



25th NOVEMBER

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UPDATES

September

2025

Mogra is a fragrant evergreen shrub whose white jasmine flowers are used in perfumes, garlands, and traditional wellness practices.

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Updates

September 2025

P G BHAGWAT LLP (“PGB LLP”) is glad to release updates for the month of September 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 timelines for filing of various reports of audit for Financial Year 2024-25 (relevant to Assessment Year 2025-26) by auditable assessee

Summary of Extension of timelines for filing of various reports of audit for Financial Year 2024-25 (relevant to Assessment Year 2025-26) by auditable assessee (File No. 225/131/2025/ITA-II, dated 25th September 2025)

What's New?

- The Central Board of Direct Taxes (CBDT) has extended the deadline for furnishing audit reports under the Income-tax Act, 1961 for Financial Year 2024-25 (Assessment Year 2025-26) from 30th September 2025 to 31st October 2025.

Detailed Explanation

The CBDT, exercising its powers under Section 119 of the Income-tax Act, 1961, has extended the 'specified date' mentioned in clause (a) of Explanation 2 to sub-section (1) of Section 139 of the Act.

1. Background:

- Section 139 of the Income-tax Act deals with the filing of income tax returns
- Various assessee are required to get their accounts audited under different provisions of the Act (such as tax audit under Section 44AB, transfer pricing audit under Section 92E, etc.)



- These audit reports must be furnished before filing the return of income
- The original deadline was 30th September 2025
- This has now been extended by one month to 31st October 2025.

Key Conditions

1. Applicable Authority: The extension is issued by CBDT under Section 119 of the Income-tax Act, 1961

2. Applicable Assessee: This extension applies to "auditable assessee" - i.e., those taxpayers who are required to get their accounts audited under various provisions of the Income-tax Act

3. Applicable Period:

Financial Year: 2024-25

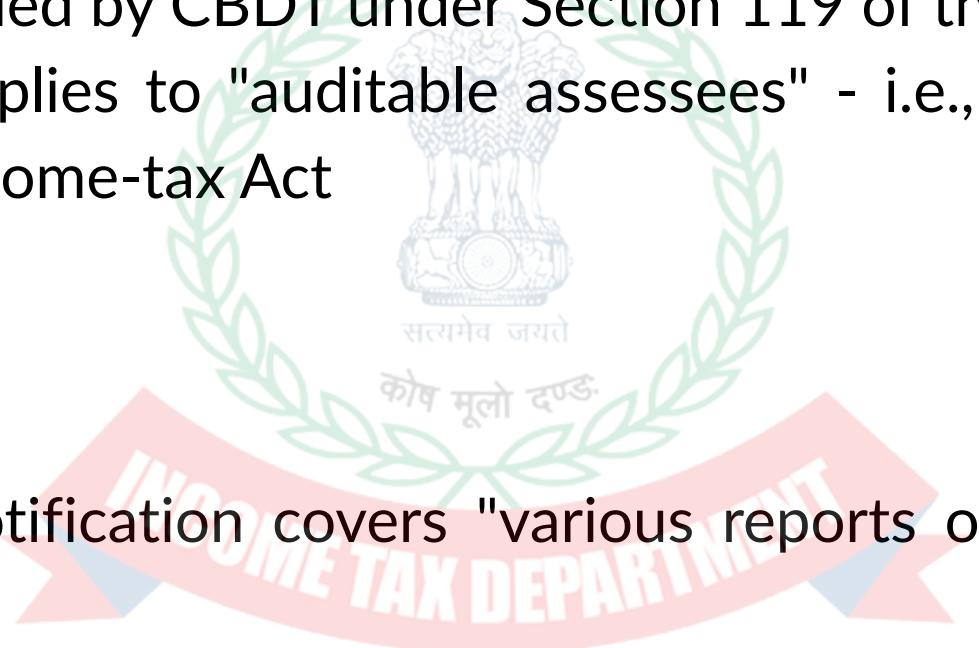
Assessment Year: 2025-26

4. Types of Audit Reports Covered: The notification covers "various reports of audit under any provisions of the Act" which typically includes:

Tax audit under Section 44AB

Transfer pricing audit under Section 92E

Other specified audit reports



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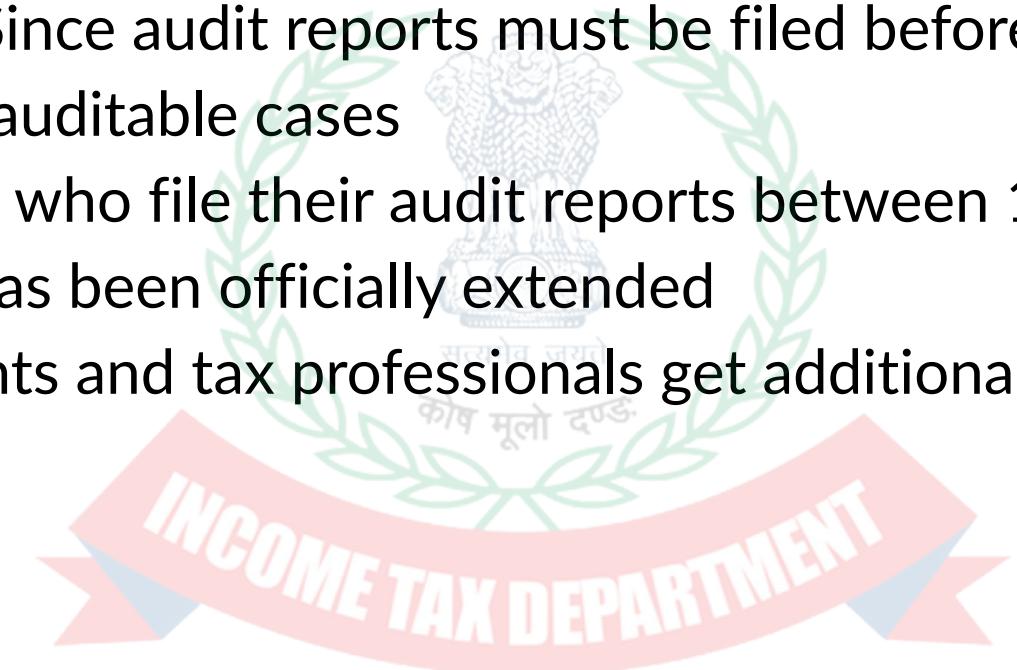


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Practical Implications:

1. Relief to Assessee: Taxpayers who are required to file audit reports get an additional month to complete their audit formalities and file the reports
2. Compliance Buffer: This provides breathing room for businesses and tax practitioners who may be facing difficulties in completing audits by the original deadline
3. Consequential Impact on Return Filing: Since audit reports must be filed before the income tax return, this extension effectively provides more time for filing returns for auditable cases
4. No Penalty for Delayed Filing: Assessee who file their audit reports between 1st October 2025 and 31st October 2025 will not face penalties for late filing, as the deadline has been officially extended
5. Professional Relief: Chartered Accountants and tax professionals get additional time to complete audit assignments during the peak filing season



Implementation Deadlines

1. Original Deadline: 30th September 2025
2. Extended Deadline: 31st October 2025
3. Effective Date: This circular is dated 25th September 2025 and is effective immediately

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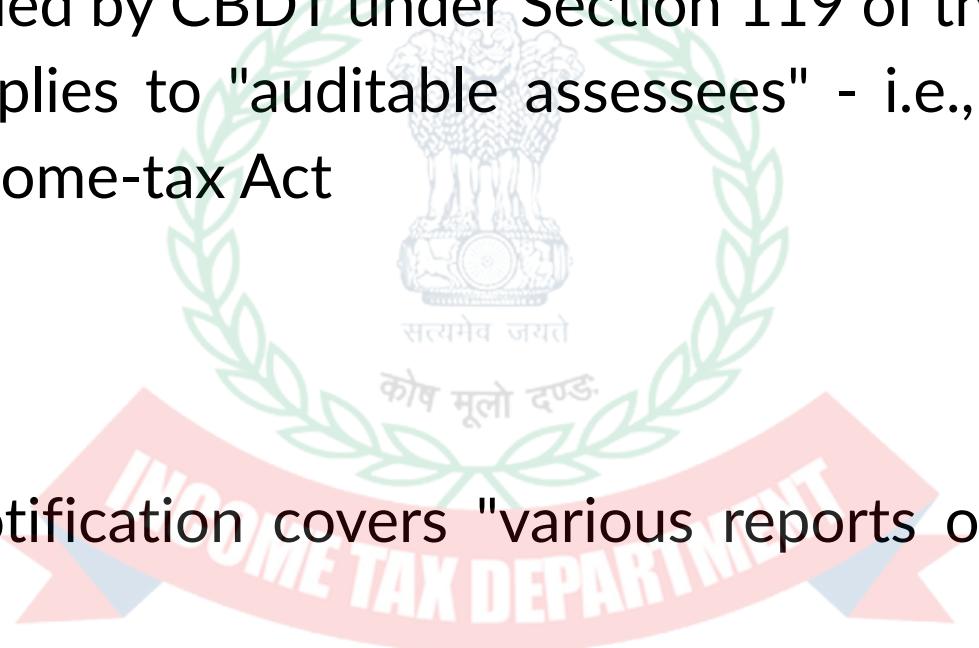
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Other specified audit reports

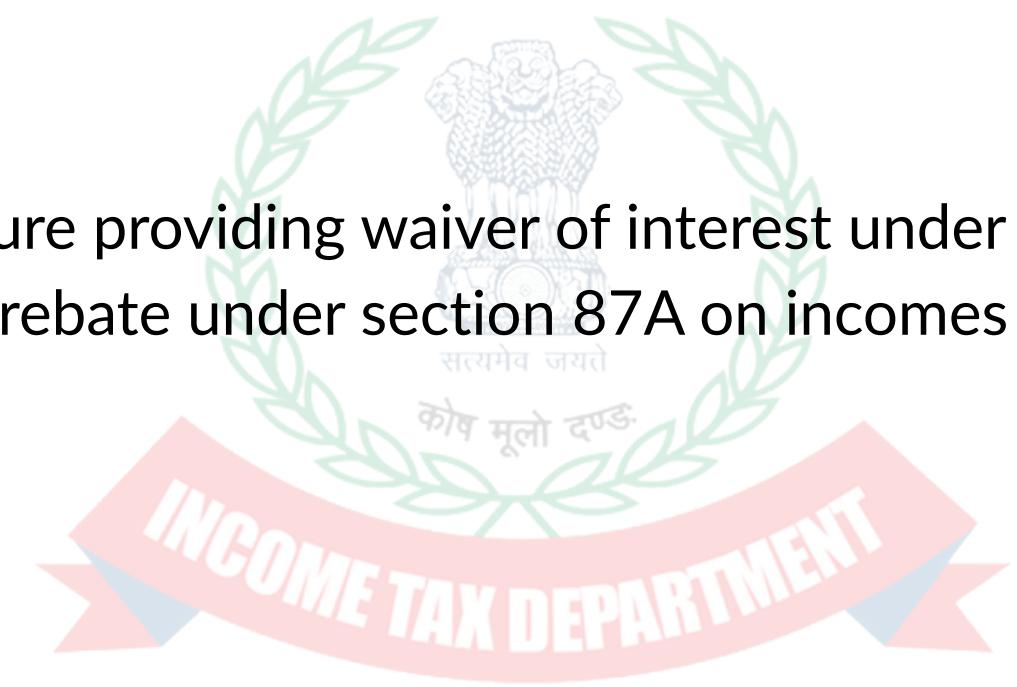


2. Order under section 119 of the Income-tax Act, 1961 for waiver of interest payable under section 220(2) due to late payment of demand, in certain cases

Summary of Order under section 119 of the Income-tax Act, 1961 for waiver of interest payable under section 220(2) due to late payment of demand, in certain cases

What's New?

CBDT has announced a one-time relief measure providing waiver of interest under section 220(2) for taxpayers who face additional tax demands arising from incorrect allowance of rebate under section 87A on incomes chargeable to special rates under the new tax regime (section 115BAC(1A)).



Detailed Explanation

- Background Issue**

1. Tax Regime Context: Under section 115BAC(1A) (new tax regime), incomes taxed at special rates under Chapter XII are not included when determining tax liability.
2. Rebate Limitation: Section 87A rebate is subject to clause (b) of the proviso, which restricts its application under the new tax regime for incomes chargeable to special rates.



