



R. C. Jain & Associates LLP

Newsletter

September 2025

“An investment in Knowledge always pays the best interest.”

- Benjamin Franklin

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Direct Tax

MINISTRY OF FINANCE (Department of Revenue) (CENTRAL BOARD OF DIRECT TAXES)

Circulars

➤ Circular No. 11 /2025

- It **modifies** the earlier **Circular No. 9 of 2022 (F. No. 370142/2/2022-TPL)**, which dealt with guidelines under **clause (23FE) of section 10 of the Income-tax Act, 1961**.
- The key change arises from the **Finance Act, 2025**, which **extends the deadline for making qualifying investments** under clause (23FE) from **31st March 2025 to 31st March 2030**, effective **1 April 2025**.

➤ Circular No. 12 /2025

- The circular **extends the deadline** for filing Income Tax Returns (ITRs) for AY 2025-26 beyond the original date.
- It formally adopts the extended due date as **15th September 2025**. (Subsequently, this extension was further modified / communicated via other notifications — e.g. **extended to 16 September 2025**)

➤ Circular No. 13 /2025

The circular addresses the waiver of interest under section 220(2) of the Income-tax Act for taxpayers who delayed payments due to rectifications related to rebate under section 87A. The CBDT, exercising powers under section 119, directs that interest under section 220(2) shall be waived if the demand is paid on or before **31st December 2025**. If the demand remains unpaid after this date, interest will be charged from the day immediately following the end of the period mentioned in subsection (1) of section 220.

➤ Circular No. 14 /2025

Extension of timelines for filing of assesses mentioned under **Clause (a) of Explanation 2 to Section 139(1)** of the Income-tax Act, 1961 for **FY 2024-25 (AY 2025-26)** from **30th September 2025 to 31st October 2025**.

Notifications

➤ **Notification No. 141/2025/F. No. 370142/30/2025-TPL**

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

Issued on 1st September 2025, this notification amends Rule 2DCA of the Income-tax Rules, 1962, extending the timelines for tax exemptions under Section 10(23FE) for Sovereign Wealth Funds and Pension Funds investing in eligible infrastructure businesses in India. The amendments replace the financial years 2025–26 and 2024–25 with 2031–32 and 2030–31, respectively, aligning with the extended exemption period.

➤ **Notification No. 142 /2025/F. No. 300195/16/2024-ITA-I**

Exemption to Lucknow Development Authority

Issued on 2nd September 2025, the CBDT granted income tax exemption under Section 10(46A) to the **Lucknow Development Authority** (PAN: AAALL0016F). The exemption applies if the assessee continues to be an authority constituted the Uttar Pradesh Urban Planning and Development Act, 1973 with one or more of the purposes specified in sub-clause (a) of clause (46A) of section 10 of the Income-tax Act.

➤ **Notification No. 143/2025/F. No. 300196/12/2025-ITA-I**

Exemption to Commissioners for the Rabindra Setu

Issued on 2nd September 2025, this notification grants income tax exemption under Section 10(46) to the **Commissioners for the Rabindra Setu**, Kolkata (PAN: AABTT2734P). The exemption covers income from taxes of Municipalities, Municipal Corporations, Railways, miscellaneous income from rental and maintenance, income for laying fibre optical fibre, damage cost recoverable and interest on bank deposits, subject to the condition that the body does not engage in commercial activities, such activities and the nature specified income remains unchanged and shall file return in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

➤ **Notification No. 144 /2025/F. No. 300196/15/2019-ITA-I**

Exemption to Maharashtra State Pharmacy Council

Issued on 2nd September 2025, this notification grants income tax exemption under Section 10(46) to the Maharashtra State Pharmacy Council (PAN: AAHAM7600C). The exemption applies to income from fees, subscriptions, and interest on bank deposits, provided the council does not engage in commercial activities, activities and the nature of the specified income shall remain unchanged throughout the financial years and 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. 145/2025/F. No.196/90/2024-ITA-I**

Exemption to Central Board of Secondary Education (CBSE)

