

16th June

UPDATES

MAY

2025

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NEXT



Updates

May 2025



P G BHAGWAT LLP (“PGB LLP”) is glad to release updates for the month of May 2025

The objective of these updates is to make you aware of the latest changes in auditing, accounting, taxes, labour laws etc.

We hope these updates are useful to you to stay on top of the development in your field.

“It is what we know already that often prevents us from learning”

For detailed information and / or queries, please do get in touch with us at updates@pgbhagwatca.com.

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We compile only the most relevant & important updates and therefore urge to you go through them...

This edition contains the following: click on the content line to navigate

1. Extension of due date for furnishing return of income for the Assessment Year 2025-26

Summary of Circular No. 06/2025 – Extension of due date for furnishing return of income for the Assessment Year 2025-26

What’s New?

The due date for filing the income tax return (ITR) under Section 139(1) of the Income-tax Act, 1961 for certain assesseees has been extended from 31st July 2025 to 15th September 2025.

Detailed Explanation

- 1. The Central Board of Direct Taxes (CBDT), exercising its authority under Section 119 of the Income-tax Act, 1961, has announced an extension in the ITR filing deadline for specific categories of taxpayers for AY 2025–26. This change applies to assesseees falling under clause (c) of Explanation 2 to sub-section (1) of Section 139 of the Act.
- 2. Clause (c) generally refers to individuals (other than companies or firms) who are required to file ITR due to certain conditions like income exceeding the basic exemption limit, ownership of foreign assets, etc.

Key Conditions

- 1. Applies only to the class of assesseees specified in clause (c) of Explanation 2 to Section 139(1).
- 2. The original due date of 31st July 2025 is now extended to 15th September 2025

Practical Implications

1. Individuals and professionals eligible under the specified clause now have more time for accurate income computation, collecting necessary documentation, and ensuring timely compliance.
2. This extension may provide relief to taxpayers and consultants during a potentially high-pressure filing period.
3. May affect scheduling of advance tax planning, refund timelines, and assessment-related deadlines.

Implementation Deadlines

1. New due date for ITR filing: 15th September 2025
2. Applicable for Assessment Year: 2025-26



Link : [Click Here](#)

2. The Income-tax (Fourteenth Amendment) Rules, 2025

Summary of Notification No. 42/2025, G.S.R. 286(E)

What's New?

The Central Board of Direct Taxes (CBDT) has substituted the entire Form ITR-5 in Appendix-II of the Income-tax Rules, 1962, applicable for Assessment Year 2025–26 onwards.

Detailed Explanation

1) The new ITR-5 Form is designed for persons other than:

- Individuals
- Hindu Undivided Families (HUF)
- Companies
- Persons filing ITR-7 (e.g., trusts, political parties)

2) The revised ITR-5 captures enhanced disclosures including:

- Residential status
- MSME registration

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- Startup recognition details
- Foreign company involvement
- Significant Economic Presence (SEP)
- Audit information under various sections (like 44AB, 92E)
- Opt-in/opt-out options under different tax regimes (e.g., 115BAC, 115BAE)
- Details on speculative income, presumptive taxation, and unlisted equity shares

Key Conditions

1. Mandatory Use: Applicable from 1st April 2025, i.e., for returns related to AY 2025–26.
2. Entities Required to File:
Firms, LLPs, AOPs, BOIs, Local Authorities, Cooperative Banks/Societies, Business Trusts, Investment Funds, Artificial Juridical Persons (AJP), etc.
- 3 Disclosures Required:
 - Audit details, profit/loss computation, presumptive income calculations
 - Detailed asset and liability schedules
 - Declaration on whether opting out of the new tax regime (Form 10-IEA, 10-IFA, etc.)

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- ### Additional Conditions
1. Legal Entity Identifier (LEI) is mandatory for refunds of ₹50 crores or more.
 2. Startups must furnish DPIIT recognition and certification numbers.
 3. Foreign companies or partners must disclose their shareholding and whether they have a Permanent Establishment (PE) or Significant Economic Presence (SEP) in India.
 4. Specific audit and reporting requirements under sections 44AA, 44AB, 92E, 43B, and others apply depending on entity type and income nature.

- ### Practical Implications
1. Entities need to align their accounting and compliance systems with the new disclosures.
 2. Tax professionals and accountants must familiarize themselves with the granular changes to prevent filing errors.
 3. May require additional data collection on:
 - Cash transactions
 - Partner changes
 - Foreign investments or transactions
 - MSME and startup status

Implementation Deadlines

1. Effective Date: 1st April 2025
2. Applicable for Income earned in FY 2024–25 (AY 2025–26)
3. Filing due dates:
 - 31st July (Non-audit cases)
 - 31st October (Audit cases)
 - 30th November (TP audit cases)



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3. The Income-tax (Fifteenth Amendment) Rules, 2025

Summary of Notification No. 43/2025, G.S.R. 287(E) – Substitution of Form ITR 2

What’s New?

The Central Board of Direct Taxes (CBDT) has substituted Form ITR-2 in Appendix-II of the Income-tax Rules, 1962. This new form will be applicable for the Assessment Year 2025–26 onwards.

Detailed Explanation

- 1.Scope:
- The new ITR-2 form is for Individuals and Hindu Undivided Families (HUFs) not having income from profits and gains of business or profession.
- 2.Structure & Compliance Additions:
- Introduces updated sections for filing status, residential status, and option to opt out of the new tax regime under section 115BAC(6).
 - Enhanced disclosures required under the seventh proviso to section 139(1):
 - a) Cash deposits over ₹1 crore.
 - b) Foreign travel expenses exceeding ₹2 lakhs.
 - c) Electricity consumption over ₹1 lakh.

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- Expanded schedules for:
 - Income from salary.
 - House property.
 - Capital gains (STCG, LTCG, Virtual Digital Assets).
 - Other sources.
- Detailed reporting for:
 - Unlisted equity shares.
 - Directorships.
 - Retirement benefit accounts.
 - Foreign assets and income (esp. for non-residents and residents with global income) .
- Specific schedule for Virtual Digital Assets (VDA) transactions.

3. Technical Enhancements:

- The form incorporates new dropdowns and data validation points aligned with the e-filing utility.
- Integration of SEBI/FPI registration numbers and Legal Entity Identifier (LEI) for entities with refunds exceeding ₹50 crore.