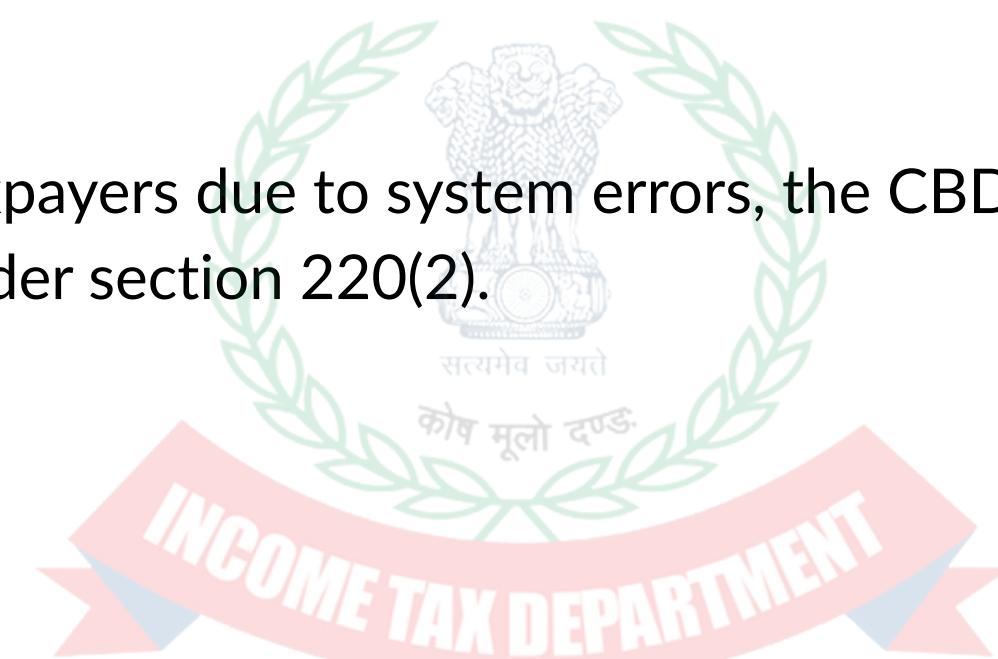
3. **Processing Error:** Tax returns were processed by the system and rebate under section 87A was incorrectly allowed on incomes that were chargeable to tax at special rates under Chapter XII.

4. **Rectification Consequence:** These cases require rectification to disallow the incorrectly granted rebate, resulting in additional tax demands being raised on taxpayers.

5. **Interest Liability:** Normally, delayed payment of such demands would attract interest under section 220(2).

- **Relief Granted**

To address the genuine hardship faced by taxpayers due to system errors, the CBDT has exercised its powers under section 119 to waive the interest that would otherwise be charged under section 220(2).



Key Conditions

1. **Eligible Cases:** Only cases where:

- Returns were already processed
- Rebate under section 87A was incorrectly allowed on incomes chargeable to special rates
- Rectification orders are passed by CPC to disallow such rebate
- Demands are raised as a result of such rectification

2. **Payment Deadline:** The demand must be paid on or before 31st December 2025

3. **Waiver Scope:** Interest under section 220(2) will be fully waived if payment deadline is met

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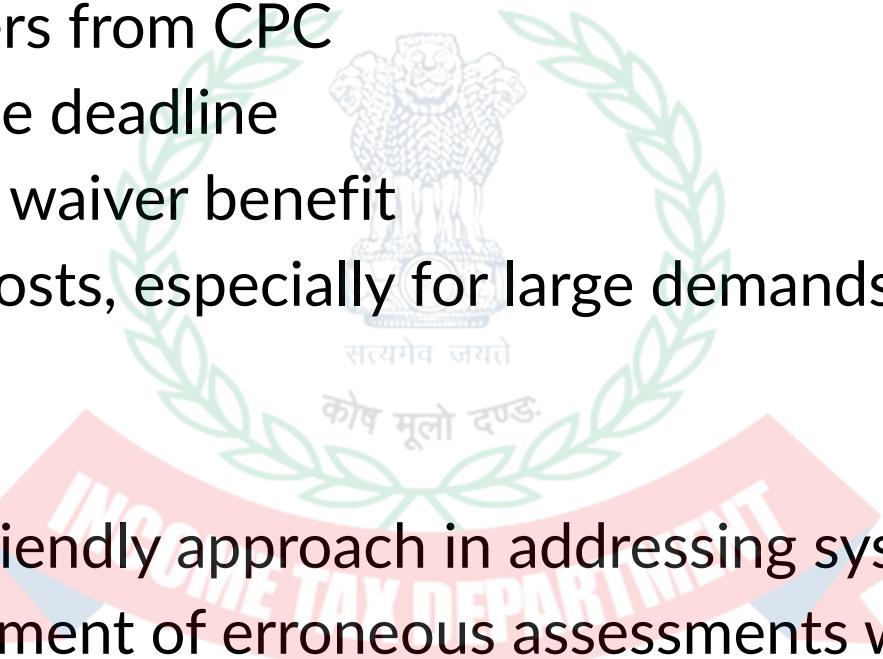
Practical Implications

- **For Taxpayers:**

1. Financial Relief: Taxpayers who made genuine tax planning decisions under the new regime won't be penalized with interest for system-level processing errors.
2. Action Required: Affected taxpayers must:
 - Monitor their tax portal for rectification orders from CPC
 - Arrange funds to clear the demand before the deadline
 - Make payment promptly to avail the interest waiver benefit
3. Cost Saving: Significant savings on interest costs, especially for large demands where interest could accumulate substantially.

- **For Tax Administration:**

1. Goodwill Gesture: Demonstrates taxpayer-friendly approach in addressing systemic processing issues.
2. Efficient Resolution: Encourages quick settlement of erroneous assessments without litigation.



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Implementation Deadlines

- Circular Issue Date: 11th September, 2025
- Payment Deadline for Interest Waiver: On or before 31st December, 2025
- Interest Charging (if deadline missed): From the day immediately following the period u/s 220(1)



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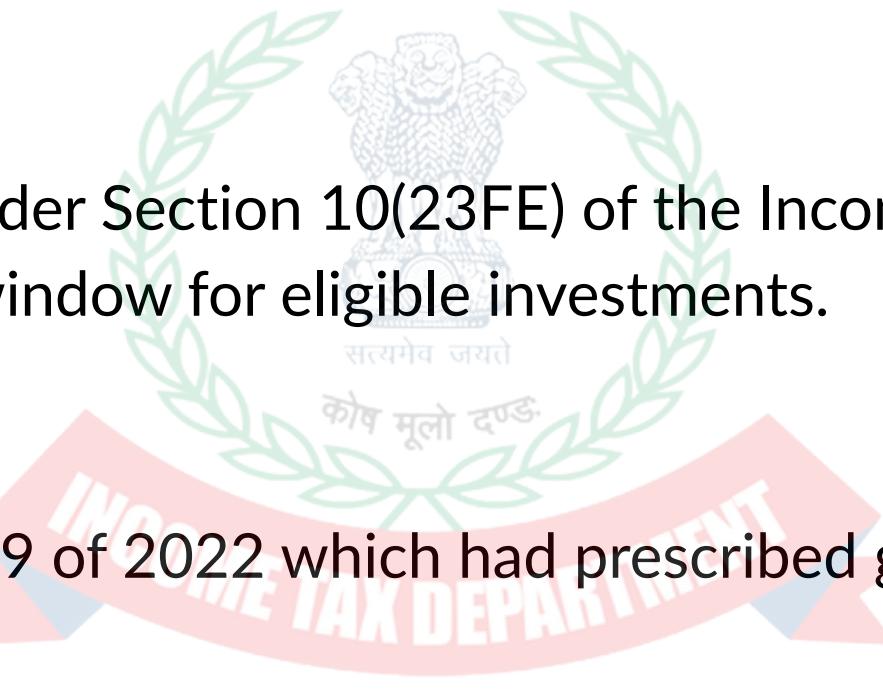


3. Circular No. 11 of 2025 issued by the Central Board of Direct Taxes (CBDT), dated September 2, 2025, regarding "Modification to Circular No. 9 of 2022 dated 09.05.2022 of CBDT"

Summary of Circular No. 11 of 2025 issued by the Central Board of Direct Taxes (CBDT), dated September 2, 2025, regarding "Modification to Circular No. 9 of 2022 dated 09.05.2022 of CBDT"

What's New?

This circular extends the investment deadline under Section 10(23FE) of the Income-tax Act, 1961 from March 31, 2025, to March 31, 2030. This amendment provides an additional 5-year window for eligible investments.



Detailed Explanation

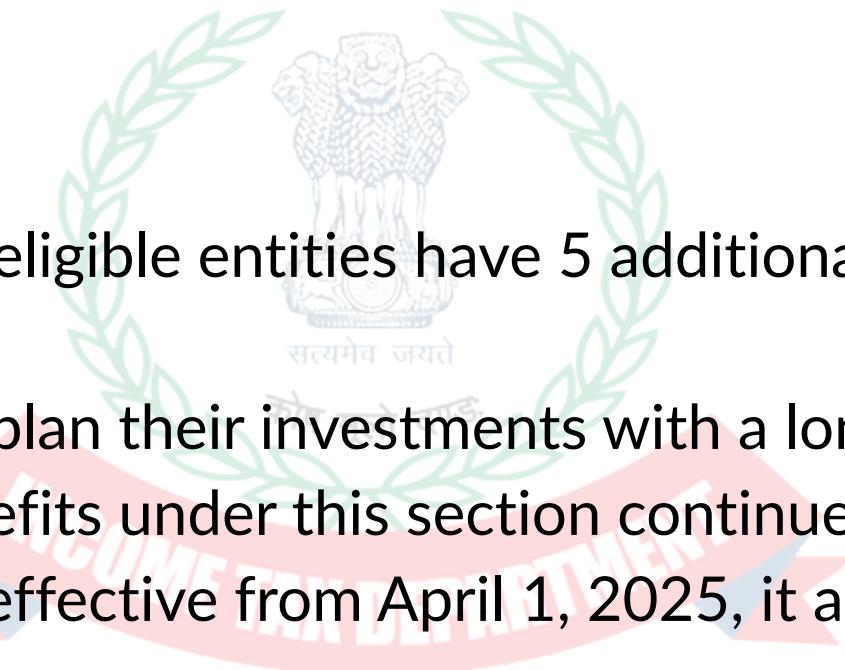
- The circular modifies the earlier Circular No. 9 of 2022 which had prescribed guidelines for exemptions available under clause (23FE) of Section 10 of the Income-tax Act, 1961.
- The Finance Act, 2025 amended Section 10(23FE) to extend the investment timeline, and this circular implements that legislative change by updating all relevant date references in the original circular. Specifically:
 1. References to "31.03.2024" in the opening paragraph
 2. References to "31st March, 2024" in paragraphs 4.6.2 and 4.6.3

All these dates are now to be read as "31st March, 2030".

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Key Conditions

- The extension applies to investments made under Section 10(23FE) of the Income-tax Act, 1961
- The new deadline is March 31, 2030 (extended from March 31, 2025)
- The amendment is effective from April 1, 2025
- All other conditions and guidelines mentioned in the original Circular No. 9 of 2022 remain unchanged



Practical Implications

- Extended Investment Window: Taxpayers and eligible entities have 5 additional years to make qualifying investments under Section 10(23FE)
- Planning Opportunity: Organizations can now plan their investments with a longer time horizon until March 31, 2030
- Continuity of Benefits: The tax exemption benefits under this section continue to be available for a longer period
- Retrospective Effect: Since the amendment is effective from April 1, 2025, it applies to the financial year 2025-26 onwards

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Implementation Deadlines

- Effective Date: April 1, 2025
- New Investment Deadline: March 31, 2030
- Immediate Action: This circular was issued on September 2, 2025, and the modified provisions are already in effect



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4. Income-tax (Twenty-Fifth Amendment) Rules, 2025

Published as G.S.R. 598(E) dated September 1, 2025, by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes.

Summary of Income-tax (Twenty-Fifth Amendment) Rules, 2025

What's New?

This notification extends the sunset dates for tax exemptions under Section 10(23FE) of the Income-tax Act, 1961, by six years. The amendments relate to Rule 2DCA of the Income-tax Rules, 1962, which governs certain tax exemptions.

