

Direct and Indirect Tax updates for February 2024

INCOME TAX

CBDT released an order to waive off the tax demand outstanding; capped at Rs. 1 lakh per taxpayer (February 13, 2024)

In Union Budget 2024, the Finance Minister announced the **withdrawal of outstanding tax demands** which are outstanding as of 31 January 2024 to reduce a large number of petty, non-verified, or disputed direct tax demands being tax demands under the **Income Tax Act, 1961 or Wealth Tax Act, 1957 or Gift Tax Act, 1958** which are causing anxiety to honest taxpayers and hindering refunds of subsequent years. The Central Board of Direct Taxes (CBDT) has released the order specifying the details of the said waiver.

| Assessment Year (AY) to which outstanding tax demand pertains | Monetary limit of entries of outstanding tax demands which are to be remitted and extinguished |
|--|---|
| Upto AY 2010-11 | each demand entry upto Rs. 25,000 |
| AY 2011-12 to 2015-16 | each demand entry upto Rs. 10,000 |

The **remission and extinguishment** of the above outstanding tax demand is subject to the maximum ceiling of Rs. 1 Lakh for any specific taxpayer for the following types of demand entries:-

- The principal component** under the above-mentioned laws
- Interest, penalty, fee, cess, or surcharge** under above-mentioned laws.

CBDT introduces 'On-screen functionality' to reconcile mismatch between third-party information & ITR (February 26, 2024)

The Income Tax Department has identified certain mismatches between the information received from third parties on interest and dividend income and the Income Tax Return (ITR) filed by taxpayers. In order to reconcile the mismatch, an on-screen functionality has been made available in the compliance portal of the e-filing website (<https://eportal.incometax.gov.in>) to enable taxpayers to furnish their response. At present, the information mismatches relating to Financial Year 2021-22 and 2022-23 have been displayed on the portal.

For More Details -

<https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1180/Press-Release-Implementation-of-e-Verification-Scheme-2021-dated-26-02-2024.pdf>

CBDT notifies ITR-6 for Assessment Year 2024-25 (January 24, 2024)

The CBDT vide Notification No. 16/2024 has notified Income Tax Return Form-6 (ITR 6) for the Assessment Year (AY) 2024-25. The CBDT earlier notified ITR Form- 1, 2, 3, 4 and 5. All ITR Forms 1 to 6 have since been notified and will come into effect from April 1, 2024.

For More Details -

<https://incometaxindia.gov.in/communications/notification/notification-16-2024.pdf>

INTERNATIONAL TAX

OECD releases report on 'Amount B of Pillar One'

(February 19, 2024)

The OECD/G20 Inclusive Framework on BEPS released the report on Amount B of Pillar One, which provides a simplified and streamlined approach to the application of the arm's length principle to baseline marketing and distribution activities, with a particular focus on the needs of low-capacity countries. This framework is expected to reduce transfer pricing dispute compliance costs and enhance tax certainty for tax administrations and taxpayers alike. Low-capacity jurisdictions facing limited resources and data availability will especially benefit from the administrative simplification provided by Amount B.

For More Details -

<https://www.oecd.org/tax/beps/release-of-report-on-amount-b-relating-to-the-simplification-of-transfer-pricing-rules-and-conforming-changes-to-the-commentary-of-the-oecd-model-tax-convention.htm#:~:text=19%2F02%2F2024%20%2D%20On,on%20the%20needs%20of%20low>

UAE sets penalty of AED 10,000 for late corporate tax registration (February 27, 2024)

The Ministry of Finance, UAE amended the schedule of violations and administrative penalties of Cabinet Decision No. 75 of 2023 on the administrative penalties for violations related to the application of Federal Decree-Law No. 47 of 2022 on the taxation of corporations and businesses. The Ministry stated that an administrative penalty of AED 10,000 for late registration of UAE Corporate Tax will be imposed on businesses that do not submit their Corporate Tax registration applications within the timelines specified by the Federal Tax Authority. The penalty was introduced to encourage taxpayers' compliance with tax regulations by registering for corporate tax within the prescribed time limit.

For More Details -

<https://mof.gov.ae/aed10000-penalty-for-late-corporate-tax-registration/>

OECD Forum on Harmful Tax Practices finds UAE Free Zones 'not harmful' (February 6, 2024)

Jurisdictions continue to make progress in addressing harmful tax practices through the implementation of the international standard under BEPS Action 5. This progress is evident in the release of new results on preferential tax regimes and substantial activities in no or only nominal tax jurisdictions.

The Forum on Harmful Tax Practices (FHTP) in October 2023 meeting, reached new conclusions on four regimes as part of the implementation of the BEPS Action 5 minimum standard on harmful tax practices. The regimes in Hong Kong (China) and the United Arab Emirates (UAE) were found to be not harmful and two regimes in Albania and Armenia have now been abolished.

For More Details -

<https://www.oecd.org/tax/inclusive-framework-members-continue-counteracting-harmful-tax-practices.htm>

GST

CBIC notifies 'Public Tech Platform for Frictionless Credit' for consent-based information-sharing from GSTN (February 23, 2024)

The Central Board of Indirect Taxes and Customs (CBIC) has issued Notification No. 06/2024 – Central Tax to notify “Public Tech Platform for Frictionless Credit” as the system with which information may be shared by the common portal based on consent under sub-section (2) of Section 158A of the CGST Act, 2017. Section 158A was introduced in the CGST Act vide the Finance Act, 2023 which enables the consent-based sharing of information provided by a taxable person.

For More Details -

<https://taxinformation.cbic.gov.in/view-pdf/1010019/ENG/Notifications>