Key Conditions

- Applicable to persons not earning income from business or profession.

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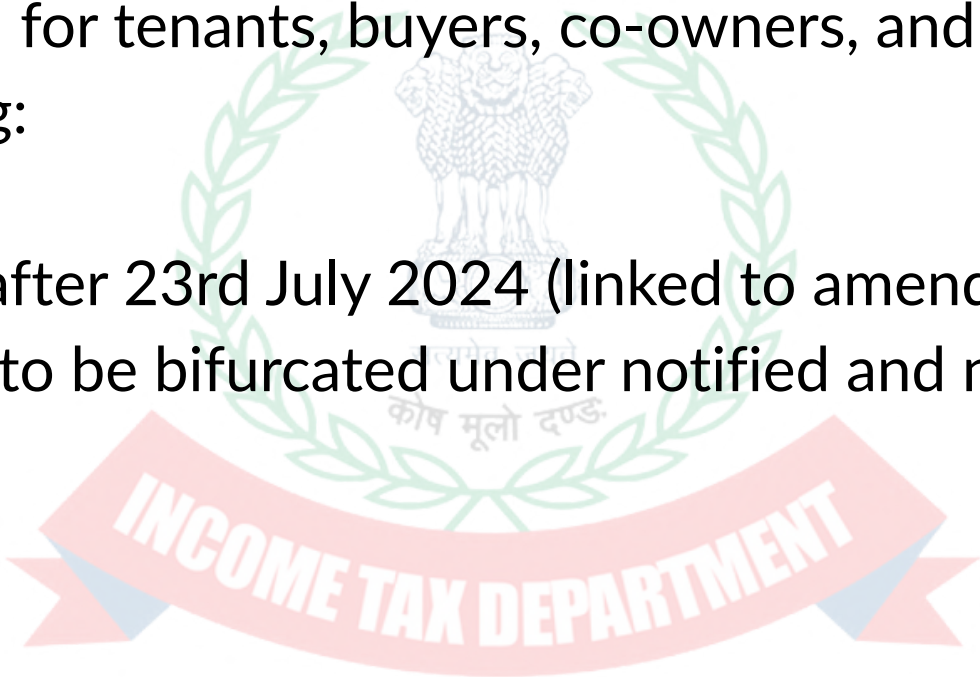
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- Option to opt out of new tax regime (section 115BAC(6)) must be exercised within the due date u/s 139(1).
- Disclosure under the seventh proviso is mandatory if threshold conditions are triggered, even if a return is otherwise not required.

Additional Conditions

- Foreign asset and income details mandatory for applicable residents and non-residents.
- Mandatory quoting of PAN/Aadhaar/TAN for tenants, buyers, co-owners, and directors where applicable.
- Extensive capital gains reporting including:
 - Date-wise transaction records.
 - Separate treatment for gains before and after 23rd July 2024 (linked to amendments in LTCG computation).
- Income from retirement accounts abroad to be bifurcated under notified and non-notified countries.



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Practical Implications

1. **Compliance Burden Increases:** Taxpayers need to maintain granular records of capital transactions, especially for equity, mutual funds, and VDA.
2. **Foreign Income Scrutiny:** Enhanced declarations increase exposure for global income and assets.
3. **Early Tax Planning:** Especially for those opting out of the new tax regime or availing capital gain exemptions (under sections 54, 54F, etc.).
4. **More Data Sharing:** Cross-referencing through Aadhaar, PAN, and DIN enhances traceability.

Implementation Deadline

- Effective Date: 1st April 2025
- Applicable For: Assessment Year 2025–26 (Financial Year 2024–25)



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4. The Income-tax (Sixteenth Amendment) Rules, 2025

Summary of Notification No. 44/2025, G.S.R. 290(E) – Substitution of Form ITR 6

What's new?

- Substitution of Form ITR-6 under Appendix II of the Income-tax Rules, 1962.
- The revised ITR-6 form is applicable for companies other than those claiming exemption under Section 11 (charitable or religious trusts).

Detailed Explanation

1. This amendment introduces a new format of Form ITR-6 for the Assessment Year 2025–26.
2. The revised form captures more comprehensive and granular disclosures, aligned with compliance under Indian Accounting Standards (Ind AS), financial disclosures, audit requirements, and foreign relationships.
3. Major additions include:
 - Detailed shareholder and ownership information
 - Reporting under various sections like 44AB (audit), 44AE (presumptive income), 92E (international transactions) etc.
 - Breakdown of financial statements (Balance Sheet, P&L, Manufacturing/Trading Account)
 - Disclosure for start-ups, MSMEs, producer companies, IFSC units

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- Additional compliance for foreign companies and foreign investments

Key Conditions

1. Applicable only to companies not claiming exemption under Section 11.
2. Companies must ensure:
 - Proper classification of residency, accounting standards, audit applicability
 - Disclosure of beneficial ownership for companies that are unlisted
 - Legal Entity Identifier (LEI) mandatory if refund claim exceeds ₹50 crores

Additional Conditions

1. Companies opting under Section 115BA/115BAA/115BAB must disclose the year of option and details of Form 10-IB/10-IC/10-ID.
2. Startups recognized by DPIIT need to provide:
 - Recognition number
 - Certification from Inter-ministerial board
 - Filing date of Form-2 under DPIIT Notification dated 19/02/2019
3. Audit disclosures need to include:
 - Auditor details, UDIN, membership number
 - Acknowledgement numbers of submitted reports

