



# **Brahmayya Bulletin**

March 2023

## Editorial

A warm welcome to our readers!

As we approach the end of the Financial Year, the world is still gearing up to try and embrace the stringent measures to curb the inflationary condition & recession fear surrounding major economies across the globe.

March witnessed the collapse of few regional banks in US and acquisition of crisis hit Credit Suisse Bank by UBS with the assistance of Swiss Central Bank. This event sent shockwaves across the global banking industry and has raised pertinent questions on vulnerability of financial system in other economies. It is the hope that the, Indian Banking System is less prone to such events, as more than 60% of deposits are owned by households, and risk of panic withdrawals is less.

Further, the Capital Adequacy Ratio has improved pursuant to balance sheet improvements and recapitalization of banks. The proactive regulatory measures implemented by RBI, creates a stable lending system.

In order to de-dollarize the global trade and to cut down the US dollar dominance in international transactions, RBI has approved central banks from 18 countries to open Special Vostro Rupee Accounts (SVRAs) that will allow them to settle payments in Indian Rupees. This is a major step to boost exports, reduce worlds dependence on Dollar and help Indian Rupee edge closer towards becoming an international currency.

Regulatory authorities have been working proactively to bring in the necessary amendments to promote a healthy regulatory environment and to protect the interest of the stakeholders.

As proposed in the Union Budget, the Ministry of Corporate Affairs has established Centre for Processing Accelerated Corporate Exit (C-PACE) at IMT Manesar, Gurugram to speed up the voluntary winding of Companies.

We, at Brahmayya & Co., as part of our knowledge sharing practice have summarized the important regulatory updates to add value to our readers.

Happy Reading !

Policy Directive order Instruction Update Clarification  
**Ministry of Corporate Affairs** Circular  
Rule Enactment Notification Guideline  
Framework Update Policy Instruction  
**Central Board of Direct Taxes**  
Order Notification Regulation Instruction  
Notice Circular Update Notification  
**Central Board of Excise and Customs**  
Directive Order Notification Enactment  
Pronouncement Announcement Framework Rule  
**Foreign Exchange Management Act**  
Instruction Order Clarification Directive Interpretation  
**Institute of Chartered Accountants of India**  
Circular Order Clarification Directive Framework  
**Reserve Bank of India** Notification  
Announcement Framework Clarification  
Notification Order Rule  
Instruction Order  
Framework Circular  
Update

## Ministry of Corporate Affairs (MCA)

**F.No. 01/01/2009-CL-V (Part. XII)  
dated 31<sup>st</sup> March 2023**

Companies (Indian Accounting Standards) Amendment Rules, 2023 has been notified, which are effective from 1<sup>st</sup> April 2023. This amendment requires Companies to disclose "material" accounting policy information as against earlier requirement of disclosing "significant" accounting policies.

## Central Board of Direct Taxes (CBDT)

**Circular No. 03 of 2023 dated 28<sup>th</sup>  
March 2023**

CBDT has issued the circular specifying the consequences of Non-Linking of PAN and Aadhar with effect from 1<sup>st</sup> July 2023. In case of non-linking, a fee of INR 1,000 will be applicable to make PAN operative. The consequences of PAN becoming inoperative shall not be applicable to those persons who have been provided exemption from intimating Aadhaar number under the provisions of sub-section (3) of section 139AA of the Act.

**Notification No. 11/2023/F. No.  
370142/2/2023-TPL dated 3rd March  
2023**

Central Board of Direct Taxes has amended Income Taxes Form ITR-7 as introduced vide G.S.R 95 (E) dated 14<sup>th</sup> February 2023.

**F. No. DGIT (S) – ADG (S)-3/ e-Filing  
Notification /Forms/2023/ 13420  
dated 28<sup>th</sup> March 2023**

To avoid the challenges faced by Non Residents, who are entitled for the benefits under Double Taxation Avoidance Agreement by filing Form 10F electronically, the CBDT has extended the time period for manual filing of such Form till 30<sup>th</sup> September 2023.

**Notification No. 15/2023 F.  
No.370142/14/2022-TPL dated 28<sup>th</sup>  
March 2023**

Income tax (Fourth Amendment) Rules, 2023 have been notified which substitutes Rule 114AAA of the Income Tax Rules, 1962 for manner of making PAN Inoperative.

**F.No. Pro DGIT(S)CPC(TDS)/  
Notification/2022-23 dated 29<sup>th</sup> March  
2023**

The procedure, format and standards have been specified by Director General of Income Tax (Systems) for Form 15C and 15D to be filed electronically in TRACES platform. The said procedure, formats & standards are applicable from 1st April 2023.

