirer to use the tax losses to lower its tax liability. However, mergers are not usually done just to avoid taxes.

## Forms of Acquisition

There are two basic forms of mergers and acquisitions (M&A):

### 1. Stock purchase

In a stock purchase, the acquirer pays the target firm's shareholders cash and/or shares in exchange for shares of the target company. Here, the target's shareholders receive compensation and not the target. There are certain aspects to be considered in a stock purchase:

The acquirer absorbs all the assets and liabilities of the target – even those that are not on the balance sheet. To receive the compensation from the acquirer, the target's shareholders must approve the transaction through a majority vote, which can be a long process.

Shareholders bear the tax liability as they receive the compensation directly.

### 2. Asset purchase

In an asset purchase, the acquirer purchases the target's assets and pays the target directly. There are certain aspects to be considered in an asset purchase, such as:

Since the acquirer purchases only the assets, it will avoid assuming any of the target's liabilities.

As the payment is made directly to the target, generally, no shareholder approval is required unless the assets are significant (e.g., greater than 50% of the company).

The compensation received is taxed at the corporate level as capital gains by the target.

### 3. Method of payment

There are two methods of payment – stock and cash. However, in many instances, M&A transactions use a combination of the two, which is called a mixed offering.

### 4. Stock

In a stock offering, the acquirer issues new shares that are paid to the target's shareholders. The number of shares received is based on an exchange ratio, which is finalized in advance due to stock price fluctuations.

### 5. Cash

In a cash offer, the acquirer simply pays cash in return for the target's shares.

## Mergers and Acquisitions (M&A) – Valuation

In an M&A transaction, the valuation process is conducted by the acquirer, as well as the target. The acquirer will want to purchase the target at the lowest price, while the target will want the highest price.

Thus, valuation is an important part of mergers and acquisitions (M&A), as it guides the buyer and seller to reach the final transaction price. Below are three major valuation methods that are used to value the target:

Discounted cash flow (DCF) method: The target's value is calculated based on its future cash flows.

Comparable company analysis: Relative valuation metrics for public companies are used to determine the value of the target.

Comparable transaction analysis: Valuation metrics for past comparable transactions in the industry are used to determine the value of the target.

*Read next: Audit in an Automated Environment*

## 03 Audit

### Audit in an Automated Environment



Isha Dagra

**A**utomated environment refers to a business environment where the processes, operations, accounting and decisions are being carried out by using computer systems – also known as Information Systems (IS) or Information Technology (IT) systems.

Fundamental principle of an automated environment is the ability to carry out business with less manual intervention and more system driven.

The complexity of a business environment depends on the level of automation i.e., if a business environment is more automated, it is likely to be more complex. For example, if a company uses an integrated enterprise resource planning system (ERP) viz., SAP, Oracle etc., then it is considered more complex to audit. On the other hand, if a company is using an off-the-shelf accounting software, then it is likely to be less automated and hence less complex environment.

#### Key features of Automated Environment:

- Faster Business Operations.
- Accuracy in data processing and computation.
- Ability to process large volume of data.
- Integration between business operations.
- Better security and controls.
- Less prone to human errors.
- Provides latest information.
- Connectivity and networking capability.

### Relevance of IT in business functions and activities:

In an automated environment it is likely that a number of business functions and activities happened within the systems, for example:

- Computation and Calculations are automatically carried out.
- Accounting entries are posted automatically.
- Business policies and procedures, including internal controls, are applied automatically
- Reports used in business are produced from systems. Management and other stakeholders rely on these reports and information produced.
- User access and security are controlled by assigning system roles to users.
- Companies derive benefit from the use of IT systems as an enabler to support various business operations and activities, but at the same time such systems also introduce certain new risks, including IT specific risks, which need to be considered, assessed and addressed by management.

### Relevance of IT in auditing;

In an automated environment, carrying out audit using traditional substantive audit procedures may be difficult or even not feasible if the company prepares, records and conducts majority of business activities through IT systems only.

