

DESAI SAKSENA & ASSOCIATES

26th April, 2024

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

DESAI SAKSENA & ASSOCIATES

ROC Compliance Calendar for the year 2024-25 related to FY 2023-24

Every Private Limited Company, Public Limited Company, One Person Company, Limited Liability Partnership, etc. is obligated to file specific forms every year with the Registrar of Companies.

ROC Compliance Calendar for 2024-25

Sr No.	Particulars	Due Dates
1.	MSME-1 (Half Yearly Form for Outstanding Payment to MSME)	<ul style="list-style-type: none">• 30.04.2024 (01st October to 31st March 2024)• 31.10.2024 (01st April 2024 to 30th September 2024)
2.	LLP 11 (LLP Annual Return)	<ul style="list-style-type: none">• 30.05.2024
3.	PAS-6 (To be Filed by Unlisted Public Company for Reconciliation of Share Capital Audit Report on Half Yearly)	<ul style="list-style-type: none">• 30.05.2024 (For Half-Year ending on 31st March 2024)• 29.11.2024 (For Half-Year ending on 30th September 2024)
4.	DPT-3 (Return of Deposits)	<ul style="list-style-type: none">• 30.06.2024
5.	AOC 4 (OPC) -Form for Filing Financial Statements	<ul style="list-style-type: none">• 27.09.2024
6.	DIR-3 KYC (KYC of Directors / Partners)	<ul style="list-style-type: none">• 27.09.2024
7.	ADT-1(Notice to Registrar for the Appointment of Auditor)	<ul style="list-style-type: none">• 27.09.2024 (within 15 days of GM)
8.	MGT-14(To be Filed by the Companies after passing any Resolution (On occurrence of any Event)	<ul style="list-style-type: none">• 30.10.2024 (within 30 Days of Passing of Board Resolution)
9.	AOC 4(Form for Filing Financial Statements)	<ul style="list-style-type: none">• 29.10.2024 (within 30 Days AGM)
10.	LLP 8(Statement of Account and Solvency of LLP)	<ul style="list-style-type: none">• 30.10.2024
11.	MGT 7A (OPC) (Annual Return)	<ul style="list-style-type: none">• 28.11.2024
12.	MGT 7(Annual Return)	<ul style="list-style-type: none">• 29.11.2024 (within 60 Days of AGM)

NOTE: The above-mentioned dates are subject to change or extension by the concerned Government

DESAI SAKSENA & ASSOCIATES

Understanding the recognition criteria for an exchange of Property, Plant and Equipment (PPE) under Ind AS 16

Understanding the recognition criteria for an exchange of PPE under Ind AS 16

Question

King Limited, (hereinafter referred to as 'the company') is engaged in the FMCG manufacturing sector, and requires a significant number of warehouses for storing and distributing its products near its factory premises. One of its warehouses, with a carrying value of ₹10,00,000 and a fair value of ₹ 12,50,000, is located near Queen Limited's factory and similarly, a warehouse of Queen's Limited is situated near to the company's factory premises. The factories are located in the same vicinity.

Both companies have agreed to exchange warehouses, with the fair value of Queen Limited's warehouse being ₹ 12,00,000, and King Limited receiving an additional ₹ 50,000 in cash.

How should the company account for this exchange of warehouses as per Ind AS 16, Property, Plant, and Equipment?

Relevant Provision

Ind AS 16: Property, Plant and Equipment

- Para 24 states that one or more items of property, plant and equipment may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The following discussion refers simply to an exchange of one non-monetary asset for another. The cost of such an item of property, plant and equipment is measured at fair value unless
 - a) the exchange transaction lacks commercial substance or
 - b) the fair value of neither the asset received nor the asset given up is reliably measurable.

The acquired item is measured in this way even if an entity cannot immediately de-recognise the asset given up. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

- Para 25 states that an entity determines whether an exchange transaction has commercial substance by considering the extent to which its future cash flows are expected to change as a result of the transaction. An exchange transaction has commercial substance if:
 - a) the configuration (risk, timing and amount) of the cash flows of the asset received differs from the configuration of the cash flows of the asset transferred; or
 - b) the enterprise-specific value of the portion of the operations of the enterprise affected by the transaction changes as a result of the exchange;
 - c) and the difference in (a) or (b) is significant relative to the fair value of the assets exchanged.