Key Changes:

Previous sunset year 2024-25 extended to 2030-31

Previous sunset year 2025-26 extended to 2031-32

Reference year 2024 extended to 2030



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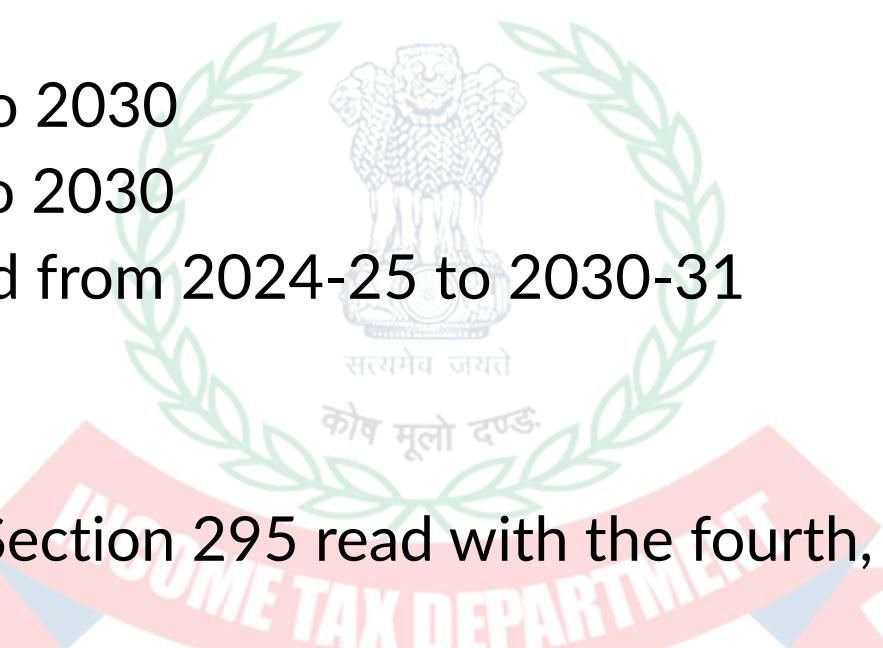
Detailed Explanation

- The notification amends Rule 2DCA across multiple sub-rules and clauses:
 1. Sub-rule (2) - Fourth Proviso: Extended the sunset period from AY 2025-26 to AY 2031-32, and from AY 2024-25 to AY 2030-31
 2. Sub-rule (3) - Fourth Proviso: Similar extension of sunset dates as in sub-rule (2)
 3. Sub-rule (4) - Third Proviso: Extended the applicable period from AY 2025-26 to AY 2031-32, and from AY 2024-25 to AY 2030-31
 4. Explanation 1:

Clause (d): Year reference changed from 2024 to 2030

Clause (e): Year reference changed from 2024 to 2030

Proviso to Clause (h): Assessment year extended from 2024-25 to 2030-31



Key Conditions

1. **Legal Authority:** Amendments made under Section 295 read with the fourth, fifth, and sixth provisos and Explanation 3 to clause (23FE) of Section 10 of the Income-tax Act, 1961
2. **Scope:** Applies specifically to entities covered under Section 10(23FE) - typically sovereign wealth funds, pension funds, and similar specified funds
3. **Sunset Extension:** All relevant sunset clauses extended by 6 years uniformly

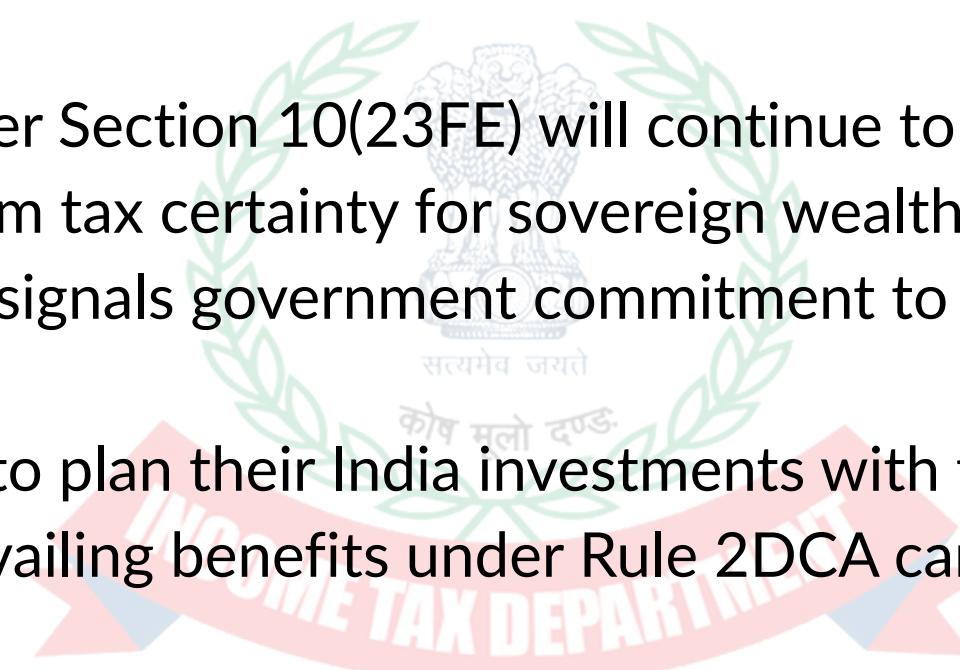
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Additional Conditions

1. The notification references previous amendments, with the last amendment being G.S.R. 566(E) dated August 21, 2025
2. The original Income-tax Rules, 1962 were published vide S.O. 969(E) dated March 26, 1962
3. File Number: F. No. 141/2025/F. No. 370142/30/2025-TPL

Practical Implications

- Extended Tax Benefits: Eligible funds under Section 10(23FE) will continue to enjoy tax exemptions for an additional six years
- Investment Certainty: Provides longer-term tax certainty for sovereign wealth funds and pension funds investing in India
- Attracting Foreign Capital: The extension signals government commitment to maintaining favorable tax treatment for specified institutional investors
- Planning Horizon: Allows eligible entities to plan their India investments with tax exemption visibility until AY 2031-32
- Compliance Continuity: Entities already availing benefits under Rule 2DCA can continue without disruption



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Implementation Deadlines

- Effective Date: The amendments came into force on September 1, 2025 - the date of publication in the Official Gazette.
- No Transition Period Required: Since this is an extension of existing benefits, there is no separate compliance deadline. The extended sunset dates now automatically apply:

Benefits available through Assessment Year 2031-32

Last applicable financial year: 2030-31



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1. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/129 dated September 19, 2025

Summary of SEBI Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/129 dated September 19, 2025

What's new?

- This circular introduces partial modifications to the existing Social Stock Exchange framework based on recommendations from the Social Stock Exchange Advisory Committee (SSEAC). The key changes include:
- Expanded registration eligibility for NPOs to include trusts registered under the Indian Registration Act, 1908
- Extended timeline for annual disclosure and impact reporting from 90 days to October 31st or ITR filing date (whichever is later)
- Revised coverage requirement for Annual Impact Reports - now must cover 67% of program expenditure (previously was different)
- Mandatory assessment of Annual Impact Reports by Social Impact Assessors for all social enterprises.

Detailed Explanation

- Background

This circular amends the previous SSE framework circulars issued on September 19, 2022, and December 28, 2023. The amendments have been incorporated into the ICDR Regulations (amended September 9, 2025) and LODR Regulations (amended September 8, 2025).



- **Key Amendments**

1. NPO Registration Eligibility (Section 4.1)

The types of entities that can register as NPOs on SSE now explicitly include:

Charitable trusts under Indian Trusts Act, 1882

Charitable trusts under state public trust statutes

NEW: Trusts registered under Indian Registration Act, 1908 with Sub-Registrar (in states without public trust laws)

Charitable societies under Societies Registration Act, 1860

Charitable societies under state Societies Registration Acts

Section 8 companies under Companies Act, 2013 (including former Section 25 companies)

Registration certificate must be valid for at least 12 months at the time of seeking SSE registration.

2. Annual Disclosure Requirements (Section 4.2)

- NPOs must make two sets of disclosures:
- Set A - Within 60 days from end of financial year:

General aspects: Organization details, vision/mission, scale of operations

Governance aspects: Ownership structure, board composition, meeting attendance, risk mitigation, ethics mechanisms, remuneration policies, grievance redressal, registration certificates



- Set B - By October 31st or ITR filing date (whichever is later):

General aspects: Beneficiary outreach, top 5 donors/investors, top 5 programs

Governance aspects: Related party transactions, compliance statements

Financial aspects: Complete financial statements, auditor's report, program-wise fund utilization

3. Annual Impact Report Timeline (Section 4.3)

- Deadline extended to October 31st of each year or ITR filing date, whichever is later (previously within 90 days).

4. Self-Reported Impact Reports (Section 4.4)

- For NPOs registered without listing securities:

AIR must be self-reported

Must cover significant activities, interventions, programs, or projects

Methodology for determining significance must be explained

Any activity covered under a listed security automatically qualifies as significant

Must cover 67% of program expenditure from the previous financial year

5. Mandatory Assessment (Section 4.5)

All Annual Impact Reports must be assessed by Social Impact Assessors, and Social Enterprises must disclose the assessor's report along with the AIR.

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Key Conditions

- Validity Period: NPO registration certificate must be valid for minimum 12 months when seeking SSE registration
- Coverage Threshold: Annual Impact Report must cover 67% of program expenditure
- Assessment Requirement: Mandatory assessment by Social Impact Assessors for all AIRs
- Two-tier Disclosure: Separate timelines for governance/operational disclosures (60 days) and financial disclosures (October 31st/ITR date)
- Significance Criteria: NPOs must explain methodology for determining significant activities in self-reported AIRs

Practical Implications

- For NPOs:

Broader Eligibility: More trusts can now register on SSE, particularly in states without specific public trust legislation

Extended Compliance Timeline: Additional time for financial disclosures provides flexibility for audit completion and ITR filing

Increased Transparency: More granular disclosures required on donors, programs, and beneficiaries

Cost Implications: Mandatory assessment by Social Impact Assessors will involve additional costs

Program Focus: The 67% coverage requirement ensures AIRs focus on major activities

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- **For Social Impact Fund Managers:**

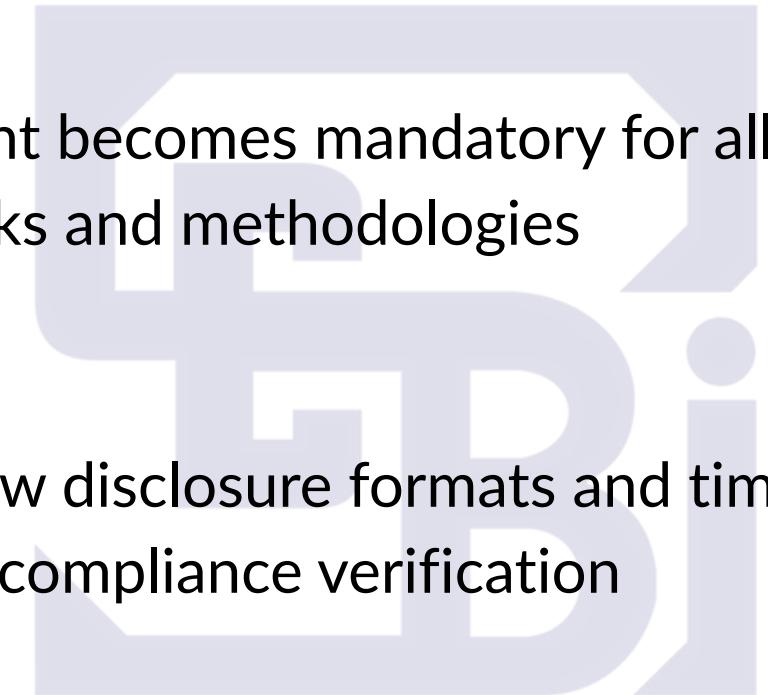
Better information for investment decisions with enhanced disclosure requirements

Standardized impact reporting enables easier comparison across NPOs

- **For Social Impact Assessors:**

Expanded business opportunities as assessment becomes mandatory for all SEs

Need to develop robust assessment frameworks and methodologies



- **For Stock Exchanges:**

System upgrades required to accommodate new disclosure formats and timelines

Enhanced monitoring mechanisms needed for compliance verification

- **For Donors/Investors:**

Improved transparency in fund utilization and program effectiveness

Better visibility into NPO governance and financial health

Access to independently assessed impact reports

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Implementation Deadlines

Immediate Effect: The provisions of this circular come into effect immediately from September 19, 2025



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1. SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/130 dated September 19, 2025

Summary on SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/130 dated September 19, 2025

What's new?

The circular introduces a standardized reason code "TLH" (Transmission to Legal Heirs) to be used by reporting entities when reporting the transmission of securities from a nominee to legal heirs to the Central Board of Direct Taxes (CBDT). This aims to prevent inappropriate capital gains tax assessment on nominees during such transmissions.