Auditor is required to obtain an understanding of IT environment of the company and document the same. While carrying out audit in an automated environment, auditors are required to understand, assess and respond to such risks that arise from the use of IT systems.

### Situations requiring use of IT in Audit:

1. Increased use of Systems and Application software in Business (for example, use of ERPs)
2. Increased complexity of business transactions (multiple systems, network of systems)
3. Technology based business (Telecom, e-Commerce).

4. High volume of transactions (Insurance, Banking, etc.).
5. Company Policy (Compliance).
6. Regulatory requirements – IT Act, 2008.
7. Requirement of Standards of Auditing – SA 315.
8. Increases efficiency and effectiveness of audit.

### Concept of Automated Environment:

- With the increasing adoption of information technology, business today relies on software systems and applications more than ever. Many of these IT systems generate and process data that is used in the preparation of financial statements of a company.
- Auditors also often rely on the data and reports that are generated from these systems. In this context, it is critical to understand the IT specific risks that could potentially impact the integrity and reliability of financial transactions and data flowing through a company's systems.
- An automated environment basically refers to a business environment where the processes, operations, accounting and even decisions are carried out by using computer systems – also known as Information Systems (IS) or Information Technology (IT) systems. Nowadays, it is very common to see computer systems being used in almost every type of business.

Example:

Carrying out of banking transactions using ATMs (Automated Teller Machines), or purchasing of tickets using “apps” on mobile phones, etc. Computer systems enable these transactions at any time and any day.

### Understanding of Automated Environment:

As required by SA 315, auditor is required to obtain an understanding of the entity and its environment as a part of Risk Assessment procedure to identify and assess Risk of Material Misstatements.

While obtain an understanding of the company's automated environment, auditor should consider the

following points:

- Information systems being used (one or more application systems and what they are).
- Their purpose (financial and non-financial).
- Location of IT systems – local v. global.
- Architecture (desktop based, client-server, web application, cloud based).
- Version (functions and risks could vary in different versions of same application).
- Interfaces within systems (in case multiple systems exist).
- In-house v. Packaged.
- Outsourced activities (IT maintenance and support).
- Key persons (CIO, CISO, Administrators).
- As required by SA 230, auditor is required to document the understanding of a company automated environment.

#### **Risk to internal control imposed by IT:**

As per SA 315, “Identifying and Assessing Risk of Material Misstatements through Understanding the Entity and its Environment” IT poses specific risks to an entity’s internal control, including, for example:

- a. Reliance on systems or programs that are inaccurately processing data, processing inaccurate data or both.
- b. Unauthorised access to data that may result in destruction of data or improper changes to data, including the recording of unauthorized or non-existent transactions, or inaccurate recording of transactions. Particular risk may arise when multiple users access a common database.
- c. The possibility of IT personnel gaining access beyond those necessary to perform their assigned duties thereby breaking down segregation of duties.
- d. Unauthorised changes to data in Master files.
- e. Unauthorised changes to systems or programs.
- f. Failure to make necessary changes to systems or programs.
- g. In appropriate manual intervention
- h. Potential loss of data or inability to access data as required.

#### **Impact of IT Related Risks:**

When risks in IT systems are not mitigated the audit may be impacted as:

- Auditor may not be able rely on the reports, data obtained, automated controls, calculations and accounting procedures in the IT system.
- Auditor has to perform additional audit work by spending more time and efforts.
- Auditor may have to issue a modified opinion, if necessary.

#### **Impact of IT on substantive tests, controls and reporting:**

##### A. On Substantive Audit:

- Non-reliance on the data obtained from systems.
- Substantive testing of system data and reports for completeness and accuracy.
- Need of more audit evidences.

##### B. On Controls:

- Non-reliance on automated controls, system calculations and accounting procedures.
- Non-reliance on IT dependent Manual Controls.
- Substantive testing of system data and reports for completeness and accuracy.
- Need of more substantive test audit.

##### C. On Reporting:

- Communication to TCWG.
- Modified Audit reports.