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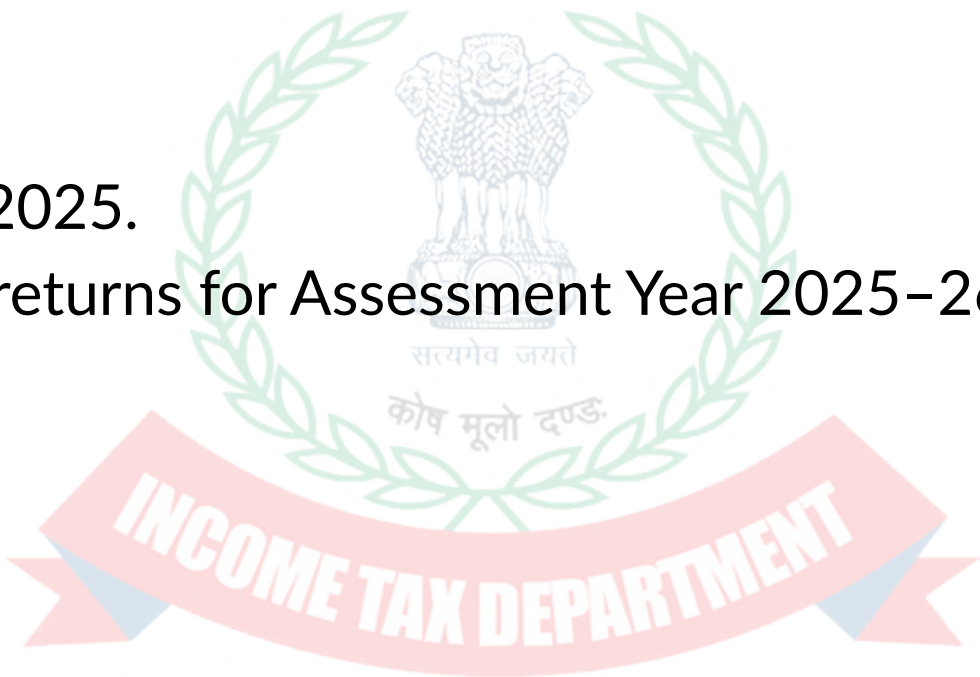
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Practical Implications

- 1. More detailed compliance needed from companies—particularly around ownership, audit, and foreign relations.
- 2. Enhanced disclosure burden for companies with cross-border operations or related party transactions.
- 3. Greater transparency mandated for MSMEs, startups, and unlisted companies to prevent tax avoidance and ensure traceability.
- 4. Technology infrastructure updates may be required for filing due to the expanded schema in the new ITR-6.

Implementation Deadlines

- 1. The rules come into force from 1st April, 2025.
- 2. The revised ITR-6 must be used for filing returns for Assessment Year 2025–26 onwards.



Link : [Click Here](#)

5. [The Income-tax \(Seventeenth Amendment\) Rules, 2025](#)

Summary of Notification No. 45/2025, G.S.R. 294(E) – Updated version of ITR-V and Form ITR-Acknowledgement

What's new?

This amendment replaces the existing Form ITR-V and Form ITR-Acknowledgement in Appendix II of the Income-tax Rules, 1962 with updated versions for Assessment Year 2025–26 onward.

Detailed Explanation

The notification updates two key forms:

- Form ITR-V (Verification Form):**
 - Used when income tax return data (for ITR-1, 2, 3, 4, 5, and 7) is filed but not verified electronically.
 - It allows for verification via Aadhaar OTP, net banking, EVC (through bank/demat/ATM), or by sending a signed physical copy to CPC Bengaluru.
 - Adds strict instructions on acceptable methods and deadlines for verification.
- Form ITR-Acknowledgement:**
 - Applicable for cases where ITR (Forms ITR-1 to ITR-7) is filed and verified electronically.
 - Includes key details like total income, tax payable, refunds, MAT/AMT income, accreted income under section 115TD, and acknowledgment of method of verification.

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- The updates enhance clarity, procedural integrity, and electronic traceability through barcodes/QR codes and detailed e-verification methods.

Key Conditions

1. Applicable for returns filed for Assessment Year 2025–26 onwards.
2. Only valid forms (as substituted) are to be used; old formats are no longer acceptable.
3. Form ITR-V must be submitted within 30 days of e-return filing to retain original filing date.
4. If submitted after 30 days, the actual ITR-V submission date becomes the official filing date, attracting consequences of late filing.

Additional Conditions

1. Form ITR-V must be signed only in the designated area, or it may be considered invalid.
2. The ITR-V should be sent only to the CPC, Bengaluru by Speed Post, if opting for physical submission.
3. Do not send Form ITR-Ack to CPC under any circumstances.

Practical Implications

1. Taxpayers must strictly adhere to the 30-day timeline to avoid penalties.
2. Chartered Accountants and tax filers need to use the revised forms starting AY 2025–26.
3. E-verification is emphasized, reducing the need for paper verification.
4. Ensures faster and more transparent ITR processing by standardizing formats and incorporating digital authentication.

- Effective Date: Deemed to have come into force retrospectively from 1st April 2025.
- Forms are applicable for filings related to Assessment Year 2025–26 and onwards.

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6. The Income-tax (Eighteenth Amendment) Rules, 2025.

Summary of Notification No. 46/2025, G.S.R. 303(E) – Revised Form ITR 7

What's new?

The notification introduces a revised Form ITR-7, replacing the earlier version under Appendix II of the Income-tax Rules, 1962. This form is applicable for entities required to file returns under sections 139(4A), 139(4B), 139(4C), and 139(4D) of the Income-tax Act.

Detailed Explanation

- Scope and Applicability:
 - Applicable to trusts, political parties, electoral trusts, educational/medical institutions, and other entities claiming exemption under specific sections.
 - The revised Form ITR-7 is substantially more detailed, aiming to improve transparency, compliance tracking, and reporting accuracy.
- Key Structural Changes:
 - Enhanced reporting on registration approvals, activities undertaken, compliance with section 2(15) (relating to charitable purpose and business activity limits).
 - Increased granularity in disclosures regarding income application, corpus investments, loans, audit reports, and unlisted shareholding.

3. New Schedules Introduced/Expanded:

- Schedule VC for voluntary contributions (domestic and foreign).
- Schedule J and Schedule LA/ET with specifics on investments, donors, and beneficiary disclosures.
- Anonymous donation reporting (Schedule D) with detailed taxability treatment under section 115BBC.

Key Conditions

1. **Mandatory Filing:** Entities covered under the specified sections must use the new ITR-7 from AY 2025–26.
2. **Comprehensive Disclosure:** All relevant approvals under Income-tax and other Acts (like FCRA, DARPAN) must be declared.
3. **Beneficial Ownership:** Disclosure of persons with 5% or more beneficial ownership in case of non-individual founders.

