



## **Tax Trends**

**Top Tax News This Week**

## Curb on unfair GST demand recovery proceedings

The Central Board of Indirect Taxes & Customs (CBIC) has introduced new guidelines to address potential misuse of authority by GST officials regarding demand orders. These guidelines must be followed for initiating the GST demand recovery process before three months have passed from the date of service of the GST demand notice. Typically, recipients of GST demand orders have the option to either appeal against them or pay the amount demanded within three months. However, some officials have requested early payments citing "interest of revenue," a provision that has been misused in some cases.



# AAR

Authority For Advance Ruling

## GUJARAT



## Instant flour mixes for dosa, Idli, and dhokla to attract 18% GST

The Gujarat Appellate Authority for Advance Ruling (GAAAR) has determined that instant mixes like idli, dosa, and khaman flour should not be classified as chhatua or sattu under GST rules. Consequently, these mixes will attract an 18% GST rate instead of the 5% rate. The company argued that their flour mixes are 'ready to cook' and similar to sattu, which is taxed at 5%. According to a CBIC circular, small amounts of ingredients, which are mixed to make sattu to be eligible for 5% tax rate. However, GAAAR rejected this argument, noting that the ingredients, including spices, in these mixes do not meet the criteria for sattu, which qualifies for the lower tax rate.

## GSTN rolls out form for tobacco manufacturers

The GST Network (GSTN) has introduced a new form, GST SRM-II, specifically for manufacturers of pan masala and tobacco products. This form is designed to enable these manufacturers to report their monthly procurement and consumption of inputs and outputs to tax authorities. Its introduction follows the rollout of GST SRM-I, which facilitates the registration of manufacturing machines. The move to overhaul the registration, record-keeping, and monthly filing of such businesses was aimed at improving GST compliance for manufacturers of pan masala and tobacco products.

Source: The Economic Times





## INCOME TAX APPELLATE TRIBUNAL

### Tax tribunals allow deductions for donations part of CSR Spend

The Delhi and Mumbai benches of the Income Tax Appellate Tribunal ('ITAT') recently made rulings in favor of two corporate entities regarding deductions under section 80-G of the Income Tax Act for donations made as part of their mandatory Corporate Social Responsibility (CSR) expenses. Tax officials initially denied these deductions, arguing that CSR expenditures are mandatory and not voluntary donations. However, the ITAT decisions emphasized that CSR expenditures can indeed qualify as deductible donations depending on their allocation and utilization.

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