Issued on 2nd September 2025, this notification grants income tax exemption under Section 10(46) to the **Central Board of Secondary Education, Delhi** (PAN: AAAAC8859Q). The exemption applies to income from examination fees, affiliation fees, registration fees, sports fees, training fees, other academic receipts, receipts from CBSE projects/programmes including interest earned on such transactions and interest on bank deposits, subject to the condition that the board does not engage in commercial activities and the nature of the specified income shall remain unchanged throughout the financial years 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.146/2025/ F. No. 300195/40/2024-ITA-I**

Exemption to Ghaziabad Development Authority

Issued on 15th September 2025, this notification grants income tax exemption under Section 10(46A) to the **Ghaziabad Development Authority** (PAN: AAALG0072C). The exemption applies to assessee continues to be an authority constituted under the Uttar Pradesh Urban Planning and Development Act, 197 with one or more of the purposes specified in sub-clause (a) of clause (46A) of section 10 of the Income-tax Act.

➤ **Notification No. 147/2025/ F. No. 300195/9/2025-ITA-I**

Exemption to Tamil Nadu Electricity Regulatory Commission

Issued on 15th September 2025, this notification grants income tax exemption under Section 10(46A) to the **Tamil Nadu Electricity Regulatory Commission** (PAN: AAAGT0048J). The exemption applies to assessee continues to be a commission constituted under “The Electricity Act, 2003” with one or more of the purposes specified in sub-clause (a) of clause (46A) of section 10 of the Income-tax Act.

➤ **Notification No. 148 /2025/F. No. 300196/41/2025-ITA-I**

Exemption to RERA, Rajasthan

Issued on 22nd September, 2025, this notification grants income tax exemption to the **Real Estate Regulatory Authority (RERA), Rajasthan** under Section 10(46). The exemption applies to income derived from fees and charges collected in the course of performing statutory functions, provided RERA does not engage in any commercial activity. The notification is deemed to have been applied for the Assessment Years 2023–24 to 2025–26, relevant for Financial Years 2022–23 to 2024–25, and shall apply with respect to the Assessment Years 2026–27 and 2027–28, relevant to Financial Years 2025–26 and 2026–27.

➤ **Notification No.149 /2025/F. No.300196/37/2025-ITA-I**

Exemption to High Court Legal Services Committee, Chandigarh

Issued on 22nd September, 2025, this notification grants income tax exemption to the **High Court Legal Services Committee, Chandigarh** under Section 10(46). The exemption applies to income derived from legal aid services and interest on bank deposits, provided the committee does not engage in any commercial activity. The notification is deemed to have been applied for the Assessment Years 2023–24 to 2025–26, relevant for Financial Years 2022–23 to 2024–25, and shall apply with respect to the Assessment Years 2026–27 and 2027–28, relevant to Financial Years 2025–26 and 2026–27.

- Compiled by Disha Dhawle and Hardik Tawte

Case Laws

INCOME TAX : Where assessee had mentioned wrong code in original application and rectified same by filing another Form 10AB, within time extended by CBDT Circular No. 7 of 2024 dated 25-4-2024 and even before original form was considered and order passed by Commissioner (Exemptions), new application, rectifying error in earlier application of wrong section code was to be considered as original application, rejection of same by Commissioner (Exemptions) as not covered by CBDT Circular was incorrect and Commissioner (Exemption) was to be directed to consider assessee's application seeking approval under section 80G(5).

[2025] 178 taxmann.com 425 (Ahmedabad - Trib.)

IN THE ITAT AHMEDABAD BENCH 'C'

Radhe Krushna Gau Sala Trust

v.

CIT (Exemption)

SANJAY GARG, JUDICIAL MEMBER

AND MS. ANNAPURNA GUPTA, ACCOUNTANT MEMBER

IT APPEAL NO. 280 (AHD) OF 2025

SEPTEMBER 16, 2025

Facts:

1. Assessee filed **Form 10AB** on 23-03-2024 seeking registration under **section 80G (5)**.
2. The application was **rejected** by CIT(E) because the **assessee did not participate in proceedings**, making verification of genuineness of activities impossible.
3. Assessee filed a **fresh Form 10AB** on 04-06-2024 **correcting the wrong section code** mentioned in the earlier application.
4. **CIT(E) rejected the second application**, stating the earlier rejection did not fall under para 4.1 of CBDT Circular No. 7/2024, hence fresh filing within extended time was not allowed.