Additional Conditions

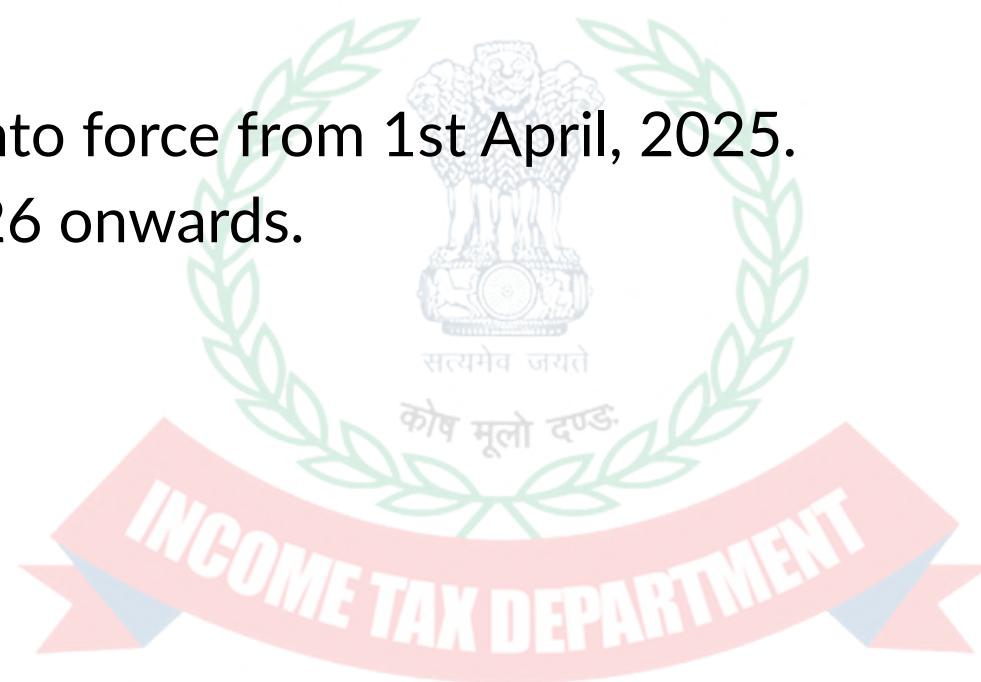
- 1.**Mandatory Filing:** Entities covered under the specified sections must use the new ITR-7 from AY 2025–26.
- 2.**Comprehensive Disclosure:** All relevant approvals under Income-tax and other Acts (like FCRA, DARPAN) must be declared.
- 3.**Beneficial Ownership:** Disclosure of persons with 5% or more beneficial ownership in case of non-individual founders.

Practical Implications

- 1. Compliance Burden:** Increased reporting will require more robust record-keeping, particularly for charitable institutions and NGOs.
- 2. Digital Filing Readiness:** Organizations will need to ensure updated digital records for audit, donor, and investment information.
- 3. Risk of Penal Consequences:** Misreporting or under-reporting may trigger disqualification from exemption or attract scrutiny.

Implementation Deadlines

- **Effective Date:** Deemed to have come into force from 1st April, 2025.
- **Applicable Assessment Year:** AY 2025–26 onwards.



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7. The Income-tax (Nineteenth Amendment) Rules, 2025

Summary of Notification No. 49/2025 – Substitution of existing Form ITR-U

What's new?

The notification substitutes the existing Form ITR-U (Updated Return) in Appendix II of the Income-tax Rules, 1962, with a revised and detailed version

Detailed Explanation

1. The revised Form ITR-U is intended for taxpayers who wish to file an Updated Return under Section 139(8A) of the Income-tax Act, 1961. The form facilitates the declaration of previously unreported or misreported income within 48 months from the end of the relevant assessment year.
2. Major Components of the Updated Form ITR-U:
- PART A: General Information including PAN, Aadhaar, AY, reason for updating, prior filing history, eligibility under section 139(8A).

Reasons for updating income: Not previously filed, incorrect reporting, wrong heads, reduced loss, depreciation, tax credits, etc.

Time period categorization for filing (within 12 months, 12-24, 24-36, or 36-48 months).

PART B-ATI: Computation of updated income, tax payable, refunds, fee u/s 234F, liability, additional tax u/s 140B.

Tax payment details: Tax paid u/s 140B and advance/self-assessment taxes.

Verification section: Declaration by the taxpayer about the accuracy of the return.

Key Conditions

1. Updated Return can be filed only by eligible persons as per the conditions laid out in the first to fourth provisos of Section 139(8A).
2. Applicable within 48 months from the end of the relevant assessment year.
3. Additional tax liabilities include a surcharge of 25%, 50%, 60%, or 70% based on the period of delay in filing.
4. If the updated return reduces loss, depreciation, or tax credit carry forward, previous returns for those affected years must be disclosed.

Additional Conditions

1. Credit for advance/self-assessment/regular assessment tax cannot be claimed again if already claimed in earlier returns.
2. Relief under section 89 (not claimed previously) can be claimed now but cannot be claimed again under section 140B(2).
3. Mandatory verification and declaration by the person filing the return.

Practical Implications

1. Enables more detailed and structured reporting of additional income post original filings.
2. Encourages voluntary compliance by offering a formal mechanism to correct earlier omissions/mistakes.
3. Could lead to increased tax collections due to imposition of additional tax and penalties.
4. Taxpayers need to ensure proper documentation and computation while filing ITR-U to avoid scrutiny.

- Effective from the date of publication in the Official Gazette, i.e., 19th May 2025.
- Applies to updated returns filed for any assessment year within the 48-month window from the end of that year.

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1. Simplification of operational process and clarifying regarding the cash flow disclosure in Corporate Bond Database pursuant to review of Request for Quote (RFQ) Platform framework.

Summary of Simplification of operational process and clarifying regarding the cash flow disclosure in Corporate Bond Database

What's new?

SEBI has issued clarifications and process simplifications regarding the cash flow disclosures of corporate bonds in the Corporate Bond Database, and linked it to the framework of the Request for Quote (RFQ) platform. The aim is to make operational processes more efficient and transparent for market participants..

Detailed Explanation

1. Objective:
- To streamline processes and ensure better clarity and compliance related to the reporting of cash flows in corporate bonds, particularly concerning buy/sell transactions through the RFQ platform.-+
2. Background:
- SEBI had introduced the Corporate Bond Database and made the use of the RFQ platform mandatory for certain trades. This notification is part of the continuous review and enhancement of that framework.

