

NDA Update – Recent changes in Income Tax, GST and Companies Act

Companies Act – Audit Trail

With effect from 01-04-2023, a new requirement for companies has been prescribed under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requiring companies, which use accounting software for maintaining their books of account, to use only such accounting software which has audit trail feature. This requirement for companies was initially made applicable for financial year commencing on or after April 1, 2021. However, its applicability has been deferred two times and this requirement is finally applicable from April 1, 2023.

Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 states that for the financial year commencing on or after the 1st day of April 2023, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a **feature** of recording audit trail of each and every transaction, creating an **edit log of each change** made in the books of account along with the date when such changes were made and ensuring that the audit trail **cannot be disabled**.

Thus, the management is required to ensure that:

- The accounting software used by it has a feature of recording audit trail
- The audit trail creates edit log of each change in financial transactions recorded in books of account with date thereof
- Audit trail is used throughout the period
- Audit trail cannot be disabled at any time during the period.

An **audit trail** is defined as a step-by-step sequential and chronological record of financial transactions which provides evidence of the documented history of such transactions to its source. It's a list that displays the history of a document, from creation and modification to deletion.

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GST – Amnesty Scheme

In the GST council meeting held on 18-02-2023, the Council has recommended amnesty schemes in respect of pending returns in FORM GSTR-4 (Annual return for composition taxpayers), FORM GSTR-9 (Annual Return for normal tax payers) and FORM GSTR-10 (Final Return in case of cancellation of registration) by way of conditional waiver/ reduction of late fee. **CBIC has issued notifications in this regard on 31-03-2023.**

The late fee for delayed filing of annual return in FORM GSTR-9 for FY 2022-23 onwards will be as below:

Aggregate turnover in the financial year	Late Fees
Up to Rs 5 crores	Rs 50 per day (Rs 25 CGST + Rs 25 SGST), subject to a maximum of 0.04% of the turnover (0.02% CGST + 0.02% SGST).
More than Rs. 5 crores and up to Rs. 20 crores	Rs 100 per day (Rs 50 CGST + Rs 50 SGST), subject to a maximum of 0.04% of the turnover (0.02% CGST + 0.02% SGST).
More than Rs 20 crores	No change. It will remain at Rs 200 per day (Rs 100 CGST + Rs 100 SGST), subject to a maximum of 0.5% of the turnover (0.25% CGST + 0.25% SGST).

Maximum late fee for non filers for the financial years 2017-18 to 2021-22 is capped as under if the return is filed between 01-04-2023 to 30-06-2023:

Return Form	Maximum late fees
GSTR-9	Rs 20,000 (Rs 10,000 per Act)
GSTR – 10 & GSTR - 4	Rs 1,000 (Rs 500 per Act)

<https://taxinformation.cbic.gov.in/content-page/explore-notification>

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Income Tax – TDS on Salary

CBDT has issued a circular (04/2023) dt 05-04-2023 providing clarification on deduction of tax at source under Section 192 of the Income Tax Act, **applicable from 2023-24 onwards**. The salient feature of this circular are as under:

- Each year the employer shall seek information from each of its employees regarding their intended Tax Regime (Old or New u/s 115BAC).
- The employer shall compute tax liability based on the information received and deduct tax accordingly.
- If intimation is not made by an employee then the default tax regime will be the new regime u/s 115BAC.
- However, this intimation would not amount to the exercising option under Section 115BAC. It means a person shall be required to select the regime at the time of filing of ITR u/s 139(1).

<https://incometaxindia.gov.in/communications/circular/circular-no-4-2023.pdf>