CBDT Circular No. 7/2024:

- Extended due date for **Form 10AB applications to 30-06-2024**.
- **Para 4.1** allowed **fresh applications within extended time** if earlier applications were rejected due to:
 1. Delayed filing
 2. Wrong section code

Tribunal Findings:

1. **Assessee corrected the section code** before the original application was even considered by CIT(E).

2. **Fresh application** filed on 04-06-2024 falls **within the extended time limit** granted by CBDT Circular.
3. The **second application** is to be treated as **original application**, not a fresh one.
4. **CIT(E)'s rejection** on the ground that the case was not covered by para 4.1 of the Circular was **incorrect**.

Decision:

- Tribunal **set aside** CIT(E)'s order.
- Directed CIT(E) to **consider the assessee's application** under section 80G (5) following **due process of law**.
- Appeal **allowed for statistical purposes**.

Key Takeaways:

1. Correction of **wrong section code** in Form 10AB within extended time is **entitled to benefit of CBDT Circular**.
2. Fresh application filed **before original rejection** can be treated as the **original application**.
3. **Assessee cannot be denied benefit of extended filing time** if rectification is made within the extended period.

[2025] 178 taxmann.com 528 (Bombay) [17-09-2025]

INCOME TAX: Where charitable trust running educational institution obtained audit report in time for Assessment Year 2019-20 but uploaded Form 10B late due to inadvertence of auditor's accountant, and otherwise complied with statutory requirements, delay of 181 days in filing Form 10B was not deliberate or mala fide and was to be condoned.

[2025] 178 taxmann.com 528 (Bombay)

HIGH COURT OF BOMBAY

Vesava Koli Samaj Shikshan Sanstha

v.

Commissioner of Income (Exemption)

B. P. COLABAWALLA AND AMIT S. JAMSANDEKAR, JJ.

WRIT PETITION NO. 2906 OF 2025

SEPTEMBER 17, 2025

Facts:

1. Petitioner: A registered charitable trust running an educational institution (pre-primary to 10th standard).

2. For **A.Y. 2019-20**, petitioner filed **income tax return on 30-09-2020** declaring NIL income.
3. **Audit report in Form 10B** was obtained on **30-09-2019** but **uploaded late on 30-03-2021** due to **inadvertence of auditor's accountant**.
4. CPC issued **intimation under section 143(1)** on 23-11-2021 raising **demand of Rs. 1.30 crores**.
5. Petitioner applied for **condonation of 181-day delay** in filing Form 10B under **section 119(2)(b)**.
6. Commissioner rejected the application citing **no reasonable cause** and **non-filing within due date**.

Tribunal / Court Findings:

1. Delay was **neither deliberate nor mala fide**, occurred due to **accountant's inadvertence**.
2. Petitioner had **otherwise complied with statutory requirements** and filed Form 10B immediately upon noticing the lapse.
3. Refusal to condone delay would cause **financial hardship** to an institution serving educational purposes.
4. **Section 119(2)(b)** and CBDT circulars empower condonation in genuine, inadvertent cases.

Decision:

1. **Impugned order dated 26-03-2025** rejecting condonation is **quashed and set aside**.
2. Delay of **181 days in filing Form 10B** for A.Y. 2019-20 is **condoned**.
3. Respondent directed to **give effect and grant consequential reliefs**.
4. Writ petition **disposed of**, no costs awarded.

Key Takeaways:

1. **Inadvertent delay** in filing Form 10B, when statutory requirements are otherwise complied with, can be condoned.
2. **Section 119(2)(b)** is intended to prevent **hardship from technical lapses**.
3. Supporting documents (affidavit, proof of timely audit) strengthen the case for condonation.

- Compiled by Prajakta Gosavi and Sanjana Jain

GST

Notifications

Notification No. 9/2025 to 16/2025 – Central Tax (Rate)

(Effective from: 22 September 2025)

The Central Board of Indirect Taxes & Customs (CBIC) has issued Notification No. 9/2025–Central Tax (Rate) on 17 September 2025, ushering in one of the most significant GST rate reforms since the inception of GST in 2017.

Key Highlights

Comprehensive Rate Overhaul

A new HSN wise GST rate schedule has been notified, consolidating and updating rates for goods across sectors. This notification supersedes Notification No. 1/2017–CT(Rate), which had governed GST rates since July 2017.