Detailed Explanation

Background Issue:

Currently, when a nominee transfers securities to legal heirs (as per their trustee role), they may face capital gains tax assessment despite such transmissions being exempt under Section 47(iii) of the Income Tax Act, 1961. While nominees can claim refunds, this creates unnecessary inconvenience.

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Solution Implemented:

A Working Group was formed and engaged with CBDT to address this issue. The solution involves:

- Introduction of a specific reason code "TLH" for reporting such transactions
- This code will enable proper application of Income Tax Act provisions
- The code signals to tax authorities that the transaction is a transmission (not a taxable transfer)

Purpose:

To streamline the transmission process and eliminate the tax-related complications that nominees face when transferring securities to legal heirs in their capacity as trustees.

Key Conditions

Mandatory Use of Reason Code: Reporting entities (RTAs, Depositories, Depository Participants) must use the reason code "TLH" when reporting transmission of securities from nominee to legal heir to CBDT

Applicable Entities:

- Registrars to an Issue and Share Transfer Agents (RTAs)
- Listed Issuers
- Depositories
- Depository Participants

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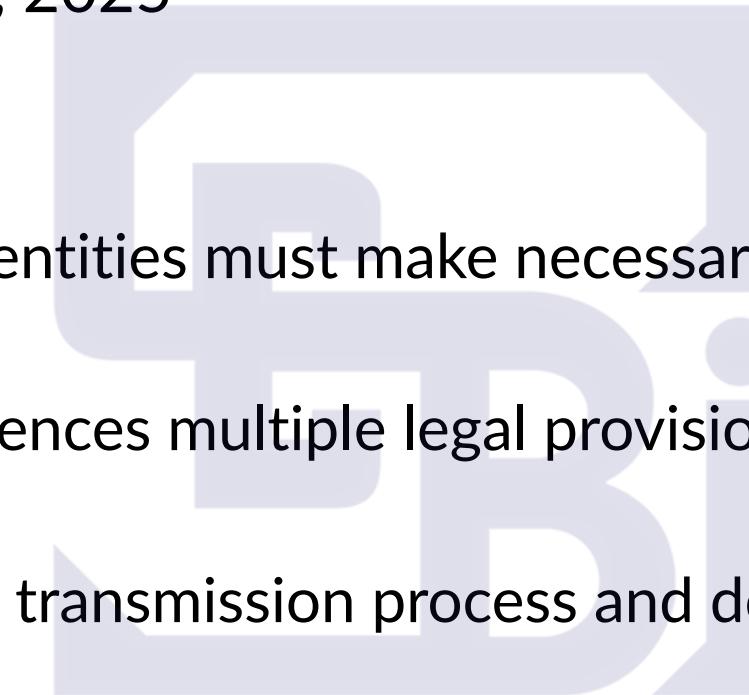


2. Continuation of Existing Procedures: The procedural requirements for transmission of securities to legal heirs remain unchanged as per:

- SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015
- Master Circular for RTAs dated June 23, 2025

Additional conditions:

1. System Changes Required: All applicable entities must make necessary system changes to incorporate the "TLH" reason code in their reporting mechanisms
2. Regulatory Compliance: The circular references multiple legal provisions under which it is issued, ensuring comprehensive regulatory backing
3. No Change in Documentation: The actual transmission process and documentation requirements remain as per existing SEBI regulations.





Practical Implications

- **For Nominees**

Elimination of Tax Hassle: Nominees will no longer face inappropriate capital gains tax assessment when transferring securities to legal heirs

No Refund Claims: Removes the need to go through the cumbersome process of claiming tax refunds

Smoother Process: Facilitates easier execution of their trustee responsibilities

- **For Legal Heirs**

Faster Transmission: Quicker receipt of inherited securities without tax-related delays

Reduced Complications: Fewer procedural hurdles in the inheritance process

- **For Reporting Entities (RTAs, Depositories, DPs)**

System Upgrades: Need to modify existing systems to incorporate the "TLH" reason code

Standardized Reporting: Clearer and more specific reporting to CBDT

Compliance Requirement: Must ensure accurate use of the code for relevant transactions

- **For Tax Authorities**

Better Identification: Easy identification of exempt transmission transactions

Reduced Administrative Burden: Fewer incorrect tax assessments and refund claims to process

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Implementation Deadlines

- Effective Date: January 01, 2026
- All RTAs, Listed Issuers, Depositories, and Depository Participants must:

Complete necessary system changes

Implement the "TLH" reason code mechanism



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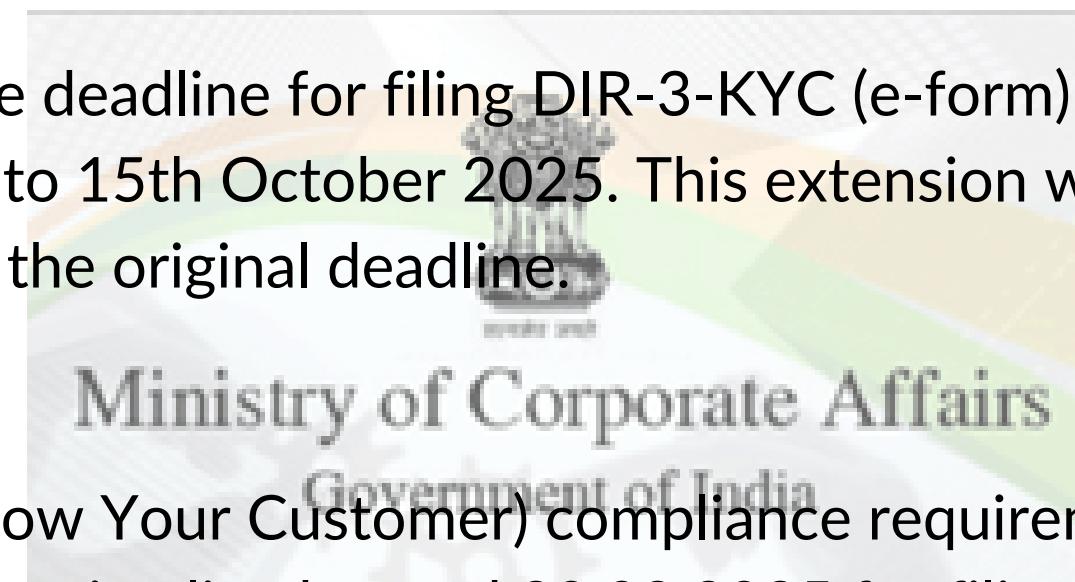


1. Extension of time for filing e-form DIR-3-KYC and web-form DIR-3-KYC-WEB

Summary of General Circular No. 04/2025 dated 29th September, 2025 - Extension of time for filing e-form DIR-3-KYC and web-form DIR-3-KYC-WEB without fee up to 15.10.2025

What's New?

The Ministry of Corporate Affairs has extended the deadline for filing DIR-3-KYC (e-form) and DIR-3-KYC-WEB (web-form) without payment of filing fees from 30th September 2025 to 15th October 2025. This extension was granted in response to suggestions received by the Ministry requesting additional time beyond the original deadline.



Detailed Explanation

- The notification addresses the annual KYC (Know Your Customer) compliance requirement for directors under the Companies Act. The Ministry received suggestions to extend the timeline beyond 30.09.2025 for filing these forms without fees.
- After examination, the Ministry decided to allow filing of both e-form DIR-3-KYC and web-form DIR-3-KYC-WEB without filing fee up to 15th October, 2025. This provides directors with an additional 15-day window to complete their KYC compliance without incurring late filing fees.

- The circular has been issued with the approval of the Competent Authority and is addressed to:

All Regional Directors

The Director General of Corporate Affairs

All Registrars of Companies

All Stakeholders

Key Conditions

1. Extended Deadline: Filing allowed without fee up to 15th October 2025
2. Applicable Forms:
 - e-form DIR-3-KYC
 - web-form DIR-3-KYC-WEB1. Fee Waiver: No filing fees applicable for submissions made by the extended deadline
3. Competent Authority Approval: The extension has been issued with proper authorization
4. Competent Authority Approval: The extension has been issued with proper authorization



Practical Implications

- For Directors:

Directors who have not yet filed their DIR-3-KYC for the current compliance period get an additional 15 days grace period

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Cost savings by avoiding late filing fees if completed by the new deadline

Opportunity to complete pending KYC compliance without financial penalty

- **For Companies:**

Relief for companies whose directors were facing difficulty in completing KYC by the original deadline

Avoidance of potential director disqualification issues arising from non-compliance

Reduced administrative burden and urgency in the closing days of September

- **For Compliance:**

DINs (Director Identification Numbers) will remain active if KYC is filed by 15th October 2025

Prevents automatic deactivation of DINs that would occur due to non-filing



Implementation Deadlines

- Circular Issue Date: 29th September, 2025
- Original Deadlines: 30th September, 2025
- Extended Deadline: 15th October, 2025

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1. Clarification on holding of Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) through Video Conference (VC) or Other Audio Visual Means (OAVM) and passing of Ordinary and Special resolutions by the companies under the Companies Act, 2013

Summary of General Circular No. 03/2025 - Clarification on holding of Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) through Video Conference (VC) or Other Audio Visual Means (OAVM) and passing of Ordinary and Special resolutions by the companies under the Companies Act, 2013 read with rules made thereunder.



What's New?

- This circular extends indefinitely (till further orders) the permission for companies to conduct:
Annual General Meetings (AGMs) through VC/OAVM
Extraordinary General Meetings (EGMs) through VC/OAVM
Transact items through postal ballot
- Previously, these permissions were granted through multiple circulars with specific validity periods. This circular now makes the arrangement open-ended.

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Detailed Explanation

- The Ministry of Corporate Affairs (MCA) has continued the relaxations originally introduced during the COVID-19 pandemic, allowing companies to hold general meetings virtually. This circular:
 1. Supersedes time-bound extensions provided in earlier circulars (issued in 2020, 2022, 2023, and 2024)
 2. Permits virtual AGMs in accordance with requirements specified in General Circular No. 20/2020 dated 05.05.2020 (Para 3 and Para 4)
 3. Permits virtual EGMs and postal ballot transactions as per the framework in General Circular No. 14/2020 and subsequent related circulars
 4. Maintains all other requirements from previous circulars unchanged

Key Conditions

1. For AGMs:

- Must comply with requirements laid down in Para 3 and Para 4 of General Circular No. 20/2020
- Can be conducted through VC or OAVM



2. For EGMs:

- Can be conducted through VC or OAVM
- Alternatively, items can be transacted through postal ballot
- Must follow the framework provided in General Circular No. 14/2020 and related circulars



3. Statutory Timeline Compliance:

- Critical Clarification: This circular does NOT extend statutory timelines for holding AGMs
- Companies must still hold AGMs within the time limits prescribed under the Companies Act, 2013
- Non-compliance with statutory timelines will attract legal action

Practical Implications

- Permanent Flexibility: Companies can now plan their AGMs and EGMs with the certainty that virtual meetings are permitted indefinitely, without waiting for annual extensions
- Cost Savings: Companies can continue to save on venue costs, travel expenses, and logistical arrangements associated with physical meetings
- Wider Participation: Shareholders across geographical locations can participate more easily in meetings
- No Timeline Relaxation: Companies must remain vigilant about statutory deadlines:

1. AGMs must be held within 6 months from the end of financial year (as per Section 96 of the Act)

2. Late conduct of AGMs will still attract penalties despite virtual meeting permissions

- Compliance Burden Reduced: Companies don't need to monitor expiry dates of temporary relaxations anymore

- Legal Consequences: Companies that have already missed statutory timelines cannot use this circular as a defense and remain liable to legal action



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Implementation Deadlines

- Effective Date: September 22, 2025 (date of circular issuance)
- Validity Period: Till further orders (indefinite validity)



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3. Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 Notification No. G.S.R. 603(E) dated September 4, 2025, issued by the Ministry of Corporate Affairs under Section 233 read with Section 469(1) and (2) of the Companies Act, 2013.

Summary of Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 Notification No. G.S.R. 603(E) dated September 4, 2025, issued by the Ministry of Corporate Affairs under Section 233 read with Section 469(1) and (2) of the Companies Act, 2013.