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3. Key Clarification:

 - SEBI emphasizes that trades executed on RFQ platforms must clearly report the cash flows (coupon, redemption, call/put options, etc.) in the Corporate Bond Database.
 - Clarifies who (buyer/seller) should report what information in such trades.
 - Details how cash flows should be updated and maintained by market participants and intermediaries.
- Key Conditions

 1. The responsibility of ensuring accurate disclosure of cash flows lies with the seller of the bond.
 2. Data must be maintained in accordance with prescribed formats and should be accessible on the centralized database.
 3. Intermediaries (like stock exchanges, depositories, etc.) must facilitate this reporting process.
- Additional Conditions

 4. SEBI reserves the right to review compliance and may take regulatory actions in case of misreporting or non-disclosure.
 5. Participants must ensure timely updates in case of any corporate actions (call/put/interest rate reset etc.) that affect cash flows.
- Practical Implications

 - 1.For Issuers/Sellers: Must ensure full and timely disclosure of bond cash flows.
 - 2.For Investors: Increased transparency helps in better risk assessment and pricing.

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2. Rating of Municipal Bonds on the Expected Loss (EL) based Rating Scale

Summary on Rating of Municipal Bonds on the Expected Loss (EL) based Rating Scale

What's new?

SEBI has introduced the option for credit rating agencies (CRAs) to assign ratings to municipal bonds based on an Expected Loss (EL) scale, alongside the conventional credit rating system.

Detailed Explanation

SEBI now allows municipal bonds to be rated using an EL-based approach, which evaluates both the likelihood of default and the expected severity of loss. This rating is intended to complement the existing rating, not replace it. Only bonds already rated under the conventional system are eligible. This move aims to improve transparency, align with global practices, and boost investor confidence.

Key Conditions

- 1.EL ratings can be given only if a conventional rating is already assigned.
- 2.The EL scale must be based on sound models and data.
- 3.CRAs must clearly disclose their methodology and assumptions.

Additional Conditions

- 1. Both ratings (conventional and EL) must be maintained and updated regularly.
- 2. Ratings and rationales must be publicly disclosed.

Practical Implications

- Municipal bodies could access funding more efficiently.
- Investors gain better insights into both risk and potential loss.
- CRAs must enhance their analytical capabilities and transparency.

Implementation Deadlines

The notification is effective immediately from the date of issuance.

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Detailed Explanation

- Previously, FPIs investing in corporate debt securities under the General Route had to comply with:
 - Short-term investment limit: A restriction on the proportion of investments maturing within one year.
 - Concentration limit: A cap on the amount an FPI could invest in a single corporate issuer.
- With this notification, RBI has removed both limits, thereby offering FPIs:**
 - Greater operational flexibility,
 - Improved portfolio management, and
 - Easier access to the Indian corporate bond market
- The change has been introduced following a regulatory review and is aimed at enhancing FPI participation in India’s debt markets.**

Key Conditions

- The relaxations apply only to investments through the General Route.
- Applicable to corporate debt securities (not government securities).
- These changes override paragraphs 4.4(iii) and 4.4(v) of the updated Master Direction dated January 7, 2025

Additional Conditions

1. The relaxations are subject to compliance with other applicable laws and approvals.
2. The directions are issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999.

Practical Implications

1. FPIs now have greater leeway in structuring short-duration debt portfolios.
2. Issuer concentration concerns are relaxed, which could increase demand for specific corporate bonds.
3. Could result in greater foreign capital inflow into India's corporate bond markets.
4. May improve liquidity and depth in the Indian corporate debt segment.

Implementation Deadlines

Immediate Effect: The directions are applicable from the date of the circular itself, i.e., May 08, 2025.

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1. Reserve Bank of India (Digital Lending) Directions, 2025

Summary of RBI Notification No.: RBI/2025-26/36 - Reserve Bank of India (Digital Lending) Directions, 2025

What’s New?

1. Consolidation of all previous digital lending-related guidelines.
2. Mandatory reporting of all Digital Lending Apps (DLAs) to RBI's CIMS portal.
3. Comprehensive norms for RE-LSP (Regulated Entities–Lending Service Providers) partnerships involving multiple lenders.
4. Cap and formalization of Default Loss Guarantee (DLG) structures.
5. Mandatory disclosures, cooling-off periods, and enhanced data privacy requirements.

Detailed Explanation

This notification aims to regulate digital lending activities through:

1. **Due Diligence & Accountability:** Strict norms for REs to assess and monitor LSPs.
2. **Transparency:** Mandatory Key Fact Statements (KFS), loan details, APR disclosure, and customer data protection policies.
3. **Consumer Protection:** Clear rules for creditworthiness assessment, grievance redressal, and recovery practices.
4. **Technology & Data Handling:** Local data storage, borrower consent protocols, and restrictions on unnecessary data access.

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- DLG Framework:** Clear limits (5% cap), eligible providers, reporting requirements, and exclusions to prevent regulatory arbitrage.
- DLAs Registry:** Compulsory registration and certification of DLAs, both self-owned and third-party, on RBI’s CIMS portal.

Key Conditions

- Applicable to all digital lending by Commercial Banks, Co-operative Banks, NBFCs (including HFCs), and All-India Financial Institutions.
- DLA list must be submitted on RBI’s CIMS portal with compliance certifications.
- DLG cap is set at 5% of disbursed portfolio value; only specific forms of guarantees are permitted.
- No disbursements or repayments via third-party accounts (except co-lending or special exceptions).
- Cooling-off period:** Minimum 1 day where borrowers can cancel the loan without penalty (except processing fee).
- Creditworthiness:** Loans only after capturing age, income, occupation, etc.

Additional Conditions

- DLG arrangements are not allowed for revolving credit (like credit cards), P2P platforms, or loans under government credit guarantee schemes.
- DLAs and LSPs must avoid dark patterns and maintain neutrality in presenting loan offers.
- All data must be stored in servers within India; if processed abroad, it must be deleted and brought back within 24 hours.
- REs is fully liable for LSP actions and must ensure robust governance, even under outsourcing

1. **For Lenders (REs):** Need for tighter contracts with LSPs, internal policy revamp, and more robust KYC/data protocols.
2. **For LSPs:** Higher compliance and operational transparency, especially around borrower interaction and grievance handling.
3. **For Borrowers:** Better clarity, improved privacy, more informed choices, and easier complaint redressal.
4. **For the ecosystem:** Increased standardization and oversight to rebuild trust and accountability in digital lending.