## Securities and Exchange Board of India (SEBI)

**SEBI/HO/ITD/ITD\_VAPT/P/CIR/2023/0  
33 dated 6<sup>th</sup> March 2023**

The framework for cloud services adoption by SEBI Regulated Entities (RE) has been prescribed.

Regulated Entities are required to adhere the SEBI guidelines on establishing a cloud framework with baseline standards for security and regulatory compliance. All REs are required to identify critical risks associated with cloud computing, and mandate control measures, before adopting cloud services. Additionally, the RE's, which are currently availing the cloud services are required to provide the milestone based updates to the authority as per the existing mechanism of reporting for system audit/cybersecurity audit.

**SECURITIES AND EXCHANGE BOARD OF  
INDIA (GRANT OF REWARD TO  
INFORMANT UNDER RECOVERY  
PROCEEDINGS) GUIDELINES, 2023  
Dated 8<sup>th</sup> March 2023**

With the motive of recovery of fines and collection of outstanding dues which are difficult to recover, the market regulator has introduced the reward system upto INR 20 Lakhs for informants who shares the information about the defaulters.

An individual will be an informant and eligible for rewards who voluntarily furnishes the original information to the Board about the assets of defaulter against whom recovery proceedings has been initiated u/s 28A of the Securities and Exchange Board of India Act, 1992, u/s 23JB of the Securities Contracts (Regulation) Act, 1956 or u/s 19-IB of the Depositories Act, 1996 and name is published on the SEBI website where his liability is certified as "Difficult to Recover".

**SEBI/HO/AFD/PoD/P/CIR/2023/34  
Dated 3<sup>rd</sup> March 2023**

A Master Circular for Foreign Venture Capital Investors (FVCIs) has been issued by SEBI which rescinds the circular issued by SEBI earlier on FVCI's i.e.

- SEBI Circular No. IMD/DOF-1/FVCI/CIR.No.1/2009 dated July 03, 2009
- SEBI Circular No. SEBI/IMD/DOF-1/FVCI/CIR-1/2010 dated January 12, 2010
- SEBI Circular No. SEBI/HO/IMD/DF1/CIR/P/2017/75 dated July 06, 2017.

The actions taken earlier to issue of this circular, under the provisions of rescinded circular is deemed to be taken under new circular. This circular states the following:-

- Firm commitment requirement for registration as Foreign Venture Capital Investor (FVCI)
- Quarterly Reporting by FVCIs
- Online Filing System for FVCIs

**SEBI/HO/IMD/IMD-POD-  
1/P/CIR/2023/38 Dated 20<sup>th</sup> March  
2023**

Master Circular for Portfolio Managers has been issued which are applicable from 20<sup>th</sup> March 2023. Various Circulars issued till September 2022 on Portfolio Managers stand rescinded.

Provisions related to "Written Down Policies by Portfolio Manager" and "Fair and Equitable treatment of all Clients" are effective from 1<sup>st</sup> April 2023.

Provisions related to submission of data as per the specified formats for all its clients on quarterly basis within 10 days from end of the quarter are effective from quarter ending September 2023.

Provision where PMs are reporting for the first time, the data related for all their clients from 1<sup>st</sup> April 2020 to 30<sup>th</sup> September 2023 should be reported.

**SEBI/HO/ISD/ISD-PoD-2/P/CIR/  
2023/039 Dated 23<sup>rd</sup> March 2023**

Master Circular on Surveillance of Securities Market has been issued whereby various circulars issued till 13<sup>th</sup> September 2022 stands rescinded.

This Master Circular deals with various aspects like, trading rules and shareholding in dematerialized mode, monitoring of unauthenticated news circulated by SEBI registered market intermediaries through various modes of communication and disclosure reporting under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

**SEBI/HO/CFD/PoD-2/P/CIR/2023/35  
Dated 8<sup>th</sup> March 2023**

This notification, provides operational guidance related to of Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 issued on 7<sup>th</sup> February 2023, which are effective from 9<sup>th</sup> March 2023. The restrictions related to the buy-back through Stock Exchange route has been imposed as follows:

- a. Company shall not purchase more than 25% of the average daily trading volume (in value) of its shares or other specified securities in the ten trading days preceding the day in which such purchases are made.
- b. Company shall not place bids in the pre-open market on the first thirty minutes and the last thirty minutes of the regular trading session.
- c. Company's purchase order price should be within the range of  $\pm 1\%$  from the last traded price.