What's New:

This amendment introduces several significant changes to streamline merger and amalgamation processes:

1. Expanded Fast-Track Merger Eligibility - New categories of companies can now use the simplified fast-track merger route under Section 233
2. New Certificate Requirement - Introduction of Form CAA-10A requiring auditor certification for certain merger categories
3. Enhanced Notice Requirements - Mandatory notification to sectoral regulators (RBI, SEBI, IRDAI, PFRDA) and stock exchanges for regulated/listed companies
4. Revised Forms - Updated Forms CAA-9, CAA-10, CAA-11, and CAA-12 with enhanced disclosure requirements
5. Extension to Division/Transfer Schemes - Fast-track provisions now explicitly apply to division or transfer of undertakings under Section 232(1)(b)



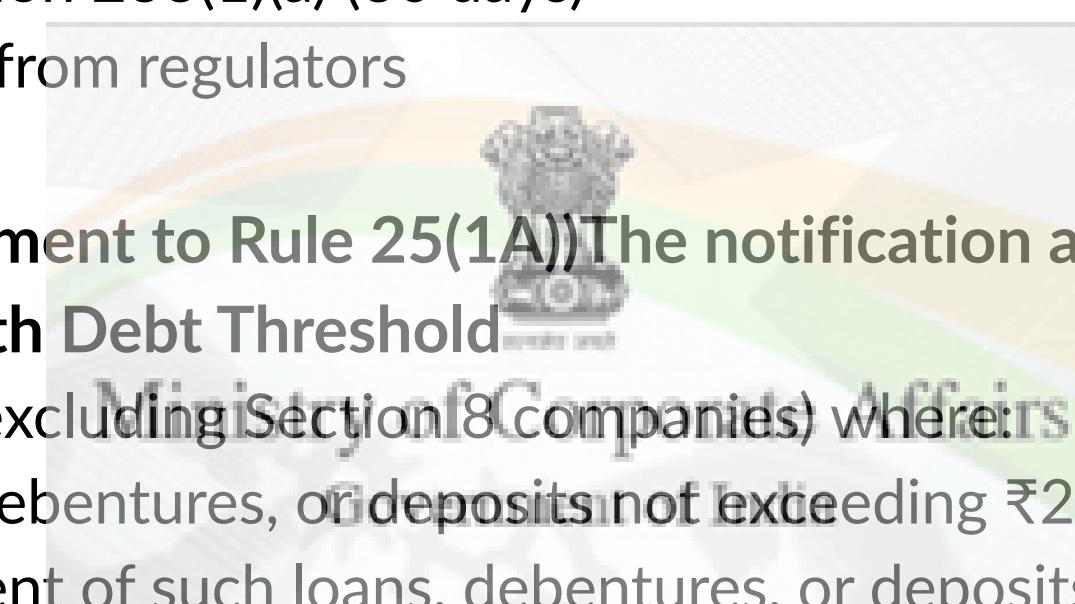
Detailed Explanation:

A. Enhanced Notice Process (Amendment to Rule 25(1))Mandatory Sectoral Regulator Notification:

- Companies regulated by RBI, SEBI, IRDAI, or PFRDA must now issue notices to the concerned regulator
- Listed companies must notify respective stock exchanges

- Timeline: Within the period specified in Section 233(1)(a) (30 days)
- Purpose: To invite objections or suggestions from regulators

B. New Fast-Track Merger Categories (Amendment to Rule 25(1A))The notification adds three new categories eligible for fast-track mergers:Category (iii): Unlisted Companies with Debt Threshold



- Merger of one or more unlisted companies (excluding Section 8 companies) where:
 - Debt Ceiling: Aggregate outstanding loans, debentures, or deposits not exceeding ₹200 crores
 - No Default Condition: No default in repayment of such loans, debentures, or deposits
 - Timing: Conditions must be met within 30 days before notice date AND on the date of scheme filing
 - New Requirement: Auditor's certificate in Form CAA-10A must be filed with the approved scheme
- Category (iv): Holding-Subsidiary Mergers



- Between a holding company (listed or unlisted) and a subsidiary company (listed or unlisted)
 1. Critical Exclusion: Does NOT apply where the transferor company/companies are listed
 2. This allows unlisted holding companies to merge with listed subsidiaries, but not vice versa
 3. Category (v): Sister Subsidiary Mergers
- Between one or more subsidiary companies of the same holding company

Condition: Transferor company/companies must not be listed



Illustration Provided: The rules include a detailed example with Companies A, B, C, and D showing permissible combinations

Example Explained:

Company A (holding) → Company B (WOS) → Company C (subsidiary) → Company D (subsidiary)

Mergers permitted between any combination of A, B, C, D (subject to conditions)

All are considered subsidiaries of the same holding company (A)

Category (vi): Cross-Border Inbound Mergers

Foreign holding company (incorporated outside India) can merge with its Indian wholly owned subsidiary

Reference to Rule 25A(5) for specific procedures

C. Form Filing Requirements (Amendment to Rule 25(2)) Form CAA-10 Enhancement:

Must now be filed as an attachment to Form GNL-1

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Standardizes the filing process

D. Scheme Approval Filing (Amendment to Rule 25(4)) Enhanced Filing Requirements in Form CAA-11:

Must include registered valuer's report

Must be filed as an attachment to Form RD-1

Timeline: Within 15 days after conclusion of members/creditors meetings

Fees as per Companies (Registration Offices and Fees) Rules, 2014

New Proviso for Regulated Companies:

Must attach a statement explaining how objections/suggestions from sectoral regulators or stock exchanges have been addressed in the scheme

E. Extension to Division/Transfer Schemes (New Sub-Rule 25(9)) Significant Expansion:

All provisions of Rule 25 now apply (with necessary modifications) to schemes of division or transfer of undertakings under Section 232(1)(b)

Central Government can make provisions of the nature specified in Section 232(3)(a) to (j)

This brings division/transfer schemes under the same streamlined process



Key Conditions of the Notification:

1. For Category (iii) - Debt-Based Fast-Track:

- Debt Threshold: Total outstanding loans + debentures + deposits ≤ ₹200 crores (aggregate for each company)
- No Default: Zero default in repayment of any loans, debentures, or deposits
- Dual Timeline Compliance:

Within 30 days before notice date under Section 233(1)(a)

On the date of filing scheme under Section 233(2)

- Auditor Certification: Mandatory certificate in Form CAA-10A confirming:

Paid-up share capital

Free reserves

Outstanding loans

Outstanding debentures

Outstanding deposits



2. For Category (iv) - Holding-Subsidiary:

- Listing Restriction: Not applicable where transferor company is listed
- Relationship: Must be genuine holding-subsidiary relationship



3. For Category (v) - Sister Subsidiaries:

- Common Holding: All merging entities must be subsidiaries of the same holding company
- Unlisted Transferor: Transferor company/companies must not be listed

4. For Regulated/Listed Companies:

- Mandatory Regulator Notice: Must notify sectoral regulator within 30 days
- Stock Exchange Notice: Listed companies must notify all stock exchanges where listed
- Response Management: Must file statement showing how regulator/exchange objections were addressed

Additional Conditions:

General Compliance Requirements:

1. Form Attachments:

- Form CAA-10 must be attached to Form GNL-1
- Form CAA-11 must be attached to Form RD-1

2. Valuer Report: Registered valuer's report is mandatory with Form CAA-11

3. Meeting Approval Thresholds (unchanged but clarified):

- Members: 90% of total shares
- Creditors: 9/10ths in value





4. 30-Day Notice Period: Standard notice period for inviting objections/suggestions from:

- Registrar of Companies
- Official Liquidator
- Affected persons
- Sectoral regulators (if applicable)
- Stock exchanges (if applicable)

5. 15-Day Filing Window: Approved scheme must be filed within 15 days after conclusion of meetings

6. Documentation Requirements:

- For Form CAA-10 (Declaration of Solvency):

Full inquiry into company affairs

Opinion on solvency for one year

Audited statement of assets and liabilities

Confirmation of filing annual accounts with ROC

- For Form CAA-11 (Notice of Approval):

Copy of scheme approved by members and creditors

Report of meeting results

Registered valuer's report

Details of approvals with dates and majority percentages





Practical Implications:

1. Expanded Access to Fast-Track Route

- Benefit: More companies can now avoid the lengthy National Company Law Tribunal (NCLT) process
- Impact:

Reduced timeline (typically 3-4 months vs. 12-18 months for NCLT route)

Lower costs (no court fees, fewer legal expenses)

Less documentation burden

Faster business restructuring



2. Debt-Based Eligibility Creates New Opportunities

- For Mid-Sized Companies:

Companies with debt up to ₹200 crores can use fast-track route

Particularly beneficial for manufacturing, real estate, and service sector companies

Enables efficient group restructuring without NCLT intervention

- Caveat: No default requirement means companies must have clean repayment records



3. Group Restructuring Made Easier

- Holding-Subsidiary Mergers:

Simplifies absorption of subsidiaries by unlisted holding companies

Facilitates consolidation of business operations

Helps eliminate multiplicity of entities

- Sister Subsidiary Mergers:

Enables horizontal consolidation within groups

Reduces administrative overhead

Streamlines operations across sister concerns

Example Application:

A group with 5 unlisted subsidiaries can merge 3 of them into one entity using fast-track route, provided they're not listed.



4. Cross-Border Simplification

- Inbound Mergers:

Foreign holding companies can merge with Indian WOS without NCLT

Simplifies exit strategies for foreign investors

Facilitates business restructuring for MNCs with Indian subsidiaries

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- **Strategic Use:**

Foreign parent eliminates Indian subsidiary layer

Converts to branch office structure

Enables direct operations in India

5. Enhanced Regulatory Coordination

- **For Regulated Entities:**

Banks, NBFCs, insurance companies, mutual funds must notify regulators

Ensures sectoral regulator oversight without delaying process

Listed companies must keep stock exchanges informed



- **Compliance Challenge:**

Need to manage dual timelines (30-day notice period + regulator response time)

Must address regulator objections and document responses

Additional layer of documentation in scheme filing

6. Auditor's Role Enhanced

- **New Responsibility:**

Auditors must certify debt levels and default status for Category (iii)

Form CAA-10A creates audit trail

Increases professional liability

- **Due Diligence Implications:**

More thorough financial verification required

Need to verify debt across all categories (loans, debentures, deposits)

Must confirm compliance on two separate dates



7. Extension to Division Schemes

- **Significant Expansion:**

Demergers can now use fast-track route under certain conditions

Previously, divisions typically required NCLT approval

Enables faster corporate restructuring and spin-offs

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- **Business Applications:**

Hive-off of business divisions

Slump sale alternatives [Click Here](#)

Family business partition arrangements

8. Form Rationalization

- **Process Improvement:**

Integration with Form GNL-1 and RD-1 creates unified filing system

Reduces duplicate data entry

Better tracking and processing by MCA



9. Timeline Considerations

- **Overall Process Flow (for fast-track mergers):**

Board approval: Day 0

Notice to regulators/stakeholders: Within 30 days

Response period: 30 days

Member/creditor meetings: After receiving responses

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Filing approved scheme: Within 15 days of meeting

Central Government approval: Typically 30-60 days

- Total Timeline: Approximately 3-5 months (vs. 12-18 months for NCLT route)

10. Cost Implications

• Cost Savings:

No NCLT filing fees (typically ₹2-5 lakhs)

Reduced legal fees (30-40% lower)

Fewer compliance requirements

Less management time investment

Additional Costs:

Auditor certification fees (for Category iii)

Registered valuer fees (mandatory)

Regulatory filing fees



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Implementation Deadlines:

September 4, 2025 - Date of publication in Official Gazette

Immediate Effect

The rules came into force on the date of their publication, meaning:

- All merger schemes filed on or after September 4, 2025 must comply with new requirements
- New Forms (CAA-9, CAA-10, CAA-10A, CAA-11, CAA-12) are effective immediately
- Companies can immediately avail of new fast-track categories

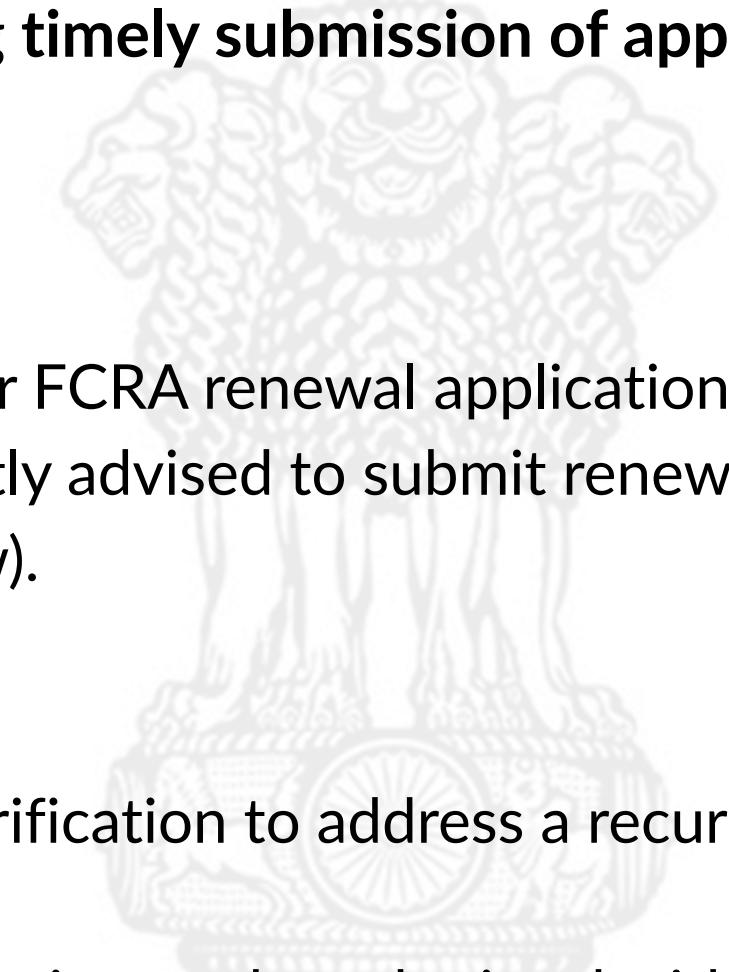


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1. Clarification regarding timely submission of application for renewal of registration certificate under the Foreign Contribution (Regulation) Act, 2010

Summary of Public Notice: Clarification regarding timely submission of application for renewal of registration certificate under the Foreign Contribution (Regulation) Act, 2010



What's New?