#### **Testing Methods used while auditing in an Automated Environment:**

There are basically four types of audit tests that should be used:

1. Inquiry
2. Observation
3. Inspection
4. Reperformance

Consideration while selecting testing method:

- Which audit test to use, when and in what combination a matter of professional judgment is and will vary depending on several factors including risk assessment, control environment, desired level of evidence required, history of errors/ misstatements, complexity of business, assertions being addressed, etc.
- Inquiry is the most efficient audit test but it gives least audit evidence. Therefore, inquiry should be used in combination with other audit testing methods. Inquiry alone is not sufficient.
- Reperformance is most effective as an audit test and gives the best audit evidence. However, it will be very time consuming and least efficient most of the time.
- Applying inquiry in combination with inspection gives the most effective and efficient audit evidence.
- The auditor should document the nature of test (or combination of tests) applied along with the judgments in the audit file as required by SA 230.

*Read next: Wall of Wisdom*

## WALL OF WISDOM (WOW):

- "Follow one course until Success."
- "Nothing changes if you don't change yourself."

Read next: Do you know?

## DO YOU KNOW?

1. Hummingbirds are the only birds that can fly backward.
2. The giant squid has the largest eyes in the world. At up to 10 inches in diameter, people often describe it as the size of a dinner plate -- or, in other words, as big as a human head.

## What else do You Know?

Let us know.

Read next: Motivational Quote

## MOTIVATIONAL QUOTE:

**"In the end, we only regret the chances we didn't take"**

**— 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-2024	1 TDS/TCS Payment	March 2024	TDS 30/04/2024 and TCS 07/04/2024
May-2024	1 TDS/TCS Payment	April 2024	07/05/2024
	2 TDS Statement for Form 24Q, 26Q and 27Q	Q4 FY 2023-24	31/05/2024
	3 TCS Statement– for Form 26QB, 26QC, 26QD	Q4 FY 2023-24	15/05/2024
	4 Statement of Financial Transactions (SFT) Compliance	FY 2023-24	31/05/2024
June-2024	1 TDS/TCS Payment	May 2024	07/06/2024
	2 Advance Tax	1 <sup>st</sup> Installment of FY 2024-25	15/06/2024
	3 Form 16/ 16A	Q4 FY 2023-24	15/06/2024
July-2024	1 TDS/TCS Payment	June 2024	07/07/2024
	2 TDS Statement for Form 24Q	Q1 FY 2024-25	31/07/2024
	3 TCS Statement– for Form 26QB, 26QC, 26QD	Q1 FY 2024-25	15/07/2024
	4 Income tax Return for A.Y. 2024-25 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 2023-24	31/07/2024
August-2024	1 TDS/TCS Payment	July 2024	07/08/2024
September-2024	1 TDS/TCS Payment	August 2024	07/09/2024
	2 Advance Tax	2 <sup>nd</sup> Instalment FY 2024-25	15/09/2024
	3 Due date for filing of audit report under Section 44AB for AY 2024-25 in the case of a corporate- assessee or non-corporate assessee (who is required to submit his/its return of income on	FY 2023-24	30/09/2024

October 31, 2024)

**TDS Statement for Form 26Q and 27Q**

Q1 FY 2024-25

30/09/2024

<b>October-2024</b>	1	TDS/TCS Payment	September 2024	07/10/2024
	2	Due date for filing of return of income for AY 2024-25 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 2023-24	31/10/2024
	3	TDS Statement for Form 24Q, 26Q and 27Q	Q2 FY 2024-25	31/10/2024
	4	TCS Statement– for Form 26QB, 26QC, 26QD	Q2 FY 2024-25	15/10/2024
<b>November-2024</b>	1	TDS/TCS Payment	October 2024	07/11/2024
<b>December-2024</b>	1	TDS/TCS Payment	November 2024	07/12/2024
	2	Advance Tax	3 <sup>rd</sup> Installment FY 2024-25	15/12/2024
	3	<b>Filing of belated/revised return of income for the assessment year 2024-25 for all assessee.</b>	<b>FY 2023-24</b>	<b>31/12/2024</b>
<b>January-2025</b>	1	TDS/TCS Payment	December 2024	07/01/2025
	2	TDS Statement for Form 24Q, 26Q and 27Q	Q3 FY 2024-25	31/01/2025
	3	TCS Statement– for Form 26QB, 26QC, 26QD	Q3 FY 2024-25	15/01/2025
<b>February-2025</b>	1	TDS/TCS Payment	January 2025	07/02/2025
<b>March-2025</b>	1	Advance Tax	4 <sup>th</sup> Installment of FY 2024-25	15/03/2025
	2	TDS/TCS Payment	February 2025	07/03/2025