For Escrow accounts, as per the new amendment;

- a. The portion of an escrow account in the form of other than the cash shall be subject to the appropriate haircut, in accordance with the SEBI Master Circular for Stock Exchange and clearing corporations dated master circular 5<sup>th</sup> July 2021.
- b. Merchant bankers are advised to ensure that the adequate amount after the applicable haircut is available in the escrow account till the completion of all formalities of buy-back.

**SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/  
2023/37 Dated 16<sup>th</sup> March 2023**

Common and Simplified norms for processing investors service requests by RTAs, norms for furnishing PAN, KYC details and nomination has been prescribed by SEBI. The procedural requirements are as follows:

- a. Mandatory furnishing of PAN, KYC details and Nomination by holders of physical securities.
- b. The folios wherein any one of the cited document/details as prescribed are not available on or after October 01, 2023, shall be frozen by the RTA.
- c. Frozen folios if remain frozen till 31<sup>st</sup> December 2025 shall be referred by the RTA / listed company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002.
- d. Self-attested copies of documents will be accepted by the RTA for processing of service requests unless otherwise prescribed.
- e. Frozen folios shall be reverted to normal status upon receipt of all documents/details.
- f. RTAs shall provide a certificate of compliance from a practicing Company Secretary, within 30 days from the date of this circular coming into effect, certifying the changes carried out, systems put in place / new operating procedures implemented etc. to comply with the provisions of this circular.

**SEBI/HO/IMD/IMD-PoD-  
2/P/CIR/2023/40 Dated 23<sup>rd</sup> March  
2023**

The Use of E-wallet for investment in Mutual Funds has been permitted with the limit of INR 50,000 for investments, per mutual fund per financial year. The requirement for using E-wallet for investment, is that E-wallet should be fully compliant with KYC Norms as prescribed by Reserve Bank of India.

**SEBI/HO/AFD/P/CIR/2023/043 Dated  
27<sup>th</sup> March 2023**

To reduce the time required for registration of Foreign Portfolio Investors, SEBI has simplified the procedure for onboarding of FPI's. Key changes are as follows:

- a. Grant of FPI registration on the basis of scanned copies of application forms and supporting documents.
- b. Use of Digital Signatures by FPIs
- c. Certification of copies of original documents by authorized bank officials using SWIFT mechanism
- d. Verification of PAN through the CAF module available on the websites of the Depositories
- e. Submission of unique investor group ID by FPI applicants in lieu of complete details of group constituents.

**SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/  
2023/42 Dated 27<sup>th</sup> March 2023**

The time limit for filing the Nomination Details for all trading accounts is 30<sup>th</sup> September 2023, failing which the trading accounts will be frozen.

Stock Exchanges and Depositories are advised to make necessary amendments to the relevant bye-laws, rules and regulations, operational instructions, to bring the provisions of this circular to the notice of their constituents and monitor the efforts made by trading members and depository participants for updation of 'choice of nomination' by their clients and submit a monthly report within next seven days from the end of the month.

**SEBI/HO/IMD/IMD-I-POD1/P/CIR/  
2023/47 Dated 28<sup>th</sup> March 2023**

The timeline for updation of nomination by the unit holders is extended till 30<sup>th</sup> September 2023.

AMCs and RTAs are advised to encourage the unit holder(s) to fulfil the requirement for nomination/ opting out of nomination by sending a communication on fortnightly basis by way of emails and SMS to all such unit holder(s) who are not in compliance with the requirement of nomination.

**SEBI/HO/DDHS/DDHS-RACPOD1/  
P/CIR/2023/049 Dated 31<sup>st</sup> March  
2023**

Large Corporates are required to meet the mandatory requirement of raising at least 25% of their incremental borrowings in a financial year through issuance of debt securities. The compliance period has been extended from 2 years to 3 years.

Large Corporates are those who have an outstanding of INR 100 Crores, a credit rating of AA and target to finance themselves with long term borrowings which have maturity of more than 1 year.

**SEBI/HO/DDHS/P/CIR/2023/50 Dated  
31<sup>st</sup> March 2023**

Operational Circular for Debenture Trustees has been issued, requiring the Debenture Trustee to comply with the certain conditions. The Board of Directors of Debenture Trustee are responsible for compliance of such provisions. The said circular is divided into XVI Chapter.

**Central Board of Indirect Taxes and  
Customs (CBIC)**

**F.No. 401/66/2022-Cus-III Dated 3<sup>rd</sup>  
March 2023**

The requirement of Health Certificate along with the import of food consignments has been extended till October 2023.