This notice introduces a stricter advisory timeline for FCRA renewal applications. While the statutory requirement remains to apply within six months before expiry, associations are now strictly advised to submit renewal applications at least four months before certificate expiry (rather than the minimum six months allowed by law).

Detailed Explanation:

- The Ministry of Home Affairs has issued this clarification to address a recurring problem with FCRA certificate renewals:
 1. Background Legal Framework:

Section 16(1) of FCRA 2010 requires renewal applications to be submitted within six months prior to certificate expiry

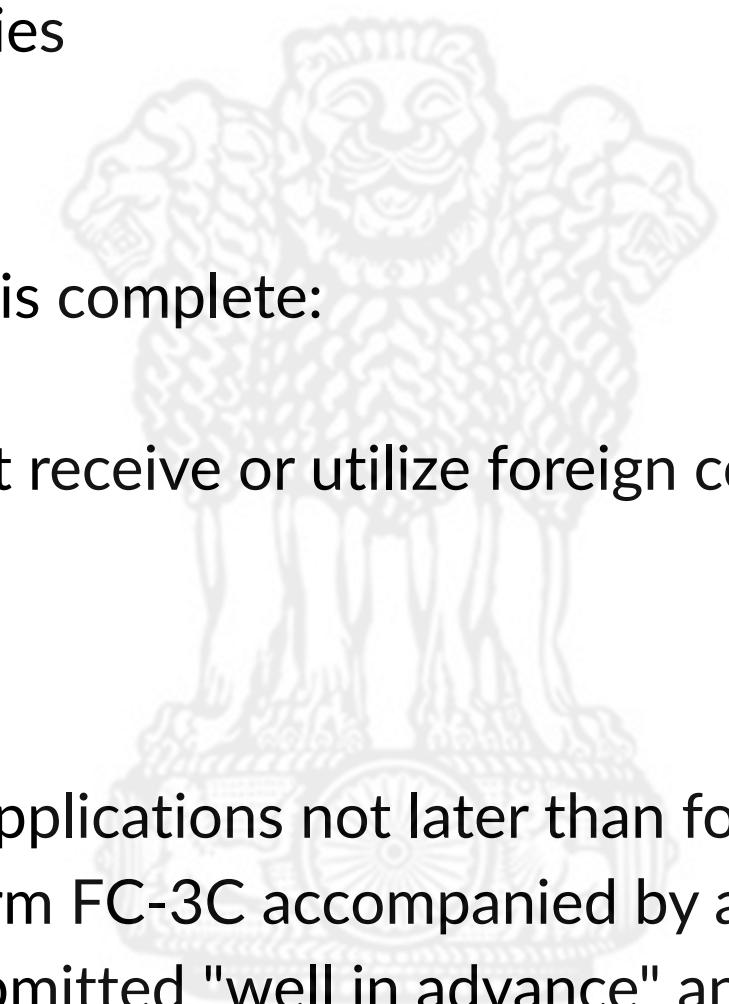
Section 16(3) mandates that the Central Government should ordinarily process renewals within 90 days of receiving the application

Rule 12(2) of FCRR 2011 specifies the application must be in Form FC-3C with Proforma 'AA' affidavits



2. Problem Identified:

Many associations have been submitting applications less than 90 days before expiry, which creates insufficient time for:
Proper scrutiny of applications
Obtaining necessary security clearances from agencies



3. Consequences:

When certificates expire before renewal processing is complete:
The certificate is deemed to have ceased
Under Rule 12(5) of FCRR 2011, associations cannot receive or utilize foreign contributions
Ongoing organizational activities face disruption

Key Conditions

1. Mandatory Timeline Advisory: Submit renewal applications not later than four months (120 days) before certificate expiry
2. Application Format: Electronic submission in Form FC-3C accompanied by affidavits in Proforma 'AA'
3. Advance Submission: Applications should be submitted "well in advance" and definitely before the four-month deadline



Practical Implications

- **For FCRA Registered Associations:**

1. Operational Continuity Risk: Late applications risk certificate lapse, freezing all foreign contribution activities
2. Planning Requirement: Organizations must calendar renewal dates and initiate processes at least 4-5 months in advance
3. Documentation Preparation: Adequate time needed to compile Form FC-3C and required affidavits
4. Financial Impact: Any gap in valid certification halts foreign funding receipt and utilization, potentially affecting:

Ongoing projects

Staff salaries (if funded by foreign contribution)

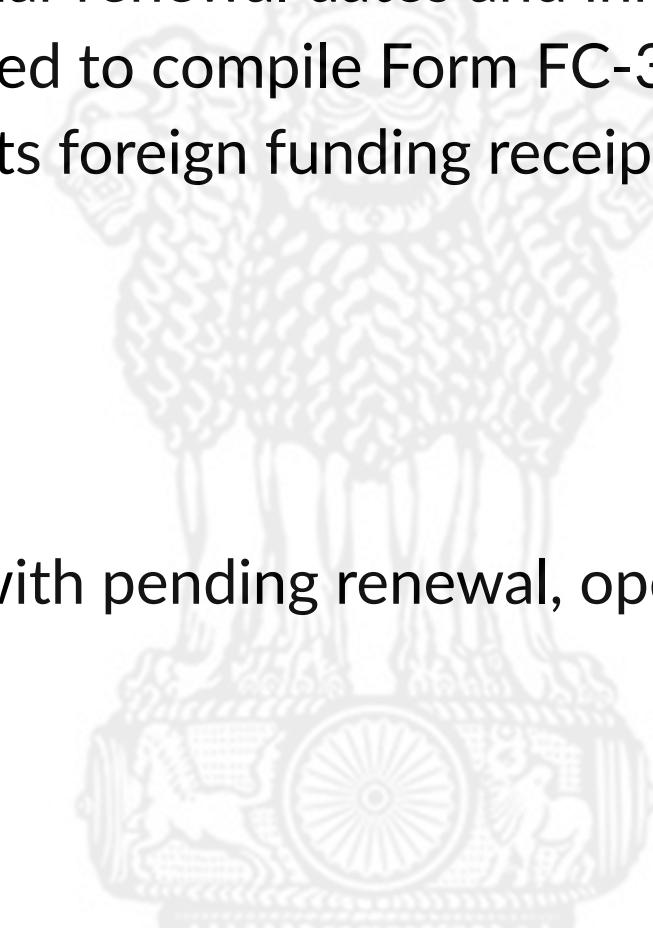
Beneficiary services

Contractual obligations

5. No Retroactive Relief: Once a certificate expires with pending renewal, operations remain suspended until renewal is granted

- **For Compliance Officers:**

1. Need to implement internal reminder systems
2. Build buffer time for document preparation
3. Account for potential queries or additional information requests during processing



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Implementation Deadlines

- Immediate Effect: This notice is effective from 30 September 2025 and applies to all current and future renewal applications.
- Specific Timeline:
 1. For associations whose certificates expire after January 2026, renewal applications should be submitted by September 2025 (4 months prior)
 2. The advisory is applicable immediately to all pending and upcoming renewals
- No Grace Period: The notice does not provide any transitional period or exemptions—the four-month advisory timeline applies immediately to all associations.

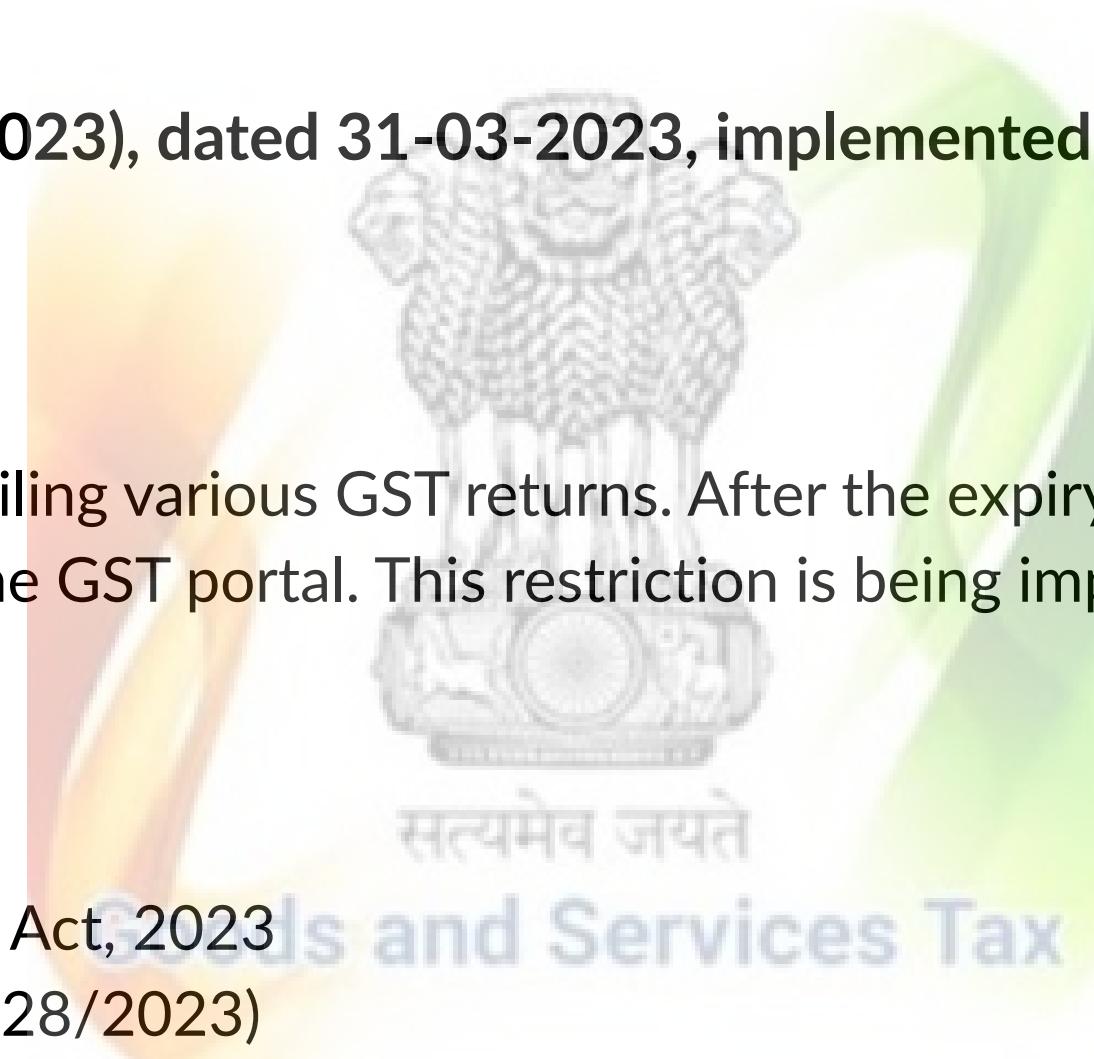


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1. Time Limit for Filing GST Returns - Three Year Bar Under Finance Act, 2023

Summary of Finance Act, 2023 (Section 8 of 2023), dated 31-03-2023, implemented w.e.f 01-10-2023 vide Notification No. 28/2023 – Central Tax dated 31st July, 2023



What's New?

A three-year time limit has been introduced for filing various GST returns. After the expiry of three years from the due date, taxpayers will be completely barred from filing these returns on the GST portal. This restriction is being implemented from October 2025 tax period.

