

RBI

₹2000 Denomination Banknotes - Withdrawal from Circulation; Will continue as Legal Tender till September 30, 2023

- a. All banks to discontinue issue of ₹2000 denomination banknotes with immediate effect. ATMs/Cash Recyclers may also be reconfigured accordingly.
- b. The facility for deposit and/or exchange of ₹2000 banknotes shall be available for members of the public up to September 30, 2023.
- c. Deposit of ₹2000 banknotes into accounts maintained with all banks can be made in the usual manner, that is, without restrictions and subject to compliance with extant Know Your Customer (KYC) norms and other applicable Statutory requirements.

RBI mandates all wire transfers to have complete info about originator, beneficiary.

RBI has asked all banks, financial institutions in the country to ensure all wire transfers—domestic as well as international wire transfers—to contain complete information about the originator and beneficiary to prevent them from being used as a channel for money laundering, terrorist financing platforms.

Credit Card Spend in forex to come under RBI's Liberalised remittance scheme

- Spending in foreign exchange through international credit cards will be covered under the RBI's Liberalised Remittance Scheme (LRS), under which a resident can remit money abroad up to a maximum of USD 2.50 lakh per annum without the authorisation of the Reserve Bank.
- The Ministry on May 16, 2023 notified the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2023, to include international credit card payments in the LRS. Any remittance beyond USD 2.5 lakh or its equivalent in foreign currency would require approval from the RBI.

SEBI

Introduction of legal identifier system for issuers with listed NCDs, securitized debt, security receipt

SEBI introduced Legal Entity Identifier (LEI) System for issues that have listed or planning to list non-convertible securities, securitized debt instruments and security receipts.

- LEI, a unique global identifier for legal entities participating in financial transactions, is designed to create a global reference data system that uniquely identifies every legal entity, in any jurisdiction, that is party to a financial transaction.
- It is a unique 20 character code to identify legally distinct entities that engage in financial transactions.
- At present, RBI mandates non-individual borrowers having aggregate exposure of above INR 25 Crores to obtain LEI code. SEBI in lieu of this has said that issuers having outstanding listed non-convertible securities as on August 31, 2023 will have to obtain and report the LEI code in the centralized database of corporate bonds by September 1, 2023.

Revision of requirements for Issuance and listing of Transition Bonds

- To facilitate transparency and informed decision making among the investors, markets regulator SEBI mandated additional requirements for the issuance and listing of transition bonds.
- The move is aimed at ensuring that the funds raised through transition bonds are not being misallocated.
- Transition bond is one of the sub-categories of 'green debt security'. These bonds are generally used for raising funds for transitioning to a more sustainable form of operations in line with India's intended nationally determined contributions.
- An issuer wishing to issue transition bonds will have to make additional disclosures in the offer document for public issues or private placements of such transition bonds.



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FPIs allowed direct market access to exchange traded commodity derivatives.

- SEBI allowed stock exchanges to extend direct market access facility to foreign portfolio investors (FPIs) for participation in Exchange Traded Commodity Derivatives (ETCDs).
- Direct Market Access (DMA) facilities the clients of a broker to directly access the exchange trading system through the broker's infrastructure to place orders without manual intervention by the broker.
- DMA provides certain advantages to brokers such as direct control over orders, faster execution of orders, reduced risk of errors associated with manual order entry, maintaining confidentiality, lower impact costs for large orders and implementing better hedging and arbitrage strategies.

Dematerialization of Securities for REITs and InvITs by June 30, 2023

- SEBI has asked investment managers of infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) to ensure that securities of holding companies and special purpose vehicles (SPVs) are held in dematerialized form.
- In case securities are held in physical form, the managers of the trusts have been given time till June 30, 2023 to implement the change. InvITs and REITs hold their assets through holding Companies or SPVs, and investors are issued shares of these companies or the SPVs.

<https://www.sebi.gov.in/legal/circulars/may-2023/dematerialization-of-securities-of-hold-cos-and-spps-held-by-infrastructure-investment-trusts-invits-71449.html>

Introduction of new Model Tripartite Agreement between the Issuer Company, Existing Share Transfer Agent, and New Share Transfer Agent

As per Regulation 7(4) of SEBI LODR Regulations, 2015, "in case of any change or appointment of a new share transfer agent, the listed entity shall enter into a tripartite agreement between the existing share transfer agent, the new share transfer agent and the listed entity, in the manner as specified by the Board from time to time." In this respect, a model Tripartite agreement has been prepared by SEBI in consultation with Registrar Association of India (RAIN) and some issuer companies.