**Circular No.09 /2023-Customs Dated  
30<sup>th</sup> March 2023**

Phased manner of implementation of Electronic Cash Ledger (ECL) is enabled with effect from 1<sup>st</sup> April 2023. The circular has provided the advisory for the deposits and manner of utilising ECL to make payments.

**Notification No. 02/2023-Central Tax  
Dated 31<sup>st</sup> March 2023**

Late fees for filing GSTR-4 with NIL tax payable has been waived off fully. Late fees of INR 250 for CGST and INR 250 for SGST will be levied for GSTR-4 filed for the quarter ended July 2017 to March 2019 and FY 2019-20 to FY 2021-22, if the said return is filed between 1<sup>st</sup> April 2023 to 30<sup>th</sup> June 2023.

**Notification No. 03/2023- Central Tax  
Dated 31<sup>st</sup> March 2023**

Time period for application for revocation of cancelled registration on or before 31<sup>st</sup> December 2022 has been provided upto 30<sup>th</sup> June 2023, wherein registration is cancelled due to failure to:

- Furnish returns for a period beyond 3 months from the due date for furnishing the returns in case of Composition Tax Payer
- Furnish returns for a continuous tax period as may be prescribed in case of other than Composition Tax Payer; and

the registered entity failed to apply for revocation of cancellation within specified time period.

The application for revocation shall be filed only after furnishing all the returns due, up to the effective date of cancellation and payment of applicable taxes, interest, penalty and late fee in respect of such returns.

**Notification No. 06/2023- Central Tax  
Dated 31<sup>st</sup> March 2023**

In case of an assessment order U/s 62 of the Act has been passed, on or before 28<sup>th</sup> February 2023, passed, and the assessee has failed to file the return within 30 days from order date, but has filed the return along with payment of applicable taxes and interest and penalty on or before 30<sup>th</sup> June 2023, the original order shall stand withdrawn.

**Notification No. 07/2023- Central Tax  
Dated 31<sup>st</sup> March 2023**

Registered Entities, who have not filed GST Annual Return from FY 2017-18 upto 2021-22 can file the Annual GST Return within 30<sup>th</sup> June 2023 with the maximum penalty of INR 20,000 (INR 10,000 for CGST + INR 10,000 for SGST).

The late fees for non-filing the GST Annual Return, from FY 2022-23 onwards shall be:

- For Registered persons having an aggregate turnover of upto INR 5 Crores in the relevant financial year - *INR 25 per day, subject to a maximum amount calculated at 0.02 per cent. of turnover in the State or Union territory.*

- Registered persons having an aggregate turnover of more than INR 5 Crores and upto INR 20 CRORES in the relevant financial year: *INR 50 per day, subject to a maximum of an amount calculated at 0.02 per cent. of turnover in the State or Union territory*

**Notification No. 08/2023 – Central Tax  
Dated 31<sup>st</sup> March 2023**

A maximum of INR 500 per Act can be levied as late fees for filing GSTR-10 which is not filed within due date by the registered entity, if such return is filed on or before 30<sup>th</sup> June 2023.

**Notification No. 09/2023 –Central Tax  
Dated 31<sup>st</sup> March 2023**

The time limit for issuance of order for recovery of tax not paid or short paid or of input tax credit wrongly availed or utilised for any reason other than the reason for fraud or any willful misstatement or suppression of facts to evade tax, in respect of a tax period for FY 2017-18, 2018-19 and 2019-20 under Section 73 (10) is as follows:

- For FY 2017-18 upto 31<sup>st</sup> December 2023
- For FY 2018-19 upto 31<sup>st</sup> March 2024
- For FY 2019-20 upto 30<sup>th</sup> June 2024.

**National Financial Reporting Authority  
(NFRA)**

**NF-25011/1/2023-O/o Secy-NFRA  
Dated 29<sup>th</sup> March 2023**

The NFRA has issued advisory on appropriate application of Accounting Policies w.r.t Ind AS 115 and Ind AS 109.

**Insolvency and Bankruptcy Board of  
India (IBBI)**

**Circular No. IBBI/LAD/58/2023 Dated  
4<sup>th</sup> March 2023**

The IBBI vide its circular has revised the format for serving of copy of application for initiation of CIRP to be filed with the Board.

*(This compilation is for information purposes only and nothing contained purports to be, or is intended as legal advice. Readers are advised to seek legal advice before they act on any information or view expressed herein).*

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