Seven Schedules for GST Rates

Goods are now classified into seven schedules, with CGST rates ranging from 2.5% (5% GST) for essential goods to 20% (40% GST) for luxury and sin goods.

A parallel list of exempt goods is covered under Notification No. 10/2025–CT(Rate).

Effective Date & Compliance

New rates are applicable from 22nd September 2025. Businesses must update their billing systems, pricing, and contracts to reflect revised rates.

Council Driven Reform

This move implements key decisions from the 56th GST Council meeting, aimed at simplifying classifications and reducing disputes.

Action Points for Businesses

- **Review HSN Classifications:** Crosscheck goods under the new schedules to avoid misclassification.
- **Update Accounting & ERP Systems:** Ensure GST masters and tax codes reflect the revised rates before the effective date.
- **Communicate with Stakeholders:** Inform customers and vendors about pricing impacts to ensure smooth transitions.

Further, Notification No. 10/2025–CT(Rate): Goods exempt from CGST under the new regime.

Notification Nos. 11/2025 - 14/2025–CT(Rate): Special categories such as imports, handicrafts, and construction materials.

Refer the below notifications for the change in rates:

- Notification NO. 9/2025-Central Tax (Rate)
- Notification No.15/2025-Central Tax (Rate)
- Notification No. 16/2025-Central Tax (Rate)

Notification No. 13/2025–Central Tax

(Issued by CBIC on 17 September 2025)

The notification makes significant amendments to the Central Goods and Services Tax Rules, 2017, effective on various dates, covering refunds, appeals, annual returns, and reconciliation statements. Key highlights are:

1. General Provisions

Effective Date: Most amendments take effect from 22nd September 2025, with certain changes applicable from 1st April 2025 retrospectively or from 1st October 2025.

Rule 31A (2): The figure “128” is replaced with “140” (relating to valuation of lottery, betting, etc.).

Rule 39(1A): Expanded to include references to IGST Act provisions for input service distributors.

2. Refund Procedures

Rule 91(2): Refund orders in FORM GST RFD-04 must be issued within 7 days of acknowledgement based on risk evaluation.

Proper officer may deny provisional refund with reasons in writing and proceed under Rule 92. No revalidation of RFD-04 is required.

3. Appeals & Appellate Tribunal

- Rule 110 & 111: New FORM GST APL-02A introduced for provisional (Part A) and final (Part B) acknowledgements of appeals to Appellate Tribunal. References to older APL-02 forms updated accordingly.

- **New Rule 110A:** Provides a procedure for single-member benches of the GST Appellate Tribunal to hear appeals not involving a question of law.
- If a question of law arises, the appeal must be reassigned to a two-member bench comprising of a Technical Member and a Judicial Member.
- Rule 113(2): Tribunal will issue a summary of orders in FORM GST APL-04A specifying final demand confirmed. New and revised forms introduced for appeals and cross-objections (APL-05, APL-06, APL-07) with detailed fields for disputed amounts, facts, and grounds.

4. Annual Return (FORM GSTR-9)

Major restructuring of tables to capture:

- Input Tax Credit (ITC) details including ITC of preceding financial year, reversals and reclaimed credits (Rules 37, 37A, 38).
- Tax paid vs. payable with improved clarity on differences.
- New disclosures for imports, IGST credits and ITC adjustments across multiple financial years.
- Enhanced instructions for FY 2024–25 onwards, including auto-population of specific fields and reporting of cross-year ITC reversals/claims.

5. Reconciliation Statement (FORM GSTR-9C)

New reporting requirements for supplies where e-commerce operators are liable to pay tax under Section 9(5).

Additional tables for tax reconciliation, late fees, and ITC adjustments.

6. Key New Forms Introduced

FORM GST APL-02A: Provisional & final acknowledgement of appeals.

FORM GST APL-04A: Summary of Appellate Tribunal's order and quantified demand.

Revised APL-05, APL-06, APL-07: Streamlined for detailed appeal/cross-objection filing with demand details, category of dispute, and case summaries.

Key Takeaways:

- **Appeal Process Simplified:** Introduction of single-member benches for low-complexity cases.
- **Refunds Faster:** Provisional refunds to be processed within 7 days using risk-based evaluation.

