

# DESAI SAKSENA & ASSOCIATES

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## Friday Tax Alert

**From:**

**Tax Team of Desai Saksena and Associates**  
**Chartered Accountants**

CA Varsha Nanwani (Senior Manager - Taxation)  
Vikas Jogle (Manager - International Taxation)  
CA Neelu Dusseja (Senior Manager – Indirect Taxation)  
CA Neha Patel (Manager - Taxation)  
CA Ajay Sachani (Manager - Taxation)  
Digvijay Hirwani (Assistant Manager - Taxation)

**Contacts:**

**If you have any Q.s or would like to have additional information on the topics covered in this alert, please email one of the following DSA professionals:**

- ✓ CA Varsha Nanwani (Senior Manager - Taxation)  
[varsha@dsaca.co.in](mailto:varsha@dsaca.co.in)
- ✓ Vikas Jogle (Manager – International Taxation)  
[vikas@dsaca.co.in](mailto:vikas@dsaca.co.in)
- ✓ CA Neelu Dusseja (Senior Manager – Indirect Taxation)  
[neelu@dsaca.co.in](mailto:neelu@dsaca.co.in)
- ✓ CA Neha Patel (Manager - Taxation)  
[neha@dsaca.co.in](mailto:neha@dsaca.co.in)
- ✓ CA Ajay Sachani (Manager - Taxation)  
[ajay@dsaca.co.in](mailto:ajay@dsaca.co.in)
- ✓ Digvijay Hirwani (Assistant Manager - Taxation)  
[digvijay@dsaca.co.in](mailto:digvijay@dsaca.co.in)
- ✓ Alok Sharma (Deputy Manager – Indirect Taxation)  
[sharma.alok12@gmail.com](mailto:sharma.alok12@gmail.com)

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## **Advisory For Furnishing Bank Account Details Before Filing GSTR-1/IFF Notification No. 38/2023-Central Tax New Delhi.**

- As per Rule 10A of Central Goods and Services Tax Rules, 2017 notified vide notification no. 31/2019 dated 28.06.2019, a taxpayer is required to furnish details of a valid bank account within a period of 30 days from the date of grant of registration or before furnishing the details of outward supplies of goods or services or both in FORM GSTR-1 or using Invoice Furnishing Facility (IFF), whichever is earlier.
- Advisory and various communications have already been issued time to time to inform the taxpayers regarding furnishing the details of a valid Bank Account details in the GST registration.
- Now, from 01<sup>st</sup> September, 2024 this rule is being enforced. Therefore, for the Tax period August-2024 onwards, the taxpayer will not be able to furnish GSTR-1/IFF as the case may be, without furnishing the details of a valid Bank Account in their registration details on GST Portal.
- Therefore, all the taxpayers who have not yet furnished the details of a valid Bank Account details are hereby requested to add their bank account information in their registration details by visiting *Services>Registration>Amendment of Registration Non-Core Fields tabs on GST Portal*.
- It is informed that in absence of a valid bank account details in GST registration, you will not be able to file GSTR-1 or IFF as the case may be from August-2024 return period.

## **Introduction of RCM Liability/ITC Statement**

To assist taxpayers in correctly reporting Reverse Charge Mechanism (RCM) transactions, a new statement called “*RCM Liability/ITC Statement*” has been introduced on the GST portal. This statement will enhance accuracy and transparency for RCM transactions by capturing the RCM liability shown in Table 3.1(d) of GSTR-3B and its corresponding ITC claimed in Table 4A (2) and 4A (3) of GSTR-3B for a return period. This statement will be applicable from tax period August 2024 onwards for monthly filers and from the quarter, July-September-2024 period for quarterly filers. The RCM Liability/ITC Statement can be accessed using the navigation: Services >> Ledger >> RCM Liability/ITC Statement.

### **Reporting Opening Balance in RCM ITC Statement.**

Login >> Report RCM ITC Opening Balance or Services >> Ledger >> RCM Liability/ITC Statement >> Report RCM ITC Opening Balance

- In case the taxpayers have already paid excess RCM liabilities by declaring the same in Table 3.1(d) of GSTR-3B however he hasn't availed corresponding ITC through Table 4(A)2 or 4(A)3 of GSTR-3B, due to any reason, in such cases taxpayer need to fill Positive value of such excess paid liability as RCM ITC as opening balance in RCM statement.