## GOODS AND SERVICES TAX ACT

Due Dates in the Month of	Particulars	For the Period	Due Date	
April-2024	1	GSTR 1 (Regular Taxpayers)	March 2024	11/04/2024
	2	GSTR 1 (Quarterly Taxpayers)	March 2024	13/04/2024
	3	GSTR 3B (Monthly Return)	March 2024	20/04/2024
	3	GSTR 3B (Quarterly Return)	Jan to Mar 2024	22/04/2024
	4	CMP 08	Jan to Mar 2024	18/04/2024
	5	GSTR 4(Annual Return under Composition scheme)	Apr 2023 to Mar 2024	30/04/2024
May-2024	1	GSTR 1 (Regular Taxpayers)	April 2024	11/05/2024
	2	GSTR 3B (Monthly Return)	April 2024	20/05/2024
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	April 2024	25/05/2024
June-2024	1	GSTR 1 (Regular Taxpayers)	May 2024	11/06/2024
	2	GSTR 3B (Monthly Return)	May 2024	20/06/2024
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	May 2024	25/06/2024
July-2024	1	GSTR 1 (Regular Taxpayers)	June 2024	11/07/2024
	2	GSTR 1 (Quarterly Taxpayers)	Apr to June 2024	13/07/2024
	3	GSTR 3B (Monthly Return)	June 2024	20/07/2024
	4	GSTR 3B Quarterly Return)	June 2024	22/07/2024
	5	CMP-08	Apr to June 2024	18/07/2024
	1	GSTR 1 (Regular Taxpayers)	July 2024	11/08/2024
	2	GSTR 3B (Monthly Return)	July 2024	20/08/2024

August-2024	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	July 2024	25/08/2024
	1	GSTR 1 (Regular Taxpayers)	August 2024	11/09/2024
September-2024	2	GSTR 3B (Monthly Return)	August 2024	20/09/2024
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	August 2024	25/09/2024
	1	GSTR 1 (Regular Taxpayers)	September 2024	11/10/2024
October-2024	2	GSTR 1 (Quarterly Taxpayers)	July to Sept 2024	13/10/2024
	3	GSTR 3B (Monthly Return)	September 2024	20/10/2024
	4	GSTR 3B (Quarterly Return)	July to Sept 2024	22/10/2024
	5	CMP-08	July to Sept 2024	18/10/2024
	1	GSTR 1 (Regular Taxpayers)	October 2024	11/11/2024
November-2024	2	GSTR 3B (Monthly Return)	October 2024	20/11/2024
	3	Monthly Tax Payment under ORMP Scheme(PMT 06)	October 2024	25/11/2024
	1	GSTR 1 (Regular Taxpayers)	November 2024	11/12/2024
December-2024	2	GSTR 3B (Monthly Return)	November 2024	20/12/2024
	3	Monthly Tax Payment under ORMP Scheme(PMT 06)	November 2024	25/12/2024
	4	GSTR-9( Annual Return)	FY 2023-24	31/12/2024
	1	GSTR 1 (Regular Taxpayers)	December 2024	11/01/2025
January-2025	2	GSTR 1 (Quarterly Return)	Oct to Dec 2024	13/01/2025
	3	GSTR 3B (Monthly Return)	December 2024	20/01/2025
	4	GSTR 3B Quarterly Return)	Oct to Dec 2024	22/01/2025
	5	CMP-08	Oct to Dec 2024	18/01/2025
	February-2025	1	GSTR 1 (Regular Taxpayers)	January 2025
2		GSTR 3B (Monthly Return)	January 2025	20/02/2025
3		Monthly Tax Payment under QRMP	January 2025	25/02/2025

