

FAQS

on Taxes & Related ISSUES



Dr. Suresh Surana, founder, RSM India, answers readers' queries on various issues pertaining to taxes that need to be paid by the jewellers. Readers are encouraged to send in their questions and receive clarifications through this column.

? We are a Multinational Enterprise Group engaged in the business of Gems & Jewellery. As a part of restructuring, we have been planning to undertake sale of one of our undertakings in India in exchange for other assets and shares. Since no consideration would be charged in the form of cash, we would like to know whether the same would result in a slump sale and taxable as such under the Income Tax provisions.

Section 50B of the Income Tax Act, 1961 (hereinafter referred to as 'the IT Act') governs the provisions for taxability of capital gains in case of a slump sale. In accordance with Section 2(42C) of the IT Act states that slump sale means transfer of one or more undertakings as a result of sale for lump sum consideration without values being assigned to individual assets and liabilities in such cases.

The Finance Act, 2020 has widened the scope of definition of slump sale under section 2(42C), in order to include all types of transfers by any means as defined under section 2(47) of the IT Act. In accordance with such amendment, even 'slump exchange' i.e. a sale by exchange of shares or capital assets, etc. will be taxable under section 50B of the Act.

Thus, even though there is no cash consideration, the taxability of the transaction would be governed by Section 50B and accordingly, the Fair Market Value (FMV) of the capital assets as on the date of transfer, shall be deemed to be the Full Value Of Consideration for the purpose of computation of Capital gains. Moreover, it is pertinent to note that the CBDT has vide

Notification No. 68/2021 dated 24th May 2021 notified Rule 11UAE for "Computation of Fair Market Value of Capital Assets" for the purposes of section 50B which would be applicable in such case.

? We are a Domestic entity dealing in Gold Ornaments. Kindly guide us on the applicability of Tax Deducted at source (TDS) on Purchase of Goods u/s 194Q of the Income Tax Act.

In accordance with section 194Q of the Income Tax Act, every buyer, whose total sales, gross receipts or turnover from the business carried on by him them exceeds Rs. 10 crores in the immediately preceding Financial Year and who is responsible to make any payment to any resident as consideration for purchase of any goods of the value or aggregate of such value exceeding Rs. 50 Lakhs in any FY, at the time of credit or payment, whichever is earlier, would be required to deduct a TDS u/s 194Q @ 0.1% of the purchase consideration exceeding Rs. 50 Lakhs. However, it is to be noted that in case the seller does not provide PAN to the buyer, the applicable TDS rate shall be 5% u/s 206AA of the Act. Also, if the resident seller to whom payment is being made, is a non-filer of tax returns as per section 206AB of the Act, the applicable rate of TDS would be 5%. Further, if the buyer is required to deduct tax at source on such amount under any other TDS provisions or seller is required to collect TCS on such amount (other than under section 206C(1H) of the Act - TCS on sale of goods), the said TDS provision under section 194Q of the Act shall not apply.



We are an Indian engaged in trading of Gold and Silver jewellery. With regards to the ongoing pandemic, we understand that the Government has provided certain relaxations for filing of Income Tax returns for Financial Year 2020-21 (AY 2021-22). Kindly guide us on what are such relaxations.

Yes, there is no extension given for filing of Form GSTR-3B, however, conditional waiver of late fee and concessional rate of interest is notified for cases where form GSTR-3B is filed and tax is paid beyond regular due dates as mentioned below:

Extension of Income Tax Time Limits			
Sr. No	Particulars	Original Due Date	Revised Due Date
1.	Due Date for furnishing Return of Income for AY 2021-22 under section 139(1) [Person (other than company) not subject to any audit]	31 July 2021	30 September 2021
2.	Due Date for furnishing Report of Audit under Income Tax Act for the PY 2020-21 (Tax Audit Report)	30 September 2021	31 October 2021
3.	Due Date for furnishing Report from an Accountant by persons entering into international transaction or specified domestic transaction under section 92E for PY 2020-21 (Transfer Pricing Report)	31 October 2021	30 November 2021
4.	Due Date for furnishing Return of Income for AY 2021-22 under section 139(1) [Company, Persons who are liable to Audit, Partner of a firm which is subject to audit]	31 October 2021	30 November 2021
5.	Due Date for furnishing Return of Income for AY 2021-22 under section 139(1) [Persons who are liable to Transfer Pricing Provisions]	30 November 2021	31 December 2021
6.	Due Date for furnishing Belated / Revised Return of Income for AY 2021-22 under section 139	31 December 2021	31 January 2022



We are an Indian entity belonging to a group concern engaged in Gems & Jewellery. Since, many inter group transactions are carried out between our entity and other foreign concerns of the group, we are subject to Transfer Pricing Compliance in India. Please highlight the recent changes in such Transfer Pricing compliances.

Yes, the Government has vide Circular No. 9 of 2021 F. NO.225/49/2021-ITA-1I dated 20th May 2021 provided relaxation with regards to certain upcoming compliance due dates including the IT return filing dates for FY 2020-21 (AY 2021-22). The extended return filing dates vis-à-vis the original dates are provided below

(i) Quick Processing of ITR:

The revamped Income Tax portal will be integrated with immediate processing of Income Tax Returns and would thus enable to issue quick refunds to the taxpayers. As a result, the taxpayers would have not be required to follow up for their refunds for long.

(ii) New Dashboard:

The new portal would provide a single dashboard which would display all such interactions, uploads or any pending actions for follow-up by the taxpayer. Such dashboard would provide a convenient overview of all the information

which is vital to the taxpayer and such dashboard would serve as a single screen for keeping a tab of all important compliance dates and events.

(i) New Online Tax Payment System:

The tax payment making mechanism would be easier through the new online tax payment system which would use multiple payment options including netbanking, UPI, Credit Card and RTGS / NEFT from any account of taxpayer in any bank. It will result in increased convenience to the taxpayer at the time of making payment of tax. It is pertinent to note that such system is proposed to be enabled from 18th June 2021.

(ii) Interactive ITR Preparation Software:

The taxpayers will be provided with offline and online ITR preparation softwares which would be available free of cost. Such softwares would involve interactive questions in order to enable such taxpayers in pre-filing the returns and minimizing data entry effort in filing their ITRs. Such softwares are designed in such manner so as to enable return filing by taxpayers who have no prior tax knowledge and save necessary compliance cost.

However considering the complexities of the tax laws and procedural compliances, it is always recommendable to seek professional advice in order to avoid hardships and litigation costs in future.

(iii) New Call Center:

In order to assist the taxpayers with FAQs, Tutorials, Videos and chatbot / live agent which would help in addressing the queries of taxpayers in a more effective manner, a new call center would be set up.

(iv) Mobile Application:

The CBDT would enable a mobile app subsequently which would facilitate all key portal functions for fulltime access on mobile network. As a result of such App, the taxpayers could make most of the important functions available at their fingertip.

Dr. Suresh Surana, Founder, RSM India is a practicing Chartered Accountant and specialises in International Taxation and Corporate Advisory services to multinational corporations besides Indian corporate houses.

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