- Enhanced ITC Reporting: GSTR-9 now requires detailed, year-wise ITC disclosure and auto-populated data for better compliance.
- E-commerce Tax Reporting: New fields to track transactions where e-commerce operators pay tax on behalf of suppliers.
- **This notification represents one of the most comprehensive procedural overhauls of GST rules since inception, aiming to improve compliance, speed up refunds and streamline dispute resolution.**

Notification No. 14/2025–Central Tax

(Issued by CBIC on 17 September 2025)

What is a Provisional Refund?

Under Section 54(6) of the CGST Act, 2017, when a taxpayer applies for a refund (e.g., excess input tax credit, zero-rated supplies, exports), the government may sanction 90% of the claimed refund amount upfront before completing a detailed verification of documents.

How it Works

1. Refund Application Filed → Taxpayer files Form GST RFD 01.
2. Preliminary Scrutiny → The tax officer checks for basic eligibility.
3. 90% Released Quickly → Within 7 days, 90% of the claim (excluding provisional ITC, disputed amounts, etc.) is credited to the taxpayer's bank account.
4. Final Refund Order → After full verification (within 60 days), the balance (if eligible) is sanctioned or adjustments are made.

Purpose

To support business liquidity, especially exporters and genuine taxpayers, by avoiding cash flow crunch due to refund delays. Ensures that businesses do not have to wait long for refunds that are likely legitimate.

Person ineligible for Provisional Refund (as per Notification 14/2025)

- Non–Aadhaar authenticated persons, and
- Suppliers of Areca nuts, Pan masala, Tobacco products, and Essential oils.
- These groups must wait until the entire refund claim is scrutinized and finalized, i.e., no upfront 90% release.

NOTIFICATION No. 15/2025 – Central Tax

Small Businesses Exempt from Annual Return Filing for FY 2024–25

The Ministry of Finance has issued Notification No. 15/2025 – Central Tax dated 17th September 2025, bringing welcome relief for small businesses under the Goods and Services Tax (GST) regime.

Under this notification, the Central Board of Indirect Taxes and Customs (CBIC) has exempted registered taxpayers with an annual turnover of up to 2 crores from filing the GST annual return (Form GSTR9) for the financial year 2024–25 onwards.

Key Highlights:

Who is exempt?

GST registered businesses with an aggregate turnover up to 2 crores in a financial year.

Effective from: FY 2024–25 and applicable for subsequent years.

Circulars

Circular No. 251/08/2025-GST

Whether a post-sale discount offered by a manufacturer to its dealer / distributor, would be treated as a consideration paid by the manufacturer for the dealer's supply of the same goods to the end customer as a monetary value of the inducement to supply of goods manufactured by him to the end customer?

Under GST, the treatment of post-sale discounts depends on the nature of the transaction and the relationship between the parties involved.

Independent Sales on Principal-to-Principal Basis

When a manufacturer sells goods to a dealer and the dealer subsequently sells them to the end customer, then there are two independent sales transactions. Ownership of goods passes to the dealer once the manufacturer's sale is complete, and the dealer sells the goods to the end customer on their own account.

Any post-sale discount offered by the manufacturer to the dealer in such cases is considered a trade discount—a simple reduction in price to remain competitive or encourage sales.

Since the dealer is not rendering any service to the manufacturer, this discount is not treated as “consideration” under Section 2(31) of the CGST Act and does not attract GST beyond the original supply.

Discounts Linked to End-Customer Agreements

However, where a manufacturer enters into an agreement with an end customer to supply goods at a pre-determined discounted price, and issues commercial or financial credit notes to the dealer to enable the dealer to meet this agreed price, the scenario changes.

Such a discount acts as an inducement for the dealer's supply to the end customer and is therefore considered part of the overall consideration for the dealer's supply.

In this case, the discount must be included in the taxable value and will be subject to GST.

Key Takeaway

Businesses should carefully review the terms of their discount schemes to determine whether they qualify as pure trade discounts (outside GST consideration) or as inducements (taxable). Clear documentation of agreements and conditions is essential to ensure proper GST compliance.

Whether a post-sale discount extended by the manufacturer to the dealer can be treated as a consideration in lieu of the activities performed to promote the sale of the goods?

