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Direct Tax

❖ Notification No.128 /2025

1st August 2025

The Central Government hereby notifies for the purposes of the said clause, 'All India Council for Technical Education', New Delhi, a Council established by the Central Government, in respect of the following specified income arising to that Council, namely:-.

Grants/subsidies received from the Government/Govt. bodies; (b) Regulatory Charges; (c) RTI fee and Examination fee; (d) CMAT/GPAT fee; (e) Interest on bank deposits (f) Miscellaneous charges/receipts.

This notification shall be effective subject to the conditions that All India Council for Technical Education, New Delhi- (a) shall not engage in any commercial activity; (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

❖ Notification No. 133/2025

18th August 2025

–In exercise of the powers conferred by clause (2) of section 17 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following rules further to amend the Income-tax Rules,1962, namely: –

- **1.** (1) These rules may be called the Income tax (Twenty Second Amendment) Rules, 2025.
 - (2) They shall come into force on the date of their publication in Official Gazette.
- **2.** In the Income-tax Rules, 1962, after rule 3B, the following rules shall be inserted, namely:
 - **3C.** Salary income for the purposes of item (c) of sub-clause (iii) of clause (2) of section 17 of the Act. For the purposes of item (c) of sub-clause (iii) of clause (2) of section 17 of the Act, the prescribed income under the head "Salaries" shall be four lakh rupees.
 - **3D.** Gross total income for the purposes of clause (vi) of Proviso to clause (2) of section 17 of the Act. For the purposes of clause (vi) of Proviso to clause (2) of section 17 of the Act, the prescribed gross total income shall be eight lakh rupees.

❖ Notification No. 132/2025

20th August 2025

In Form 7 the phrase "assessment year.....a sum" is replaced with "assessment year or block period...." as the case may be, a sum"

❖ Notification No. 136/2025

21st August 2025

These rules may be called the Income-tax (Twenty-Fourth Amendment) Rules, 2025. (2) They shall come into force on the date of their publication in the Official Gazette. 2. In the Income-tax Rules, 1962, in rule 21AIA, – (a) sub-rule (4) shall be omitted; (b) for the Explanation, the following Explanation shall be substituted, namely- "Explanation- For the purpose of this rule, the expression "specified fund" shall have the same meaning as assigned to it in sub-clause (i) of clause (c) of the Explanation to clause (4D) of section 10 of the Act."

❖ Notification No. 139/2025

22nd August 2025

In exercise of the powers conferred by clause (46) of IT Act, the Central Government hereby notifies, 'Credit Guarantee Fund Trust for Animal Husbandry and Dairying', a Trust constituted by Central Government, in respect of the following specified income arising to the said Trust, namely:

- i) Guarantee Fees from ELI (Eligible Lending Institutions)
- ii) Income from Mutual Funds
- iii) Miscellaneous Income
- iv) Interest income from banks/financial institutions.

This notification shall be effective subject to the conditions that 'Credit Guarantee Fund Trust for Animal Husbandry and Dairying'-

- (a) shall not engage in any commercial activity;
- (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

Case Laws

Case Law: 1

Where assessee explained that she was a housewife and purchase of flat was done entirely by her husband from his own funds/sources and not by her and she had not contributed anything towards purchase of said flat and her name was added only for sake of convenience, impugned reopening notice issued against assessee on ground that she had not disclosed correct income in her return was unjustified.

[2025] 177 taxmann.com 470 (Bombay)
HIGH COURT OF BOMBAY
Hetal Vipul Shah
v.
Income-tax Officer*

B. P. COLABAWALLA AND FIRDOSH P. POONIWALLA, JJ.

WRIT PETITION (L) NO. 20922 OF 2025

AUGUST 4, 2025

Facts of the Case:

The assessee filed her return declaring income of Rs. 4.36 lakhs. Thereafter, a notice under section 133(6) was issued to the assessee. According to this notice, it was stated that the Income tax Department had information regarding a purchase of an immovable property which could have an implication on the taxable income amounting to Rs. 6.75 crores.

***** Issues Involved:

- 1. Whether the reopening of assessment under Section 148 was valid
- 2. Applicability of Section 68 (Unexplained Cash Credit).
- 3. Burden of Proof on the Assessee.

Grounds raised by Parties to the Appeal:

Revenue's Ground:

That the assessee had not disclosed her correct income in the return of income, specifically in relation to the purchase of an immovable property (a flat) registered in her name during the Assessment Year under consideration.