Detailed Explanation

- Legislative Background

1. Introduced through Section 8 of the Finance Act, 2023
2. Notified on 31st July 2023 (Notification No. 28/2023)
3. Made effective from 1st October 2023
4. Technical implementation on GST portal: October 2025 tax period onwards

- **Coverage**

The three-year bar applies to returns filed under:

1. Section 37 - Outward Supply
2. Section 39 - Payment of Liability
3. Section 44 - Annual Return
4. Section 52 - Tax Collected at Source

- **Returns Affected**

The following GST return forms are covered:

1. GSTR-1 (Outward supplies details)
2. GSR-1A (Auto-drafted return)
3. GSTR-3B (Monthly summary return)
4. GSTR-4 (Quarterly return for composition dealers)
5. GSTR-5 (Non-resident taxable persons)
6. GSTR-5A (OIDAR services)
7. GSTR-6 (Input Service Distributor)
8. GSTR-7 (TDS returns)
9. GSTR-8 (E-commerce operators)
10. GSTR-9/9C (Annual returns)





Key Conditions

- Three-Year Cut-off Period: Returns must be filed within three years from their original due date
- Calculation Method: If a return's due date was three years back or more and hasn't been filed till October tax period, it will be permanently barred
- Portal Implementation: The restriction will be technically enforced on the GST portal from October 2025 tax period
- Prior Advisory: GSTN issued an advisory on 29th October, 2024 alerting taxpayers about this upcoming restriction
- No Extensions: Once the three-year period expires, there is no provision for filing the return under these sections

Practical Implications

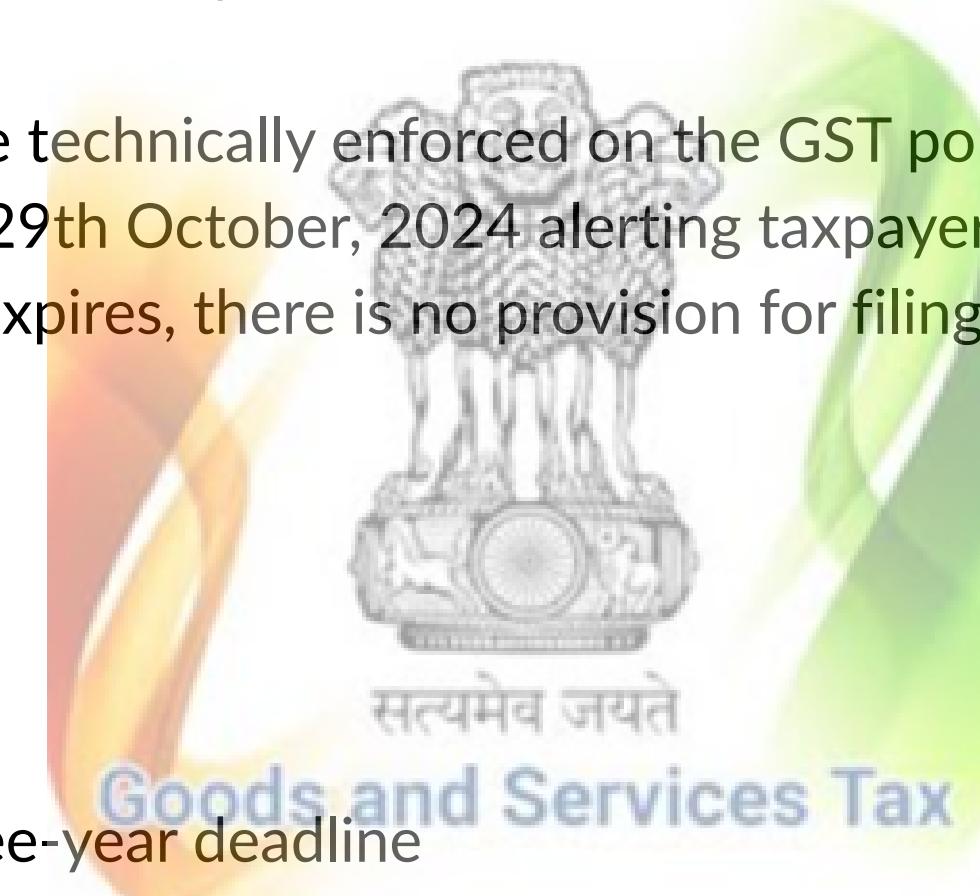
- For Taxpayers:

1. Immediate Compliance Action Required

Identify all pending returns across all periods

Calculate which returns are approaching the three-year deadline

Prioritize filing starting with oldest pending returns



2. Risk of Permanent Loss

Loss of opportunity to report legitimate transactions

Cannot claim input tax credit for those periods

Potential tax liability without ITC benefit

Mismatch in annual returns and reconciliation statements



3. Compliance Burden

Need to maintain records and file returns even for old periods before October 2025

Increased urgency in the coming months to clear backlogs

4. Financial Impact

Unclaimed input tax credit will be lost permanently

May have to pay output tax without ITC set-off

Interest and late fees on delayed filing (before the bar)

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- **For Tax Consultants:**

Review all client portfolios for pending returns

Create priority lists based on due dates

Gather historical data and documentation

File all pending returns on an urgent basis



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2. Advisory on New Changes in Invoice Management System (IMS) - Introduction of Pending Action Facility and ITC Reduction Declaration

Summary of Advisory on New Changes in Invoice Management System (IMS) Introduction of Pending Action Facility and ITC Reduction Declaration

What's New?

- Pending Action Facility: Taxpayers can now keep specified records in "pending" status for a limited time period (one tax period)
- ITC Reduction Amount Declaration: A new facility allowing taxpayers to declare the actual amount of Input Tax Credit (ITC) availed and required to be reversed
- Remarks Saving Option: Taxpayers can save remarks while rejecting or keeping records pending (to be rolled out shortly)



Detailed Explanation

1. Pending Action for Specified Records

- **Taxpayers can keep certain records pending instead of immediately accepting or rejecting them. The pending period is:**

Monthly taxpayers: One month (one tax period)

Quarterly taxpayers: One quarter (one tax period)



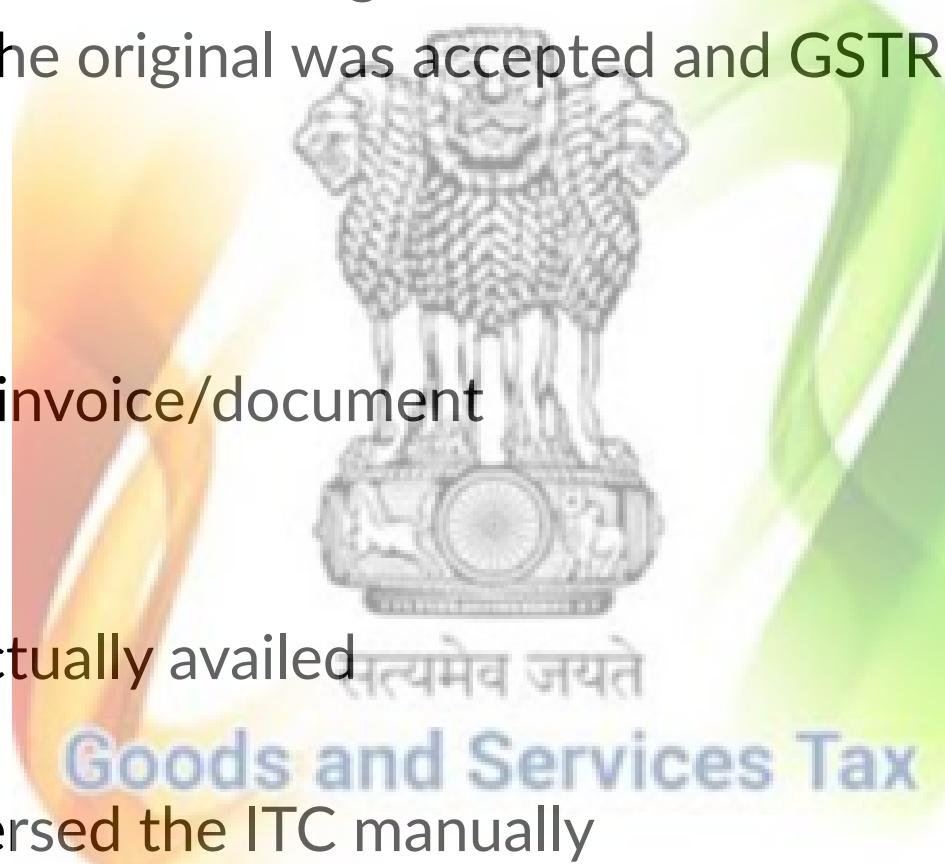
- The specified records that can be kept pending include:

Credit notes or upward amendments of credit notes

Downward amendments of credit notes where the original credit note was rejected

Downward amendments of invoices/debit notes where the original invoice has been accepted and Form GSTR-3B has been filed

ECO-Document downward amendments where the original was accepted and GSTR-3B has been filed



2. Declaring ITC Reduction Amount

- This facility addresses scenarios where:

The recipient has not availed ITC on the relevant invoice/document

ITC has been availed only partially

- Key features:

Taxpayers can declare the exact amount of ITC actually availed

Allows reversal of ITC either in full or in part

Can be used even if the taxpayer has already reversed the ITC manually

Applicable when ITC was never availed on the relevant document

3. Option to Save Remarks

- Taxpayers can add remarks while taking reject or pending action on records. These remarks will be:

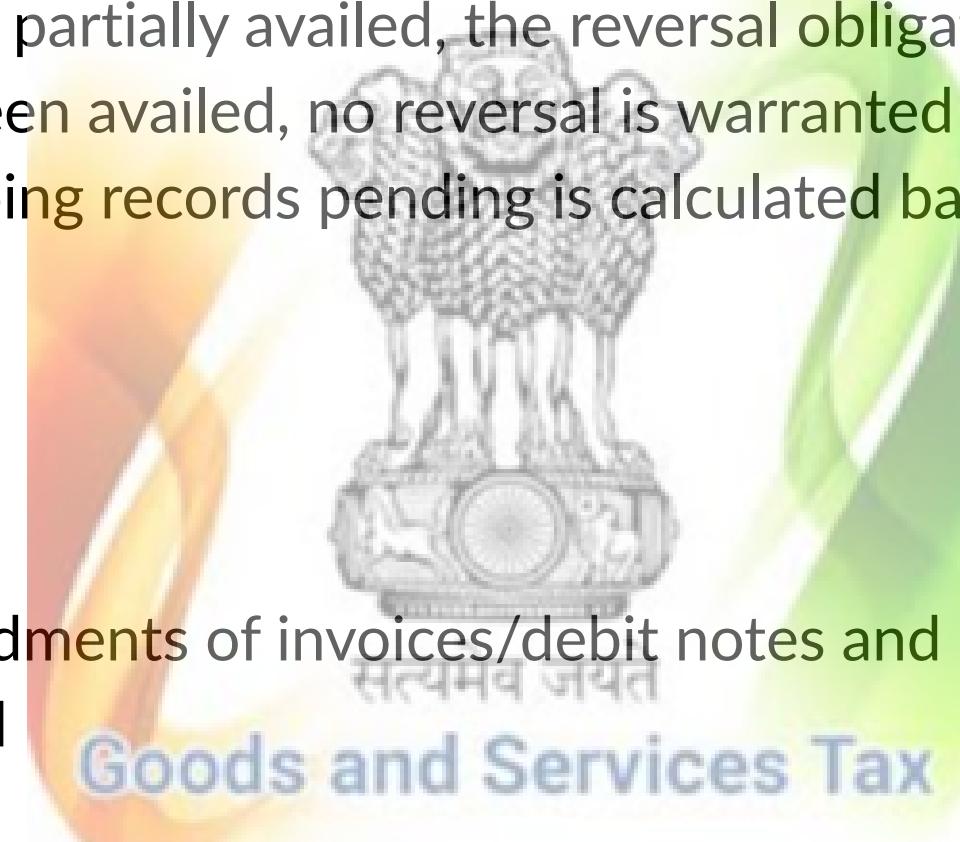
Visible in GSTR-2B for future reference

Accessible to suppliers in the Outward Supplies view dashboard for corrective action



Key Conditions

1. Time Limitation: Records can be kept pending for only one tax period (month for monthly filers, quarter for quarterly filers)
2. Specific Record Types: Only the four specified types of records mentioned above can be kept pending
3. ITC Reversal Obligation: When ITC has been partially availed, the reversal obligation is limited to the extent of such avialment
4. No Reversal Required: Where ITC has not been availed, no reversal is warranted
5. Due Date Calculation: The due date for keeping records pending is calculated based on the date/tax period when the supplier communicated the documents