1. If the Discount is a Pure Trade Discount

Scenario:

- The manufacturer sells goods to the dealer on a principal-to-principal basis.
- The dealer takes ownership of the goods and sells them further at their own discretion.
- The manufacturer gives a post-sale discount (e.g. year-end turnover discount, volume-based discount) without requiring the dealer to perform any specific promotional activity.

GST Treatment:

- Such a discount is simply a price reduction and not a payment for any service.
- It is not treated as "consideration" under Section 2(31) of the CGST Act.
- No GST is payable by the dealer on this discount.

2. If the Discount is Linked to Promotional Activities

Scenario: The manufacturer requires the dealer to perform specific actions to promote sales, such as:

- a. Advertising Campaigns,
- b. Co-branding, Customisation Services

- c. Special Sales Drives, Exhibition Arrangements,
- d. Customer Support Services.

The manufacturer provides the post-sale discount/incentive because of these activities.

GST Treatment:

The discount is treated as consideration for a separate supply of service (promotion/marketing) by the dealer to the manufacturer. The dealer is required to raise a tax invoice on the manufacturer for the service value (equal to the discount/incentive), and charge GST on it.

Example

Case A: Manufacturer gives a 5-lakh year-end discount purely for achieving a sales target.

→ Not consideration (if no marketing/service obligation).

Case B: Manufacturer gives a 5-lakh discount provided the dealer spends on brand advertising and shares proof.

→ Consideration for service → Dealer must charge GST on 5 lakhs.

Circular No. 252/09/2025 -GST

Update on Document Identification Number (DIN) for e-Office Communications

The Central Board of Indirect Taxes and Customs (CBIC) has clarified the requirements regarding Document Identification Number (DIN) for communications to taxpayers through e-Office.

Background:

Earlier circulars (Circular No. 122/41/2019-GST dated 05th November, 2019 and Circular No. 128/47/2019-GST dated 23rd December, 2019) mandated quoting a DIN on certain documents, which was later expanded to all communications, including emails. Subsequently, Circular No. 249/06/2025-GST dated 09th June, 2025 clarified that communications via the GST Common Portal with a verifiable Reference Number (RFN) do not require a DIN, as the RFN itself serves as a valid identifier.

New Development for e-Office Communications:

Communications issued through CBIC's e-Office generate an automatic unique Issue Number. An online verification utility is now available: <https://verifydocument.cbic.gov.in>. This allows taxpayers and concerned persons to verify the authenticity of communications by entering the Issue Number.

Verified details include:

- File number
- Date of issue
- Type of communication
- Name of issuing office
- Recipient details (masked)

Key Decision:

For communications sent via the public option in e-Office, the Issue Number will now be treated as the DIN, and no separate DIN is required.

DIN remains mandatory for:

- Communications not sent via e-Office public option
- Communications without a verifiable RFN from the GST portal

Action for Officers:

Officers issuing communications through e-Office must ensure that metadata (document type, recipient name, address, email) is accurately filled before dispatch.

Impact:

This simplifies verification for taxpayers, avoids duplication of identifiers and ensures that all e-Office communications can be authenticated online.

GST Advisory

New Facility for Declaring ITC Reduction Amount

Effective from October Tax Period

The Goods & Services Tax Network (GSTN) has rolled out an important enhancement to the Invoice Management System (IMS) aimed at simplifying the reversal of Input Tax Credit (ITC) and reducing unnecessary compliance.

This change will be especially useful for taxpayers who deal with credit notes, amendments, or partial ITC claims.

Key Changes in Detail

1. No ITC Claimed = No Reversal Needed
 - If a taxpayer has not availed ITC on a particular invoice or document, there is no requirement to reverse any ITC.

- Earlier, there was confusion over whether reversal was needed when a supplier made an amendment.
- This clarification removes that doubt and saves effort.

2. Partial ITC Claimed = Reverse Only the Claimed Amount

Where a taxpayer has claimed only a portion of the available ITC, the reversal obligation is now restricted to the exact amount claimed.

For example:

GST on an invoice = ₹10,000

ITC claimed earlier = ₹6,000

Reversal required (if applicable) = ₹6,000 only, not the full ₹10,000.

This ensures fair compliance and prevents unnecessary outflow.