Provision

RE-LSP Multi-Lender Arrangements (Para 6)

Deadline

Effective November 1, 2025

To be completed by June 15, 2025

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1. The Companies (Accounts) Amendment Rules, 2025

Summary of G.S.R. 317(E) dated 19th May, 2025, issued by the Ministry of Corporate Affairs
On Companies (Accounts) Amendment Rules, 2025

What’s New?

The deadline mentioned in the fourth proviso of Rule 12(1B) of the Companies (Accounts) Rules, 2014 has been extended from 31st March, 2025 to 30th June, 2025.

Detailed Explanation

- 1. Rule Involved: Rule 12(1B) of the Companies (Accounts) Rules, 2014 pertains to the filing of financial statements in Form CSR-2, which relates to Corporate Social Responsibility (CSR) compliance.
- 2. The fourth proviso of this rule provided a timeline for certain companies to file Form CSR-2.
- 3. The amendment made via this notification extends the due date for filing Form CSR-2 for the financial year 2023–24 from 31st March, 2025 to 30th June, 2025.

Key Conditions

- 1.The extension applies only to the filing of Form CSR-2 as specified under Rule 12(1B), fourth proviso.

2. It is applicable to companies required to furnish CSR details separately in Form CSR-2, as per existing CSR provisions under Section 135 of the Companies Act, 2013.

Practical Conditions

1. Companies with CSR obligations now have additional time (up to 30th June 2025) to file Form CSR-2 for FY 2023–24.
2. This provides regulatory relief, particularly to companies requiring additional time to compile CSR data and ensure compliance.
3. Professionals involved in CSR reporting and company secretarial work should revise internal compliance calendars accordingly.
4. Avoids last-minute filing rush and potential penalties for non-compliance with earlier deadline.

Implementation Deadlines

1. Effective Date: Date of publication in the Official Gazette (19th May, 2025).
2. Revised CSR-2 Filing Due Date: 30th June, 2025 for the financial year 2023–24

Link : [Click Here](#)

2. The Companies (Indian Accounting Standards) Amendment Rules, 2025.

Summary of G.S.R. 291(E) dated 07th May, 2025, issued by the Ministry of Corporate Affairs on Companies (Indian Accounting Standards) Amendment Rules, 2025

What's New?

The notification amends Ind AS 21 and Ind AS 101 to provide detailed guidance on accounting for foreign exchange when a currency is not exchangeable. It introduces:

- 1. New definitions and application guidance for “lack of exchangeability”.
- 2. Requirements for estimating spot exchange rates when currencies are not freely exchangeable.
- 3. Related disclosures and transitional provisions.

Detailed Explanation

- 1. Scope of Amendments:
 - Focused on situations where a currency is not exchangeable into another currency at the measurement date.
 - Includes guidance on estimating spot exchange rates and related financial disclosures.

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2. Changes to Ind AS 21 – Effects of Changes in Foreign Exchange Rates:

- New definitions added under Para 8A & 8B to clarify what constitutes "exchangeable currency".
- Para 19A added to mandate estimation of spot rate when exchangeability is lacking.
- Substitution of Para 26 to clarify which exchange rate to use when multiple rates are available.
- New disclosure requirements under Para 57A & 57B for currency restrictions and their impact on financials.
- Appendix A added for step-by-step guidance on determining exchangeability and estimating rates.

3. Changes to Ind AS 101 – First-time Adoption:

- Amendment in Para 31C to address use of fair value in hyperinflationary economies.
- Amendment in Para D27(b) to align the assessment of exchangeability with revised Ind AS 21.

Key Conditions

1. Entities must assess exchangeability at the measurement date and for a specified purpose.
2. If exchangeability is lacking, spot exchange rates must be estimated using observable data or estimation techniques
3. Disclosures must be made on:
 - Currency and restrictions
 - Estimation methods
 - Affected transactions and balances
 - Risk exposures

Additional Conditions

1. Entities must not restate comparative information.
2. Transitional adjustments should be recognized in opening retained earnings or translation reserves as applicable.
3. Entities must distinguish between presentation and functional currencies for translation purposes.

Practical Implications

1. Brings clarity and consistency in reporting when exchange controls or market inaccessibility exists (e.g., in hyperinflationary or crisis-hit economies).
2. Increases transparency for investors and regulators through new disclosure requirements.
3. May affect valuation of foreign assets/liabilities, impacting earnings and net worth.
4. Requires system updates and accounting policy changes for impacted companies.

Implementation Deadlines

1. Effective for annual reporting periods beginning on or after 1st April 2025.
2. Early application is permitted.
3. Entities must apply the amendments from the beginning of the annual reporting period in which they are first adopted.

Link : [Click Here](#)

1. The updated drafts are intended to be country-agnostic, suitable for global use.
2. ICAI encourages active participation from members and stakeholders for comprehensive inputs.

The revised standards, once finalized, may affect how forensic engagements are approached and executed by ICAI members. It also signals ICAI's intention to align more closely with international best practices, increasing the relevance of FAIS beyond India.

1. Comment submission deadline: June 19, 2025
2. Final implementation date: Not yet announced; will follow after finalization post consultation.

Link : [Click Here](#)



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1. The Foreign Contribution (Regulation) Amendment Rules, 2025

Summary of G.S.R. 342(E) dated 26th May, 2025 - The Foreign Contribution (Regulation) Amendment Rules, 2025

What's New?

1. Amendments to the Foreign Contribution (Regulation) Rules, 2011.

2. Revisions across multiple forms (FC-3A, 3B, 3C, 4, 6A to 6E, and Proforma AA).

3. Introduction of new documentation requirements and reporting formats.

4. Focus on enhanced transparency, activity-specific disclosures, and compliance with FATF guidelines.

Detailed Explanation

1. Forms FC-3A, FC-3B, and FC-3C (Registration, Prior Permission, and Renewal):

• Removal of requirement to submit "relevant pages" and "aims and objects".

• Detailed documents now mandatory:

a) 3 years' financials and audit reports.

b) Activity-wise CA certification.

c) Affidavits in Proforma AA.

d) Specific declarations for publication-related associations.

e) Statement on past foreign contribution utilisation if registration lapsed.

f) Certificate if expenditure on objectives was less than ₹15 lakhs.