	Scheme(PMT 06)		
March-2025	1	GSTR 1 (Regular Taxpayers)	February 2025 11/03/2025
	2	GSTR 3B (Monthly Return)	February 2025 20/03/2025
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	February 2025 25/03/2025
April-2025	1	GSTR 1 (Regular Taxpayers)	March 2025 11/04/2025
	2	GSTR 1 (Quarterly Return)	Jan to Mar 2025 13/04/2025
	3	GSTR 3B (Monthly Return)	March 2025 20/04/2025
	4	GSTR 3B Quarterly Return)	Jan to Mar 2025 22/04/2025
	5	CMP-08	Jan to Mar 2025 18/04/2025
	6	GSTR 4(Annual Return under Composition scheme)	Apr 2024 to Mar 2025 30-04-2025

## COMPANIES ACT

Due Dates in the Month of	Particulars	Description	Due Date
April-2024	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 <sup>th</sup> April 2024 (For the period of October'23 – March'24)
May-2024	LLP FORM-11	Annual Return (to be filed by all LLP's irrespective of turnover)	30 <sup>th</sup> May 2024
June-2024	DPT-3	<b>To be filed in case company has deposit or exempted deposit.</b>	<b>30<sup>th</sup> June 2024</b>
September-2024	DIR-3 KYC	Form for Director KYC. Need to be filed mandatorily for every director on Board	30 <sup>th</sup> September 2024
October-2024	ADT-1	Form for Auditor Appointment	15 <sup>th</sup> October 2024
	AOC-4	Form for filing Financials, Auditors Report, Directors Report, etc.	30 <sup>th</sup> October 2024
	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.	31 <sup>st</sup> October 2024 (For the period of April'24 – September'24)
November-2024	MGT-7	ROC Annual Return (Details of Shareholding etc.)	29 <sup>th</sup> November 2024
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-2024	PTEC	Person who stands enrolled before the commencement of a year or is enrolled on or before 31st May of a year (F.Y. 2023-24)	30/06/2024
		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-2025	PTRC	<b>Yearly</b> - Tax Liability is less than INR 1,00,000/-	31/03/2024
		<b>Monthly</b> - 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 2024	1 Monthly Return (VAT payment)	March 2024	21/04/2024
	2 Quarterly Return (VAT payment)	January 2024 to March 2024	21/04/2024
May 2024	1 Monthly Return (VAT payment)	April 2024	21/05/2024
June 2024	1 Monthly Return (VAT payment)	May 2024	21/06/2024
July 2024	1 Monthly Return (VAT payment)	June 2024	21/07/2024
	2 Quarterly Return (VAT payment)	April 2024 to June 2024	21/07/2024
August 2024	1 Monthly Return (VAT payment)	July 2024	21/08/2024
September 2024	1 Monthly Return (VAT payment)	August 2024	21/09/2024
	1 Monthly Return (VAT payment)	September 2024	21/10/2024
October 2024	2 Quarterly Return (VAT payment)	July 2024 to September 2024	21/10/2024
	1 Monthly Return (VAT payment)	October 2024	21/11/2024
November 2024	1 Monthly Return (VAT payment)	November 2024	21/12/2024
	1 Monthly Return (VAT payment)	December 2024	21/01/2025
January 2025	2 VAT Audit (Form 704)	F.Y. 2023-2024	15/01/2025
	3 Quarterly Return (VAT payment)	October 2024 to December 2024	21/01/2025
February 2025	1 Monthly Return (VAT payment)	January 2025	21/02/2025
March 2025	1 Monthly Return (VAT payment)	February 2025	21/03/2025

## 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 2023	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	<a href="#">Notification No 40.2022</a>	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	<a href="#">Notification No 41.2022</a>	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	<a href="#">Circular No 24.2022</a>	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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