Assessee's Ground:

The Assessee was a housewife and that the purchase of the said immovable property (flat) was done entirely by the her husband from his own funds/sources. In such circumstances, the Assessee submitted that she could not provide any bank statement as well as source of income for purchase of the said flat as she had not paid any consideration for purchase of the said flat. It was fairly stated by the Assessee that despite this, her name was added as a joint second owner of the flat purely for the sake of convenience.

Tribunal's view:

- 1. The Tribunal held that the reopening of assessment against the assessee was **wholly unjustified**. The assessee had already explained, in response to notice under section 133(6), that she had not contributed any funds towards the purchase of the flat, and her name was included in the agreement merely for convenience.
- 2. Section 68 could not be invoked in the assessee's case, as there was **no unexplained credit in her books of account**. The entire source of funds was traceable to her husband's bank account, with specific entries of payments made towards the flat. Since the assessee had not made any contribution, the question of unexplained cash credit in her hands did not arise. Therefore, section 68 was **not applicable**.
- 3. The Tribunal observed that the assessee had discharged her burden of proof. She clearly stated that she had not paid for the property, supported her claim with the purchase agreement, and furnished her husband's bank statement evidencing the flow of

consideration. Once this explanation was substantiated by documentary evidence, the burden shifted to the department.

Final Judgement :

In view of the foregoing discussion, the Tribunal held that the initiation of reassessment proceedings under section 148 against the assessee was without jurisdiction and wholly unsustainable in law. As the assessee had conclusively established by producing the purchase agreement and her husband's bank statements, which made it clearly evident that she did not contribute any consideration towards the said property. Consequently, the provisions of section 68 have no application, and the burden cast upon the assessee stands duly discharged. Accordingly, the notice issued under section 148 is quashed and the proceedings are set aside.

Case Law: 2

Where assessee, engaged in business of developing and leasing business centres and also financing, borrowed funds from bank and advanced them to sister concerns on interest and claimed set off interest expenditure on borrowed monies against interest income earned from lending of said funds to its sister concerns, since business commenced once property was being repaired/furnished for letting and financing was part of assessee's objects under MoA, interest expenditure on borrowed funds was allowable as deduction against interest earned by lending funds to sister concerns.

[2025] 177 taxmann.com 602 (Bombay) HIGH COURT OF BOMBAY Modi Business Centre (P.) Ltd.

v.

Deputy Commissioner (IT)*
ALOK ARADHE, CJ.
AND SANDEEP V. MARNE, J.
IT APPEAL NO. 584 OF 2003†
AUGUST 21, 2025

Assessment year 1992-93

Facts of the case :

Assessee was a company engaged in business of constructing business centres, buildings, houses, premises, etc. and to let on lease same, in addition to business of financing. During the year under consideration assessee borrowed loan from Citibank and further lent same to its sister concerns. Assessee set off interest expenditure on borrowed monies against interest income earned from lending of said funds to its sister concerns. The Assessing Officer held that since business of assessee company had not commenced during year as no rent was received from business centre which was leased out to Citibank, interest receipt was assessable under head 'other sources' without any deduction.

Solution Issues Involved:

- 1. When does business is considered commenced for tax purposes?
- 2. Can interest expense on borrowed funds be allowed as deduction against interest income, treating lending as a business activity?

Grounds raised by Parties to the Appeal:

Revenue's Ground:

The Assessing Officer opined that business of the assessee-company had not commenced during the previous year since no rent had been received. He held that the assessee was not entitled to set off interest receipt against interest expenditure as interest receipt was assessable under head 'other sources' without any deduction.

Assessee's Ground:

The Assessee being a company engaged in business of constructing business centres, buildings, houses, premises, etc. and to let on lease same, in addition to business of financing, for the assessee the business had commenced right from the stage of acquisition, repair, and furnishing of property, and not merely when rent is actually received. Further, borrowing from Citibank and the temporary lending of those funds to sister concerns formed one composite business transaction and such activity was specified as business activity in the Memorandum of the Assessee.

Timeline of the case:

The assessee had filed an appeal with Hon'ble Commissioner of Income Tax (Appeal) for the same and the Hon'ble Commissioner of Income Tax (Appeals) was of the opinion that "since the assessee was in the process of converting the premises into modern business centre, it could not be said that the business had not yet commenced. He further held that arrangement of appointing financier and its temporary utilisation is one composite transaction and therefore the interest received by the assessee on account of temporary utilisation of loan could not be considered in isolation." He held that interest payable by the assessee ought to have been adjusted against the interest received by it and only balance could be capitalized.