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2. Form FC-4 (Annual Return):

- Detailed tabular disclosure of:
 - a)Purchase of fresh assets.
 - b) Movable and immovable assets created from foreign contributions.
 - c) CA certification with project-wise utilisation reports.

3. Form FC-6 Series (6A to 6E):

- New "Note" sections mandating documentary evidence for:
 - a)Changes in name/address.
 - b) Change in nature, aims or objectives.
 - c)Change in designated or additional FCRA accounts.
 - d)Opening of FC-utilization accounts.
 - e) Change in key members of the association.

4. Proforma ‘AA’ (Affidavit):

- Addition of paragraph confirming citizenship, absence of conviction or pending prosecution.

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Key Conditions

1. Mandatory submission of specified documents for each application type.
2. Requirement to reconcile financial and activity reports with CA certificates.
3. Adherence to FATF guidelines for prior permission applicants.
4. Specific affidavit formats (Proforma AA) for individual declarations.
5. Non-submission or discrepancies may lead to denial of registration/renewal.

Additional Conditions

1. Associations previously registered under FCRA must furnish proof of utilisation for contributions received after expiry or cancellation.
2. Publication-related associations must submit an undertaking of compliance under Section 3(1)(g) of FCRA.
3. If publications are registered with RNI, “Not a Newspaper” certificate is required.
4. Changes must be backed by board resolutions and approvals from relevant authorities.

Practical Implications

- 1.Increased Documentation: Applicants now face a higher compliance burden with detailed documentation and CA certifications.
- 2.Financial Transparency: CA certifications ensure accurate reporting of utilisation and asset creation.
- 3.Operational Complexity: Changes in organisational structure, bank accounts, or governing body now require formal documentation and declarations.
- 4.Enhanced Scrutiny: Greater emphasis on aligning foreign contribution usage with stated objectives.

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Summary of Payment of compounding and fees from the FCRA bank account of the FCRA association whose validity has been expired

The Ministry of Home Affairs (MHA) has now permitted associations whose FCRA registration has expired to use their FCRA-designated bank account to pay compounding penalties and fees. This can be done through the SBI, New Delhi Main Branch, using the FCRA online portal under the newly introduced “SBI Branch Payment” option.

Under Rule 12(5) of the Foreign Contribution (Regulation) Rules, 2011, associations whose FCRA registration has expired are prohibited from receiving or utilizing foreign contributions until renewal. Consequently, they were also unable to make any payments, including penalties or fees, from their FCRA bank account.

However, invoking powers under Section 50 of the FCRA, 2010, the MHA has relaxed this condition specifically for the purpose of paying compounding penalties and applicable government fees. This move facilitates the regularization process for associations that are non-compliant due to expired registration, while still maintaining restrictions on any other form of fund utilization from the FCRA account.

1. The association's FCRA registration must be expired.
2. Payments are restricted to compounding penalties and statutory fees only.
3. Such payments must be routed exclusively through the SBI, New Delhi Main Branch, via the FCRA online portal.

Any use of the FCRA account beyond these specific payments will be considered a violation of the FCRA, 2010 and will attract penal consequences.

This notification offers a compliance route for defaulting associations to regularize their status without violating FCRA norms, ensuring administrative and procedural continuity. It also reduces delays in penalty resolution that were caused by fund inaccessibility.

The directive is applicable with immediate effect and does not specify any sunset or expiry clause.

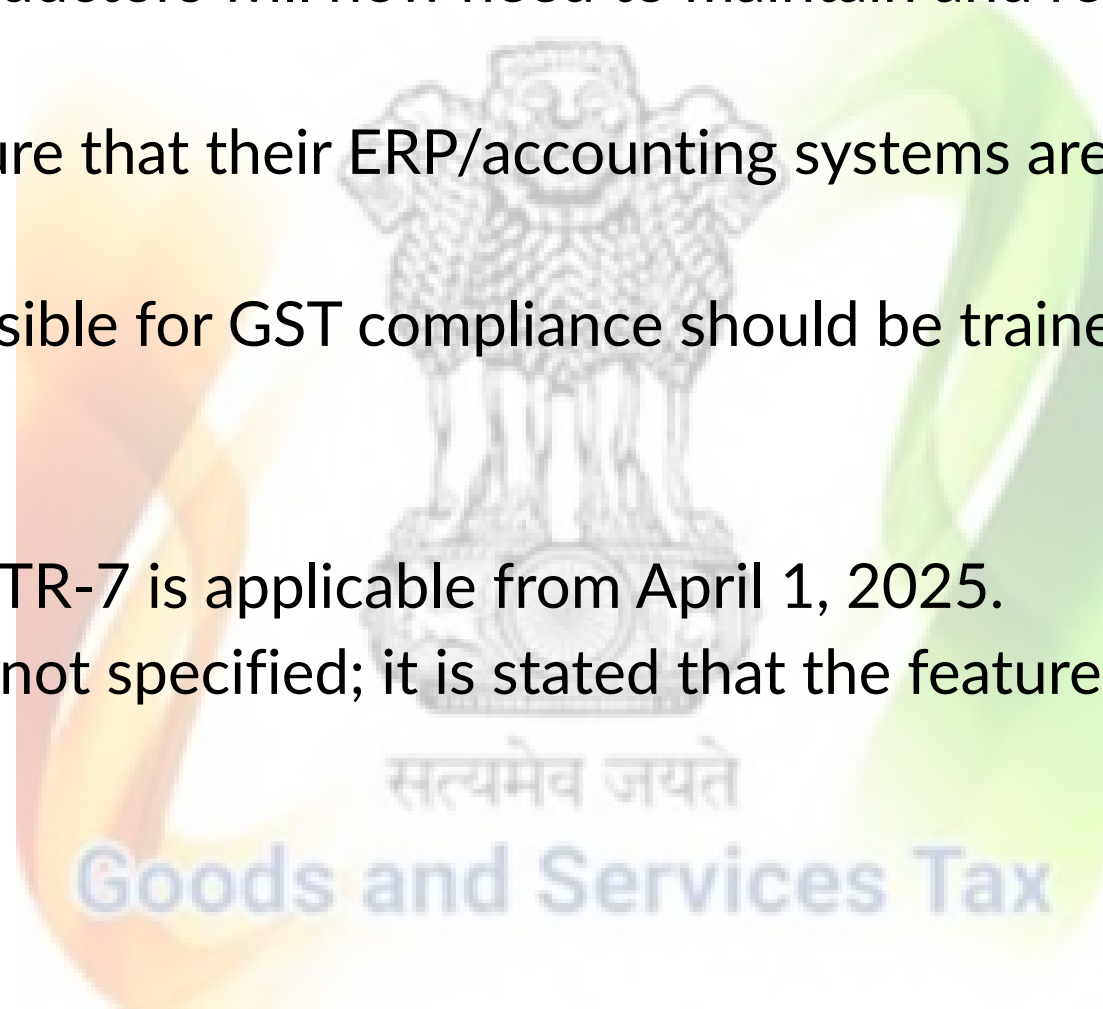
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Practical Implications