3. New IMS Declaration Facility

The GST portal now provides a dedicated option for taxpayers to:

- Enter the exact ITC amount to be reversed—whether full or partial.
- Record reversals already made in the past, for accurate reporting.
- Indicate situations where ITC was never claimed, creating a proper audit trail.

Benefits for Businesses

- **Transparency:** The portal now reflects the actual ITC position, reducing disputes and mismatches.
- **Flexibility:** Businesses can manage reversals based on the real amount availed, rather than defaulting to full credit.
- **Ease of Compliance:** The new system helps avoid over reversal and reduces manual tracking of ITC adjustments.

Revised Advisory on MRP due to GST Rate Change

Effective Date of GST Rate Revision: 22nd September, 2025

Issued by: Department of Consumer Affairs (Legal Metrology)

The Government of India has revised Goods & Services Tax (GST) rates through Notification No. 9/2025–Central Tax (Rate).

To ensure smooth implementation and consumer benefit, the Department of Consumer Affairs has issued a revised advisory permitting flexible adjustment of Maximum Retail Price (MRP) on pre-packaged goods.

Key Highlights of the Advisory

- **MRP Revision on Old Stock**

Manufacturers, packers and importers may revise MRPs on unsold goods manufactured or packed before 22nd September, 2025 to reflect the new GST rates.

- **Use of Stickers/Stamping**

Corrected MRPs can be displayed by affixing stickers, stamping, or online printing, provided the original printed MRP remains visible.

- **Passing on Tax Benefit**

Where GST has been reduced, MRPs must be lowered to pass on the benefit to consumers.

If it has increased, any upward revision in MRP must not exceed the actual tax increase.

- **Use of Existing Packaging Materials**

Old packaging materials/ wrappers can continue to be used until 31st March, 2026 or until stock is exhausted, whichever is earlier, if revised MRPs are clearly declared.

- **Simplified Compliance**

The requirement to publish revised MRPs in newspapers has been waived.

Instead, manufacturers/importers should circulate updated price lists to wholesalers/retailers and send copies to Legal Metrology authorities (Central & State).

Action Points for Businesses

1. Identify Inventory: List unsold goods manufactured/packed before 22 Sept 2025.
2. Compute GST Impact: Calculate the difference in GST and determine the revised MRP.
3. Apply Corrected MRP: Use stickers, stamping, or online printing to display the new price without covering the old one.
4. Notify Trade Partners: Share revised price lists with distributors, wholesalers, and retailers.
5. Maintain Records: Keep documentation of revised MRPs and communication for audit and compliance.

For Consumers

Consumers are encouraged to check the revised MRPs on goods and ensure the benefit of GST reduction is passed on. In case of non-compliance, consumers can report discrepancies to their State's Legal Metrology Department.

Note: These relaxations are temporary and apply only to goods impacted by the latest GST rate changes.

Businesses are advised to update packaging and billing systems for all new production to reflect the revised GST rates directly.

Case Laws

HIGH COURT OF BOMBAY

Bharat Sanchar Nigam Ltd.

v.

Union of India

M.S. SONAK AND JITENDRA JAIN, JJ.

WRIT PETITION (L) NO. 22302 OF 2025

SEPTEMBER 3, 2025

GST UPDATE - Pre-Deposit Can Be Paid via Electronic Credit Ledger

Background

- Under Section 107(6) of the CGST Act, 2017, an assessee must make a mandatory pre-deposit (10% of disputed tax) when filing a first appeal.
- Bharat Sanchar Nigam Ltd. (BSNL) discharged this pre-deposit using Input Tax Credit (ITC) available in its Electronic Credit Ledger.
- The Appellate Authority rejected the appeal, holding that the pre-deposit must be paid in cash and not by utilising ITC.

High Court's Decision

The Bombay High Court held that the Appellate Authority's view was incorrect, citing its earlier decision in Navnit Motors Pvt. Ltd. v. Commissioner of CGST & Central Excise (Appeals III) (W.P. No. 2345 of 2025, dated 14.7.2025).

The Court ruled that:

- Pre-deposit can be validly discharged using the Electronic Credit Ledger.
- There is no statutory requirement that it must be paid in cash.

The impugned order was set aside, and the matter was remanded to the Appellate Authority to decide the appeal on merits.