DESAI SAKSENA & ASSOCIATES

For the purpose of determining whether an exchange transaction has commercial substance, the enterprise-specific value of the portion of operations of the enterprise affected by the transaction should reflect post-tax cash flows. In certain cases, the result of these analyses may be clear without an enterprise having to perform detailed calculations.

Analysis

- a) Based on the facts and the relevant provisions, the company is required to evaluate whether the exchange transaction has commercial substance. This involves considering how the future cash flows of the company will change as a result of the transaction.
- b) Commercial substance exists if the configuration of cash flows of the received asset differs from that of the transferred asset, or if the enterprise-specific value of the affected operations changes significantly relative to the fair value of the assets exchanged.
- c) PPE acquired in exchange shall be measured at the fair value of the received assets. But, if the transaction lacks commercial substance or the determination of the fair value of the assets received or given up is not readily measurable, then the measurement shall be done at the carrying amount of the asset given up.
- d) In the transactions between King Limited and Queen Limited, there is a lack of commercial substance as the warehouse exchange does not lead to significant differences in the cash flow from the warehouse because the factories are located in the same vicinity.
- e) Therefore, according to the provisions of Ind AS 16, the exchange asset shall recognised on the carrying amount of the asset given by the company after adjusting the cash of Rs. 50,000. Therefore, the warehouse shall be recognised at the carrying value of Rs. 9,50,000 (Rs. 10,00,000 - Rs. 50,000) in the books of the company.

Following Journal Entry shall be passed in the books:

Warehouse (Exchanged) A/c Dr	Dr	₹ 9,50,000	
Bank A/c Dr	Dr	₹ 50,000	
To Warehouse (Original) A/c	Cr		₹ 10,00,000
(Being exchange of warehouse accounted as per the provisions of Ind AS 16)			

Based on the above analysis, it can be concluded that the company shall recognise the exchanged warehouse at Rs. 9,50,000, i.e., at its carrying value after adjusting the amount of cash received in exchange for the asset.

CBDT Circular No. 6/2024: Relief for TDS Deductors on PAN-Aadhar Linkage

1. Purpose:

The circular aims to address grievances faced by deductors/collectors who collected TDS/TCS at the normal rate but were required to deduct/collect at double the rate due to the deductee's PAN being inoperative (unlinked with Aadhar) since April 1, 2023.

2. Date of Issuance:

Circular No. 6 was issued on April 23, 2024

3. Relief Measures:

For transactions entered into up to March 31, 2024, if the PAN of the deductee is linked to Aadhar and becomes operative on or before May 31, 2024, such TDS deductors will not be treated in default (short deduction) for the tax deducted at the normal rate.

It's important to note that this relief applies to transactions until March 31, 2024. Hence, for transactions from April 1, 2024, ensure the deductee's PAN is linked with Aadhar and valid. The facility to verify PAN validity is available on the income tax portal

CBDT extends due date for filing Form 10A/10AB upto 30th June, 2024

- The Central Board of Direct Taxes (CBDT) has issued circular No. 07/2024 dated 25.04.2024 further extending the due date for filing Form 10A/ Form 10AB under the Income Tax Act, 1961 upto 30th June, 2024.
- CBDT had earlier extended the due date for filing Form 10A/ Form 10AB by trusts, institutions and funds multiple times to mitigate genuine hardships of the taxpayers. The last extension was made by Circular No. 06/2023 extending the date to 30th September, 2023.
- CBDT further clarified that if any such existing trust, institution or fund had failed to file Form 10A for AY 2022-23 within the extended due date, and subsequently, applied for provisional registration as a new entity and received Form 10AC, can also avail of this opportunity to surrender the said Form 10AC and apply for registration for AY 2022-23 as an existing trust, institution or fund, in Form 10A till June 30, 2024.
- It is also clarified that those trusts, institutions or funds whose applications for re-registration were rejected solely on the grounds of late filing or filing under wrong section code, may also submit fresh application in Form 10AB within the extended deadline of June 30, 2024