Additional Conditions

1. The notification is addressed to:

- 3B Filing Requirement: For downward amendments of invoices/debit notes and ECO-documents, the original document must be accepted and GSTR-3B must already be filed
- Original Document Status:
- For downward amendment of credit notes: Original credit note must have been rejected
- For other amendments: Original document must have been accepted
- Prospective Application Only: The new changes apply only to records filed by suppliers after the production rollout of these changes



Practical Implications

- **Benefits:**

1. Flexibility: Taxpayers get additional time (one tax period) to verify documents before accepting or rejecting
2. Accurate ITC Reversal: Prevents unnecessary reversal of ITC when it was never availed or was partially availed
3. Reduced Compliance Burden: Simplifies the taxation system and reduces unnecessary compliance requirements
4. Better Communication: The remarks facility improves coordination between suppliers and recipients for rectifying errors
5. Cash Flow Management: Declaring actual ITC availed helps in accurate tax liability calculation

- **Challenges:**

1. Careful Monitoring Required: Taxpayers must track pending records and ensure action within one tax period
2. Record-Keeping: Need to maintain accurate records of ITC actually availed to use the declaration facility effectively
3. Supplier Coordination: Must coordinate with suppliers for corrections based on remarks



Goods and Services Tax

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Implementation Deadlines

- Effective Date: Changes for keeping credit notes pending and declaring ITC amount are effective from October tax period
- Due Date for Pending Records: Calculated based on the date/tax period when documents were communicated by the supplier (one tax period from communication)
- Remarks Feature: To be rolled out shortly (specific date not mentioned)
- Prospective Applicability: Only applicable to records filed by suppliers after the production rollout



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1. Extension of Date for Online Submission of Trust Accounts

Summary of Amended Circular No. 620/2025 dated 19/09/2025 regarding submission of Annual Financial Statements for the year 2024-25 under Section 41 (K) of the Maharashtra Public Trusts Act, 1950

What's New?

This is an amended circular that revises the earlier deadline for submission of annual financial statements by public trusts registered under the Maharashtra Public Trusts Act, 1950. The key change is the extension of the deadline from the original date to October 31, 2025.

Detailed Explanation

- The Office of the Charity Commissioner, Maharashtra State, Mumbai has issued this circular to inform all public trusts about their mandatory obligation to submit annual financial statements for the financial year 2024-25.
- As per Section 41 (K) of the Maharashtra Public Trusts Act, 1950, all registered public trusts are required to file their annual accounts and financial statements. This circular specifically mandates that:
- The annual financial statements for FY 2024-25 must be submitted
- Submissions should be made through the official online portal at Charity.maharashtra.gov.in OR via the website/online platform
- The deadline for submission has been extended to October 31, 2025

Key Conditions

- Applicability: All public trusts registered under the Maharashtra Public Trusts Act, 1950
- Document Required: Annual Financial Statements for the year 2024-25
- Mode of Submission: Online through Charity.maharashtra.gov.in or designated website
- Deadline: October 31, 2025 (extended deadline)
- Legal Basis: Section 41 (K) of the Maharashtra Public Trusts Act, 1950

Additional Conditions

1. The notification is addressed to:

- All Public Trust Registration Offices (information purpose)
- Accountant General's Office, Mumbai
- Accountant Registrar's Office, Mumbai
- Assistant Commissioner, Mumbai

2. This indicates a coordinated approach across all administrative offices dealing with public trusts.



Practical Implications

- For Trustees: All trustees must ensure their annual accounts are prepared and uploaded before the deadline to avoid non-compliance
- Compliance Requirement: Failure to file may result in penalties or legal action as per provisions of the Maharashtra Public Trusts Act

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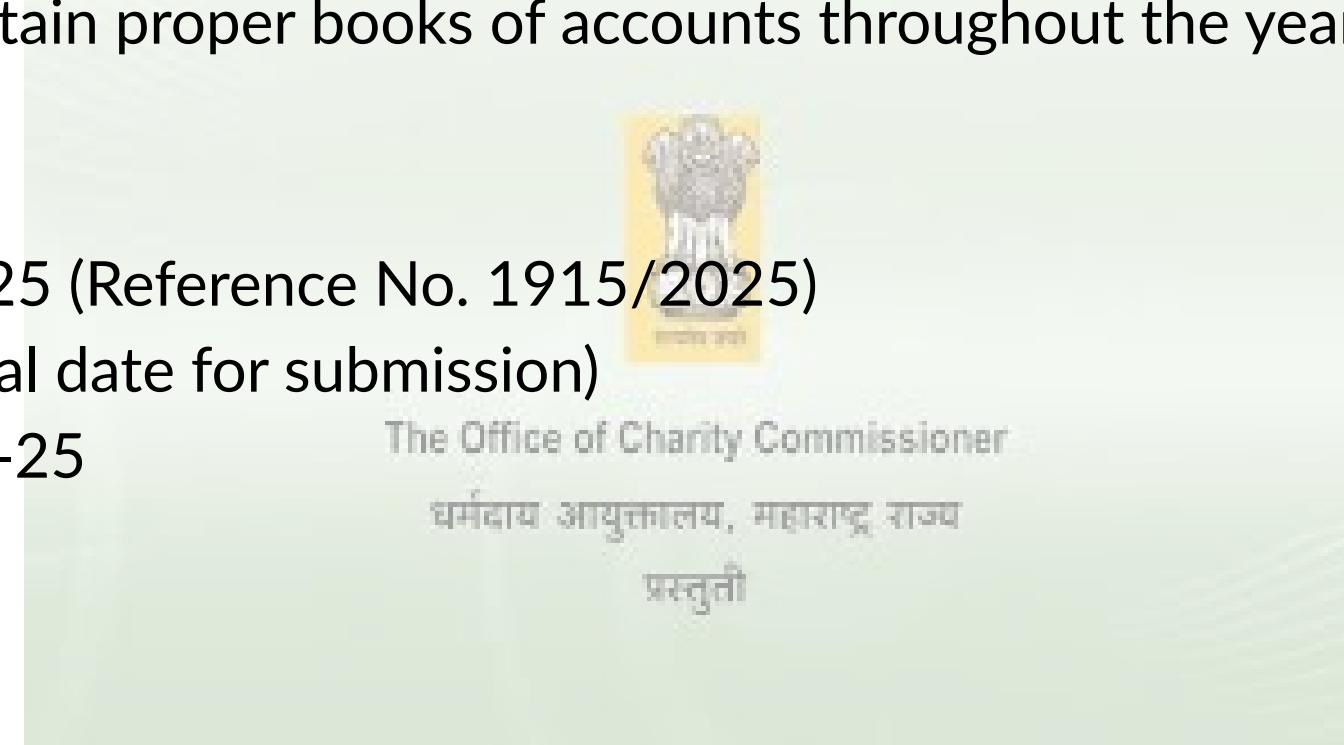
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- Digital Filing: Trusts must have access to the online portal and necessary digital infrastructure for submission
- Time Extension Benefit: The extended deadline (till October 31, 2025) provides additional time for trusts that may not have completed their accounts
- Transparency: This filing ensures transparency and accountability in the functioning of public trusts
- Record Keeping: All trusts should maintain proper books of accounts throughout the year to facilitate timely filing

Implementation Deadlines

- Circular Issue Date: September 19, 2025 (Reference No. 1915/2025)
- Filing Deadline: October 31, 2025 (Final date for submission)
- Applicable Period: Financial Year 2024-25



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1. Implementation of Updated Workplace Safety Protocols

Summary of Announcement providing relaxation in compliance with the 'Guidance Note on Financial Statements of Non-Corporate entities' and 'Guidance Note on Financial Statements of Limited Liability Partnerships' for annual reporting period 2024-25

What's New?

The notification introduces revised safety procedures and new compliance requirements for all employees and contractors. Key changes include enhanced personal protective equipment (PPE) standards and updated emergency response protocols.



Detailed Explanation

This notification outlines the organization's commitment to improving workplace safety by updating existing guidelines. The new protocols require employees to follow stricter PPE usage, attend mandatory safety training sessions, and adhere to updated reporting procedures for incidents. The notification also provides clarity on the roles and responsibilities of supervisors in monitoring compliance and supporting staff.

Key Conditions

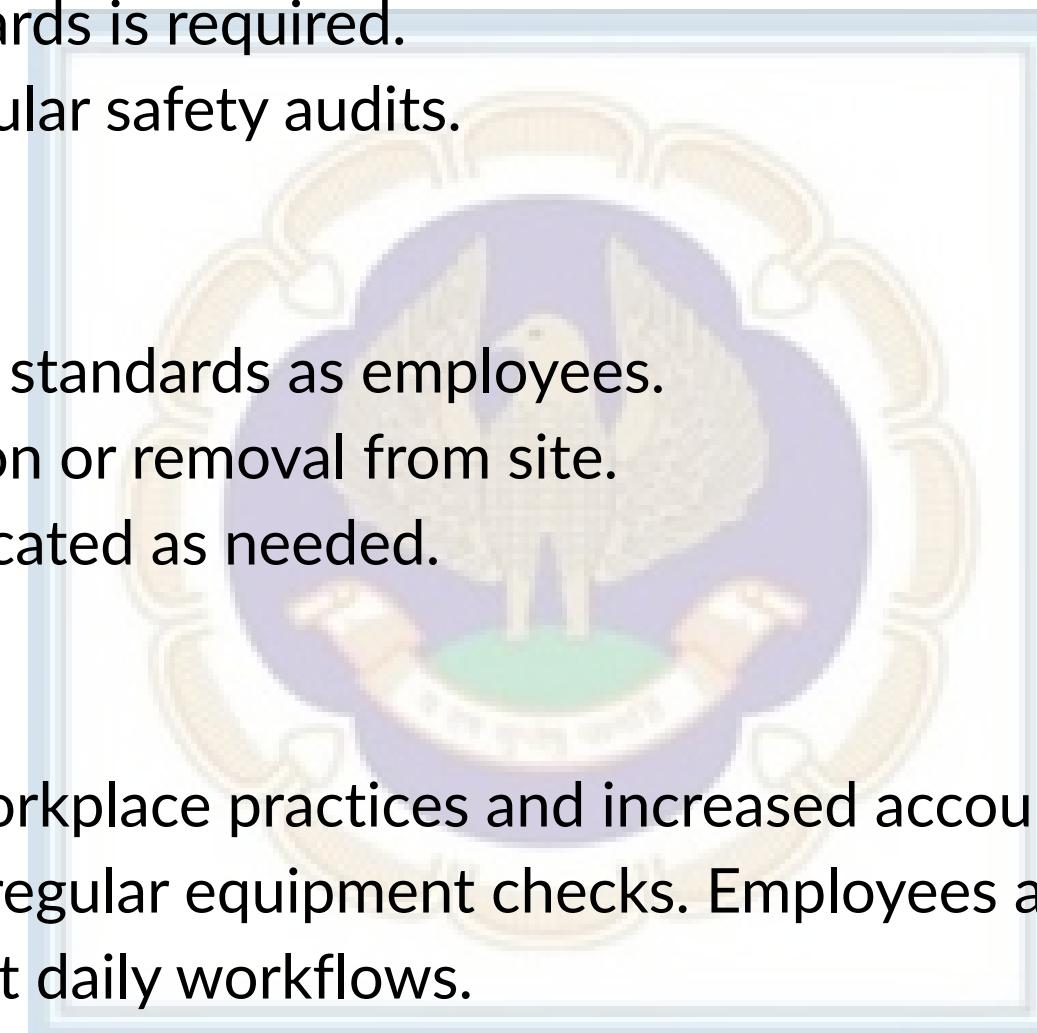
- All staff must wear approved PPE at designated work sites.
- Attendance at scheduled safety briefings is mandatory.
- Immediate reporting of safety incidents or hazards is required.
- Supervisors are responsible for conducting regular safety audits.

Additional Conditions

- Contractors must comply with the same safety standards as employees.
- Non-compliance may result in disciplinary action or removal from site.
- Periodic updates to protocols will be communicated as needed.

Practical Implications

Stakeholders should expect stricter oversight of workplace practices and increased accountability for safety compliance. Processes will be adapted to incorporate new training modules and regular equipment checks. Employees and contractors may need to allocate additional time for safety-related activities, which could affect daily workflows.



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Implementation Deadlines

The updated protocols take effect on 11/01/2025. All personnel are required to complete mandatory training sessions by 10/31/2025. Ongoing compliance will be monitored following the implementation date.



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