Further, the Revenue Department challenged the order of the Commissioner of Income Tax (Appeals) before the Income Tax Appellate Tribunal. The Tribunal, however, upheld the order of the Assessing Officer on the grounds that the business of the assessee had not commenced during the relevant assessment year and that lending monies on interest was not a part of the main business of the assessee.

Aggrieved by the same the assessee appealed before Hon'ble High Court.

Hon'ble High Court's view:

1. The High Court held that the Tribunal erred in insisting on actual commencement (receipt of rent) as the test. For income-tax purposes, in the case of business of leasing property, business commences right from the stage of acquisition, repairing and furnishing of premises for letting out, and not merely when the property is actually let. The Tribunal

- wrongly relied on the meaning of "set up" from Wealth Tax Act (CWT v. Ramaraju Surgical Cotton Mills Ltd.), which was inapplicable here.
- 2. The Tribunal wrongly held that lending of money to sister concerns was a "fortuitous circumstance." The assessee's Memorandum of Association specifically included financing/money-lending as one of its business activities.

❖ Final Judgement:

Considering the overall conspectus of the case, the High Court were of the view that the order passed by the ITAT is indefensible and liable to be set aside. The substantial question of law is accordingly answered in favour of the Assessee and against the Revenue. The order passed by the ITAT on 28 January 2003 is accordingly set aside and the order passed by the CIT(A) is restored. The Appeal is allowed in the above terms.

GST

HIGH COURT OF CHHATTISGARH

Hari Shankar Patel

V/s.

State of Chhattisgarh

WPT NO. 117 OF 2025

AUGUST 20, 2025

❖ Facts of Case and Background

- A GST officer passed an order against Mr. Hari Shankar Patel on 7th August 2024, demanding Rs. 8,56,562.
- Mr. Patel filed a request for rectification (correction of mistakes) on 9th August 2024.
- The department rejected the rectification on 11th December 2024.
- After that, Mr. Patel filed an appeal on 17th March 2025.
- But on 15th April 2025, the appeal was dismissed as "time-barred".

Legal Grounds and Arguments

> Limitation Period Dispute

The taxpayer argued that the final date to file appeal should be counted from 11th December 2024 (when rectification was rejected). The department, however, counted the time limit from 7th August 2024 (original order date), making the appeal appear late.

> Support from Other Cases

The taxpayer relied on the SPK & Co. vs. State Tax Officer (Madras High Court) case, where it was clearly held that:

"When a rectification application is filed, the final date to appeal should be counted from the rejection of rectification, not the original order date"

CBIC Guidelines as Relief Mechanism

Since the GST Appellate Tribunal (GSTAT) is still not fully functional in many states, the CBIC issued Circular No. 224/18/2024–GST (11th July 2024). This circular gives a temporary system for taxpayers so that recovery (tax collection) does not start until the Tribunal becomes operational.

❖ Court's Judgment and Reasoning

The Chhattisgarh High Court (Justice Deepak Kumar Tiwari) noted:

As per law, rectification and original orders are linked & Therefore, the limitation (time period for filing an appeal) should be counted from the rejection of rectification, not from the original order date. The Court also directed that recovery should be stopped, provided the taxpayer follows certain conditions.

Conditional Relief Framework

The taxpayer must:

- 1. File an undertaking within 30 days, promising to appeal when the Tribunal becomes functional.
- 2. Make the pre-deposit required under law.
- 3. Follow the conditions of the CBIC circular.

Legal Impact and Broader Implications

> Rectification and Appeal Timeline Clarity

- Appeal time starts from rectification rejection, not the first order.
- This ensures taxpayers don't lose their right to appeal just because they tried rectification first.

> Non-Functional Tribunal Solutions

- The judgment confirms that CBIC guidelines are valid.
- Taxpayers get interim protection against recovery.
- Uniform rules apply across states until GST Tribunals start functioning everywhere.

> Procedural Safeguards and Access to Justice

- Taxpayers still get the right to appeal, even if the Tribunal isn't set up.
- Balanced approach: revenue is protected, but taxpayers' rights are also safe

HIGH COURT OF ANDHRA PRADESH Brothers Engineering and Errectors Ltd

V/s

State of Andhra Pradesh

WRIT PETITION NO. 20705 OF 2025

AUGUST 13, 2025

The Andhra Pradesh High Court's recent decision in **Brothers Engineering and Erectors Ltd. V. State of Andhra Pradesh** brings pivotal clarity for GST assesses regarding the condonation of delays in filing returns and the withdrawal of best judgment assessment orders when taxes are paid within the extended statutory period.