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- In case the taxpayers have already availed excess RCM ITC through Table in Table 4(A)2 or 4(A)3 of GSTR-3B however he hasn't paid corresponding liability by declaring the same in table 3.1(d) of GSTR-3B, in such cases taxpayer will be needed to fill a negative value of such excess claimed ITC as RCM as opening balance in RCM Statement.
- In case taxpayer need to reclaim the RCM ITC, which was reversed in earlier tax periods through Table 4(B)2 of GSTR-3B, if eligible, he can reclaim such RCM ITC in Table 4A(5) of GSTR-3B. Please note that such RCM ITC shall not be reclaimed through Table 4(A)2 and 4(A)3 of GSTR-3B. Such RCM ITC reversal need not to be reported as RCM ITC opening balance.

## **For Opening Balance pls reconcile till tax Period:**

- **Monthly filers:** Report the opening balance considering RCM ITC till the July-2024 return period.
- **Quarterly filers:** Report the opening balance up to Q1 of FY 2024-25, considering RCM ITC till the April-June, 2024 return period.
- **Deadline to declare Opening Balance:** Opening balance can be declared till 31.10.2024.
- **Amendments in Opening Balance:** Taxpayers can rectify any errors committed while declaring the opening balance on or before 30.11.2024, he shall be provided three opportunities for the same.

This amendment facility shall be discontinued after 30.11.2024.

**INCOME TAX: Loan scholarships given to Indian students in India for education/higher education abroad would be considered as application of income for charitable purposes in India and, thus, would qualify for exemption under section 11**

In this case study, the Assessee-trust provided loan scholarships to Indian students in India for their higher education abroad. Here are the key points:

### **1. Background:**

- The trust granted loan scholarships to Indian students.
- These scholarships were specifically for pursuing higher education overseas.

### **2. Claim for Exemption:**

- The trust filed a nil return and sought exemption under Section 11 of the Income-tax Act, 1961.
- The Assessing Officer (AO) raised concerns about the execution of the charitable purpose.

### **3. AO's Observation:**

- The AO noted that the trust had given loan/grants to students studying outside India.
- The AO believed that the charitable purpose and its execution should be within India.

#### 4. Tribunal Precedent:

- Interestingly, the Tribunal had previously ruled (in the assessee's own case for assessment year 2012-13) that loan scholarships provided to Indian students in India for education/higher education abroad qualify as an application of income for charitable purposes in India.
- Consequently, such scholarships would be eligible for exemption under Section 11.

#### 5. Conclusion:

- Based on the precedent set by the Tribunal, the trust qualifies for exemption under Section 11.
- The trust's loan scholarships, even though benefiting students studying abroad, align with the charitable purpose.

#### The ITAT's reasoning in this case focused on several key aspects:

1. **Charitable Purpose:** The tribunal examined whether the activities of the JN Tata Endowment aligned with the definition of "charitable purposes" under the Income Tax Act. They found that the endowment's primary objective of providing financial assistance for higher education clearly fell within this definition.
2. **Compliance with Conditions:** The ITAT reviewed whether the endowment met all the necessary conditions for tax exemption. This included ensuring that the funds were used exclusively for charitable purposes and that there was no profit motive involved.
3. **Precedents and Legal Interpretations:** The tribunal considered previous judgments and legal interpretations that supported the endowment's claim for exemption. They noted that similar institutions had been granted exemptions in the past under comparable circumstances.
4. **Documentation and Evidence:** The ITAT evaluated the documentation and evidence provided by the JN Tata Endowment, which demonstrated their compliance with the statutory requirements. This included financial records, reports on the utilization of funds, and other relevant documents.
5. **Public Benefit:** The tribunal emphasized the public benefit derived from the endowment's activities. By supporting higher education, the endowment contributed to the overall development and welfare of society, which is a key criterion for charitable status.

The ITAT concluded that the JN Tata Endowment met all the necessary criteria for tax exemption and ruled in its favor.

*[2024] 165 taxmann.com 758 (Mumbai - Trib.) in the ITAT Mumbai 'F' Bench ITO (Exemptions) v. JN Tata Endowment for the Higher Education of Indians*