Companies (Removal of Names of Companies from the Register of Companies) Second Amendment Rules, 2023

The following has been inserted under Rule 4(1) [Application for removal of name of Company]-

- The Company shall not file an application for removal of name, unless it has filed overdue financial statements and overdue annual returns, up to the end of the financial year in which the company ceased to carry its business operations.
- In case a Company intends to file the application for removal of name after the action under Section 248(1) has been initiated by the Registrar, it shall file all pending financial statements and all pending annual returns, before filing the application.
- Further, once the notice of strike under Section 248(5) has been issued by the Registrar for publication in Official gazette pursuant to the action initiated under Section 248(1), a company shall not be allowed to file the application under this sub-rule.

Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2023.

- The amended rules shall come into effect from June 15, 2023.
- According to the amendment, rule 25(5) and (6) are substituted.
- As per the amendment, where no objection or suggestion is received within a period of 30 days of receipt of copy of scheme under section 233(2), from the RoC/official liquidator and the Central Government is of opinion that that the scheme is in public interest then, it may, within a period of 15 days after the expiry of 30 days, issue a confirmation order of such scheme in Form No. CAA12.

TAX

E-invoicing limit reduced from INR 10 Crores to INR 5 Crores

The Government, has reduced the limit of e -invoicing from existing limit of INR 10 crore to INR 5 crore. This amendment will come in to effect from August 1, 2023.

New guidelines on online gaming taxes issued by Income Tax Department

According to the guidelines issued by Income Tax Department, anyone who is responsible for paying to anyone else any income by way of winnings from any online game during the financial year must deduct income tax on the net winnings from the person's user account. Also, tax is required to be deducted at the time of withdrawal as well as at the end of the financial year.

- Multiple Wallets – Multiple wallets under one user, CBDT has provided that main account must include every account of the user and should be registered with an online gaming intermediary. Also, one deductor with multiple platforms must calculate the tax required to be deducted for each platform separately.
- Bonus – any deposit in the form of bonus, referral bonus, incentives etc. would form part of net winnings and is liable to tax to be deducted at the time of withdrawal as well as the end of Financial Year.
- Withdrawal of a small amount - If the withdrawal amount is very small, the tax will not be deducted if the net winnings or part of the amount withdrawn do not exceed INR 100 per month.

Amendment to Income Tax Rules for accurate computation of tax on winnings from online gaming

- CBDT amends Income Tax Rules to streamline and standardize the calculation and reporting of winnings from online gaming to improve tax compliance.
- The new rule provides that net taxable winning in a year would be the difference between the sum of amount withdrawn from the user account and the closing balance and the sum of non-taxable deposits made in the user account and the opening balance.

CBDT notifies Class of Persons for purposes of Section 56(2)(viib)(ii) of Income Tax Act, 1961

- CBDT issues notification specifying certain classes of persons for the purpose of Section 56(2)(viib)(ii) of Income Tax Act, 1961.
- The notification includes government and government related investors, banks or entities involved in insurance business subject to applicable regulations and various entities registered with the SEBI or associated with universities, hospitals, charities or pension funds in specific countries and specified territories.

CBDT amends the provisions of the 'Angel Tax' that are not applicable to start-ups recognized by DPIIT

CBDT amends the provisions of Section 56(2)(viib) of the Income Tax Act, 1961 as per which the provision shall not apply to the consideration received by a Company for the issue of shares that exceeds by a Company for the issue of shares that exceeds the face value of such shares, if the said consideration has been received from any person, by a company which fulfils the conditions in the earlier notification issued by the Ministry of Commerce and Industry in the Department for Promotion of Industry and Internal Trade.

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Increase of Income Tax Exemption Limit on Leave Encashment for Non-Government Salaried Employees

CBDT has increased the income tax exemption limit on leave encashment for non-government salaried employees. The notification was released by the Board in accordance with the 2023-24 budget. The tax exemption on leave encashment upon retirement of salaried non-government workers was raised by Budget 2023-24.

OTHER

Individuals acting as formation agents for Cos, LLPs to be covered under Anti- Money Laundering Law

- The Government has amended the Anti Money Laundering Law to bring individuals acting as formation agents of companies and others under its ambit.
- The Finance Ministry has notified five activities undertaken by individuals on behalf of other persons under the Prevention of Money Laundering Act (PMLA).
- These activities include functioning as formation agents of companies or LLPs and acting as or arranging for another person to act as a director or secretary of a company or partner or firm.
- The notification, however, exempts from its purview advocates, chartered accountants, cost accountants and company secretaries, who are engaged in the formation of a company to the extent of only filing a declaration form.