***** Fact of the Case

Brothers Engineering and Erectors Ltd., a registered GST assesses, failed to file GSTR-3B returns for the period February 2023 to May 2023. Due to non-filing, the tax authorities passed "best judgment assessment" orders under Section 62 of the Central Goods and Services Tax (CGST) Act, 2017. Specifically, the order for February 2023 was issued on 1 April 2023, while orders for March to May 2023 were issued on 19 July 2023.

Following these orders, the company ultimately filed the overdue GSTR-3B returns and deposited the corresponding taxes on 9 August 2023 for February, and on 13 September 2023 for the subsequent months. Despite compliance after the assessment, the authorities still initiated recovery proceedings based on the earlier assessment orders, prompting the company to approach the High Court through a writ petition.

Section Grounds of Appeal

In its petition, Brothers Engineering and Erectors Ltd. contended that Section 62(2) of the CGST Act stipulates: if an assessed files the required returns and pays the taxes within 60 days of receiving the best judgment order (with a further extension of 60 days if penalty is paid), then the assessment order should be deemed withdrawn. The petitioner claimed that their compliance fell within this limit and that further recovery proceedings were therefore unwarranted.

Support from Other Cases

They relied heavily on the legal precedent set by the Madras High Court in Helmet House v. Deputy State Tax Officer-1, Madurai, which had established a similar principle regarding condonation of delay after legislative amendment to Section 62.

Ruling & Judgement

The revenue authorities opposed this, arguing that the relevant legislative amendment expanding the compliance period from 30 to 60 days, along with the extension provision, took effect only from 1 October 2023—after the period in question, and thus was not applicable to the petitioner. The Court, however, referred to the Madras High Court's recent judgment, which had interpreted the "spirit" of the amendment as warranting condonation of delay, even in cases where the amendment's technical timing might not strictly apply.

Following this jurisprudence, the Andhra Pradesh High Court ruled in favour of the assesse. The Court declared that the assessment orders for the periods February to May 2023 are "deemed to have been withdrawn" as the returns were filed and taxes paid within the extended time period outlined in the amended law. However, the petitioner remains liable for interest due to the late payment of taxes.

***** Legal Impact

This ruling sets an important precedent for GST assesses faced with best judgment assessment orders due to delays in return filing. By emphasizing the intent and "spirit" of the Section 62 amendment, the judgment clarifies that compliance with tax filing and payment post-assessment order can result in the withdrawal of the order, provided statutory time conditions are satisfied.

The legal impact is twofold:

- It provides relief to assesses who acted within the extended compliance window, protecting them from needless recovery actions, provided they pay the necessary taxes and penalties.
- It also signals that courts may take a liberal view in interpreting beneficial fiscal amendments in favour of assesses, thereby advancing certainty, fairness, and consistency in GST administration.

RBI

RBI/2025-2026/71, A.P. (DIR Series) Circular No.08

August 05, 2025

❖ <u>International Trade Settlement in Indian Rupees (INR) – Opening of Special Rupee Vostro Accounts (SRVAs)</u>

- Simplification: Authorised Dealer (AD) Category-I banks are now permitted to open SRVAs of overseas correspondent banks without seeking prior approval from RBI.
- Effective Date: The relaxation is applicable immediately.

A Special Rupee Vostro Account (SRVA) is a type of vostro account—that is, a rupee-denominated account that an Indian bank maintains on behalf of a foreign bank. The key twist: SRVAs are specifically designed to facilitate cross-border trade denominated and

settled in Indian Rupees (INR), bypassing the use of hard currencies like the US dollar or euro.

RBI/DOR/2025-26/139 DOR.STR.REC.44/13.07.010/2025-26

August 06, 2025

RBI Co-Lending Arrangements (CLA)

Effective from: **January 1, 2026** (or earlier if an RE adopts by policy).

RBI Co-Lending Arrangements (also called Co-Lending Model – CLM) is a framework introduced by the Reserve Bank of India (RBI) to encourage collaboration between banks and Non-Banking Financial Companies (NBFCs) for lending, especially to the priority sector (like agriculture, MSMEs, housing, etc.).