1. Increased compliance requirements: TDS deductors will now need to maintain and report invoice-wise data, increasing the detail and accuracy required during return filing.
2. System preparedness: Businesses must ensure that their ERP/accounting systems are capable of capturing and exporting invoice-wise TDS data for GSTR-7.
3. Training and process updates: Teams responsible for GST compliance should be trained on the new requirements and reporting format.

Implementation Deadlines

1. Effective Date: Invoice-wise reporting in GSTR-7 is applicable from April 1, 2025.
2. Go-live on Portal: Exact deployment date is not specified; it is stated that the feature will be deployed "shortly" and users will be notified once it is live.



Link : [Click Here](#)

2. Updates in Refund Filing Process for various refund categories-Reg

Summary of Updates in Refund Filing Process for various refund categories-Reg

What's New?

GSTN has shifted from 'Tax Period based filing' to 'Invoice based filing' for three specific refund categories, eliminating the requirement to select tax periods ('From' and 'To') during application filing.

Detailed Explanation

The notification covers refund process changes for Export of Services with payment of tax, Supplies made to SEZ Unit/SEZ Developer with payment of tax, and Refund by Supplier of Deemed export. Taxpayers can now directly select the refund category and create applications without specifying tax periods. The new system requires uploading eligible invoices in designated statements: Statement 2 for Export of Services, Statement 4 for SEZ Supplies, and Statement 5B for Deemed Exports by Supplier.

Key Conditions

- 1. All returns (GSTR-1, GSTR-3B etc) due till the date of refund application must be filed before claiming refunds.
- 2. Once invoices are uploaded with a refund application, they become locked and cannot be amended.
- 3. Locked invoices cannot be used for subsequent refund claims.

and speeds up refund applications by removing the requirement to submit invoices since they become permanent records, and deemed export suppliers through the end of May 8th, 2025, with no transition period specified.

Goods and Services Tax

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3. Updates in Refund Filing Process for Recipients of Deemed Export

Summary of Updates in Refund Filing Process for Recipients of Deemed Export dated May 8th, 2025, issued by GSTN.

What's New?

GSTN has eliminated the chronological order requirement for refund applications and introduced a new five-column table structure for "Amount Eligible for Refund" with enhanced auto-population and calculation features to maximize refund claims.

Detailed Explanation

The notification introduces significant changes to the refund filing process specifically for the category "On account of Refund by Recipient of deemed export". Key updates include:

1. Removal of chronological order requirement for refund applications
2. Enhanced functionality to maximize refund claims
3. Revised table structure for "Amount Eligible for Refund" with five new columns
4. Improved auto-population and calculation features

Key Conditions

1. Taxpayers must ensure all returns (GSTR-1, GSTR-3B etc.) due till the date of refund application are filed before submission.
2. Invoices must be properly uploaded in Statement 5B for accurate auto-population of ITC amounts.
3. The eligible refund calculation follows the debit order specified in Circular No. 125/44/2019-GST dated 18.11.2019.

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<u>CIRCULAR FROM FCRA</u>	→	<u>CIRCULAR FROM GST</u>	→		





Additional Conditions

1. Column 3 allows only downward editing to prevent over-claiming beyond uploaded invoice support.
2. The system automatically displays ineligible amounts when ECL balance is insufficient.
3. Auto-population depends entirely on accurate invoice uploads in Statement 5B.

Practical Implications

These changes provide taxpayers with greater flexibility in timing their refund applications while ensuring maximum utilization of a available input tax credit across different tax heads. The enhanced transparency through detailed column breakdowns reduces processing errors and application rejections. Taxpayers can now claim refunds more strategically without being constrained by chronological periods, and the auto-calculation features minimize manual errors while ensuring compliance with existing circulars.

Implementation Deadlines

The changes are effective immediately from May 8th, 2025, with no specific transition period mentioned. Taxpayers experiencing difficulties can raise grievances through the GST portal at <https://selfservice.gstsystem.in/ReportIssue.aspx>.

Link : [Click Here](#)

4. Advisory on Appeal withdrawal with respect to Waiver scheme

Summary of Advisory on Appeal Withdrawal with Respect to Waiver Scheme.

What’s New?

The advisory introduces clarity on the mechanism of appeal withdrawal under the GST system, particularly in relation to the waiver scheme under Section 128A. It distinguishes the process based on whether the withdrawal application is filed before or after the final acknowledgment by the Appellate Authority.

Detailed Explanation

Under the GST framework, if a withdrawal application (APL-01W) is filed before the issuance of the final acknowledgment (APL-02), the system will auto-update the status to "Appeal withdrawn." If the application is filed after acknowledgment, the withdrawal is subject to approval by the Appellate Authority. Once approved, the appeal status is updated accordingly.

The waiver scheme under Section 128A requires that no appeal be pending against the demand order. Thus, an updated status of "Appeal withdrawn" (regardless of the route) fulfills this requirement. Taxpayers must upload a screenshot showing this status when filing for or updating a waiver application.

Key Conditions

- 1. Appeal must not be pending for waiver eligibility.
- 2. "Appeal withdrawn" status must be reflected in the GST portal.

Additional Conditions

Taxpayers must upload a screenshot showing the "Appeal withdrawn" status as part of their waiver application.

Practical Implications

This advisory simplifies compliance with Section 128A by clarifying the required steps and system behaviour. Timely withdrawal and correct documentation ensure eligibility under the waiver scheme.

Implementation Deadlines

Effective immediately from May 14, 2025.

Link : [Click Here](#)