> Applicability

- Covered: Commercial Banks (excluding Small Finance Banks, Regional Rural Banks, Large Loans & Borrowers), All-India Financial Institutions, NBFCs (including HFCs).
- Excluded: Consortium lending, multiple banking, loan syndication.

> Terms:

- **Consortium**: group of banks lend together under one agreement.
- Multiple Banking: borrower independently borrows from many banks.
- **Syndication**: structured arrangement (often global) led by an arranger to pool funds from multiple lenders.

***** Key Features of the Directions

- 1. Minimum Participation: Each RE must retain at least 10% of every loan on its books.
- **2.** Credit Policy: Must define limits, target segments, due diligence of partners, customer protection, grievance redressal.
- **3.** Loan Agreement: Must clearly state roles, responsibilities, customer interface, and disclosure of charges (via Key Facts Statement).
- **4.** Priority Sector: Both banks and NBFCs can claim PSL status for their respective shares.
- **5.** Capital Treatment: NBFCs must deduct unrealised profits under CLAs from CET1/Net Owned Funds until loan maturity.

❖ Interest Rate & Fees

- Customer pays a blended interest rate (a mix of banks and NBFC's rates based on their share).
- Any charges (processing fees, service fees, etc.) must be openly shown in:
 - APR (Annual Percentage Rate) = total cost of loan in percentage terms.

- o KFS (Key Facts Statement) = a one-page summary of all charges.
- No hidden guarantees or backdoor arrangements allowed.

❖ <u>Default Loss Guarantee (DLG)</u>

- Sometimes, one partner gives a "safety net" to the other if the customer doesn't repay.
- RBI allows this but only up to 5% of the loan amount and it must follow digital lending rules.

❖ Asset Classification

- If either lender decides a borrower is defaulting (NPA), the other lender must also mark that borrower as default.
- Both must share this info with each other immediately (by next working day).

Reporting & Disclosure

- Each lender must:
 - 1. Report its share of the loan to Credit Bureaus (CICs).
 - 2. Put the list of their co-lending partners on their website (public info).
 - 3. Show details in their financial statements (like total loans under CLA, interest charged, sectors covered, guarantees, etc.).

RBI/DOR/2025-26/140 DOR.STR.REC.45/13.07.010/2025-26

August 06, 2025

❖ RBI Issues Directions on Non-Fund Based (NFB) Credit Facilities – 2025

(Effective April 1, 2026) RBI has issued new rules to standardize and strengthen how banks and NBFCs offer Non-Fund Based (NFB) credit facilities like guarantees, letters of credit, and co-acceptances.

These are bank facilities where the bank does not actually disburse money immediately, but gives an assurance/guarantee on behalf of the customer.

- ➤ Aim: Unified rules, improved risk control, and greater credit access for businesses.
- ➤ Who's Covered: Commercial banks (including RRBs, LABs), Co-op banks, AIFIs, NBFCs & HFCs.

***** Key Highlights:

- 1. **General Rules:** NFB policies included in credit policy. Preferably for borrowers with fund-based limits. If NFB converts to loan, treated as regular credit.
- 2. **Guarantees:** Irrevocable, unconditional, and prompt. Electronic guarantees allowed with strict controls. Caps on guarantees for smaller banks.

- 3. **Co-Acceptances**: Only genuine trade bills with goods received. Not allowed if already funded by another RE.
- 4. **Overseas & Broker Guarantees:** Allowed with conditions for trade and capital account.
- 5. **Partial Credit Enhancement (PCE):** Supports bond ratings for corporates, NBFCs, municipal bodies. $PCE \le 50\%$ of bond size, with strict limits.
- 6. **Risk & Reporting:** Capital linked to bond ratings. PCE overdue >90 days treated as NPA. Annual NFB disclosures mandatory.
- 7. **Electronic Guarantee Controls:** Strong IT, audits, cybersecurity, and continuity plans required.

RBI/2025-26/72 | A.P. (DIR Series) Circular No. 09

Investment in Government Securities by Persons Resident Outside India through Special Rupee Vostro Account (SRVA)

The Reserve Bank of India (RBI) has issued a fresh circular allowing persons resident outside India holding Special Rupee Vostro Accounts (SRVA) to invest their rupee surplus balances in Central Government Securities, including Treasury Bills.

This move is part of RBI's broader efforts to deepen rupee internationalisation, provide investment avenues for surplus balances held in SRVA, and strengthen the Indian government securities (G-Sec) market.

Key Highlights

- Eligible Investors: Persons resident outside India maintaining SRVA for international trade settlement in INR (as per RBI Circular dated July 11, 2022).
- Investment Avenue: Surplus rupee balances in SRVA can now be invested in Central Government Securities (including T-Bills).
- Operational Guidelines: Incorporated into the updated Master Direction Non-resident Investment in Debt Instruments (Jan 7, 2025).
- Effective Date: Immediate implementation from August 12, 2025.

RBI/2025-26/73 | CO.DPSS.RLPD.No.S536/04-07-001/2025-2026

August 13, 2025

Introduction of Continuous Clearing and Settlement on Realisation in CTS

The Reserve Bank of India (RBI) has announced a major transformation in the Cheque Truncation System (CTS) by moving away from batch processing to a continuous clearing and settlement on realisation framework.

This change will significantly improve cheque processing speed, enhance settlement efficiency, and ensure quicker credit to customer accounts.

***** Key Highlights of the Directive

- Implementation Timeline:
 - Phase 1 Effective October 4, 2025
 - o Phase 2 − Effective January 3, 2026
- Continuous Clearing & Presentation:
 - o Single presentation session from 10:00 AM 4:00 PM
 - o Cheques scanned & transmitted continuously by banks.
- Inward Processing & Confirmation:
 - Orawee banks must provide positive/negative confirmations continuously in real time.
 - o Phase 1: Cheques to be confirmed by 7:00 PM, else deemed approved.
 - o Phase 2: Cheques to be confirmed within T+3 clear hours (e.g., cheques received till 11:00 AM must be confirmed by 2:00 PM).
- Settlement on Realisation:
 - o No settlement on presentation.
 - o Hourly settlements start from 11:00 AM till 7:00 PM based on confirmations.
 - Dishonoured cheques (negative confirmations) will not enter settlement.
- Customer Credit:
 - Presenting banks to release funds to customers immediately after settlement, not later than 1 hour post-settlement, subject to safeguards.

ROC

MIGRATION OF FORMS FROM MCA V2 TO V3 PORTAL:

***** Key Impacts on AOC-4 Filing Workflow: Business User Registration:

Even if you held a V2 user ID, re-registration or upgrade as a Business User on V3 is mandatory. You also need to associate your Class 3 DSC freshly with the new portal.

- **a. Linked Filing**: AOC-4 + Annexures All in One AOC-4 is now a parent form, with previously standalone forms like AOC-1, AOC-2, CSR-2, and Extracts of Auditor's and Board's Reports now filed as linked annexures within the same workflow. These linked forms must be filed in a specific sequence, ensuring completeness and avoiding partial submissions.
- **b. Enhanced Features & Validation**: Web-based interface with real-time data validations and auto-population of prior-year data. Users may download prefilled Excel templates for offline preparation and upload.
- c. New Disclosure Requirements: Photographic Evidence & More You must now upload photographs of your registered office, capturing: Exterior image showing building name or society/complex signboard with company name and CIN. Interior image with at least one director visible, who also must digitally sign the form via a valid DSC. Display board signage adhering to Section 12—in English and the local language (if applicable).
- **d.** Consolidated Standalone & Consolidated Financial Statements: A single AOC-4 form now caters to both standalone and consolidated financial statements. Select

- "Consolidated" when applicable, and the relevant sections automatically appear in the form—streamlining the filing process.
- **e. Disclosure of Secretarial Audit Qualifications:** The updated form mandates companies to explicitly disclose any qualifications made by the Secretarial Auditor in their report. This ensures greater transparency and accountability in corporate governance reporting.
- **f. No Need to Attach PDF Annexures:** One of the most notable changes is that companies are no longer required to upload PDFs of key annexures such as, Directors Report Auditors Report AOC-1 (Details of Holding, Subsidiary, and Associate Companies) AOC-2 (Details of Companies under the same management).
- **g.** These documents will now be integrated as linked forms within MCA V3. After submission, these annexures will be viewable as part of the linked form system, simplifying the filing process and reducing redundancy.

***** CONCLUSION

The MCA V3 update for AOC-4 is a forward-looking initiative aimed at simplifying compliance while ensuring greater transparency and accountability. With features like integrated annexures, prefilled data, and real-time validations, the portal empowers professionals to achieve timely and accurate filings. It is imperative for corporate professionals to adapt swiftly to these changes, as leveraging the enhanced system will not only reduce compliance burden but also contribute to stronger governance standards and better stakeholder confidence.

Hunar Art



-- Neelshikha Chutke

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