Key Takeaways for Taxpayers

1. Flexibility in Payment - Taxpayers may utilise Input Tax Credit (ITC) to meet the mandatory pre-deposit requirement for filing appeals.
2. Relief for Cash Flow - Using ITC avoids unnecessary cash outflow, easing liquidity pressure during litigation.
3. Precedent Strengthened - This judgment reaffirms similar decisions of other courts, providing strong legal support for credit-based pre-deposits.

Action Points

Maintain Proper Ledger Records: Ensure ITC utilisation is clearly documented to defend against any departmental objections.

Stay Updated: Monitor further appeals or circulars from CBIC that may clarify the position nationwide.

HIGH COURT OF BOMBAY

Map overseas

v.

Union of India

M.S. SONAK AND JITENDRA JAIN, JJ.

WRIT PETITION NO. 8229 OF 2025

AUGUST 25, 2025

Background of the Case

Assessee: Map Overseas Ltd.

Issue: The assessee filed an appeal against an adjudication order under GST, but the appeal was filed beyond the maximum condonable period of 120 days. The appellate authority rejected the appeal solely on the ground of limitation.

The assessee contended that the original order was never communicated, and therefore, counting from the date of communication, the appeal was within the limitation period or the maximum condonable period. A writ petition under Article 226 was filed against the appellate authority's order, seeking relief.

Court Held

On reviewing the appeal memo and condonation application, the Court found no evidence of non-communication of the original order. The delay was beyond the maximum condonable period of 120 days provided under Section 107 of the CGST Act, 2017 / Maharashtra GST Act, 2017. No fault was detected in the appellate authority's rejection of the appeal.

Citing Supreme Court in Glaxo Smith Kline Consumer Health Care Ltd. [2020] 116 Taxmann.com 417 / 36 GSTL 305, the Court reiterated that even if the petitioner has a strong case on merits, it cannot be entertained if the appeal is filed beyond the maximum condonable period.

Writ petition dismissed.

Key Takeaways for Taxpayers

1. Strict adherence to limitation:

Under Section 107, the appeal must be filed within 3 months from the date of communication of the order. A maximum condonable delay of 1 month is allowed, making the total 4 months. Appeals beyond this period are non-maintainable.

2. Proof of communication is crucial:

To claim limitation starts later, you must first prove that the order was not communicated to you (neither via emails, courier receipts nor postal records).

3. Merit of the case cannot cure delay:

Even if the underlying GST dispute has a strong case, courts will not entertain appeals filed after the maximum condonable period.

4. Caution in filing writs:

Article 226 cannot override statutory limitation; writ petitions are not a backdoor to extend appeal timelines.

5. Practical advice:

- a. Track the date of receipt of the order carefully.
- b. File appeal well within the 3-month period.

If delay occurs, immediately submit a condonation application with strong justification and documentary evidence.

- Compiled by Sanjana Tambe and Aryan Shejwal

RBI

RBI/2025-26/77

CO.DPSS.ODD. No. S604/06-08-024/2025-2026

September 05, 2025

Returns – Department of Payment and Settlement Systems – Submission in CIMS

The Reserve Bank of India (RBI) has launched its new Centralised Information Management System (CIMS) — a next-generation data warehouse for collecting and managing information from banks. RBI now wants certain returns (data reports) related to digital banking to be submitted through this CIMS portal. CIMS is the **next-generation data warehouse** of the **Reserve Bank of India (RBI)**.

It is a **central platform** where banks and financial institutions submit their regulatory and statistical returns (reports) to RBI.

Who has to comply?

- All Scheduled Commercial Banks (SCBs), including Regional Rural Banks (RRBs)
- Urban Cooperative Banks (UCBs)
- State Cooperative Banks (StCBs)
- District Central Cooperative Banks (DCCBs)
- Payments Banks
- Small Finance Banks

Which returns must be submitted?

From August 2025 onwards, banks have to file these two reports every month in CIMS:

1. Internet Banking Return (Code: R065) – Monthly
2. Mobile Banking Return (Code: R102) – Monthly

How will it work?

- The Admin User will create login credentials for the staff who will actually upload these reports.
- Banks must log in at: <https://cims.rbi.org.in/#/login>

Reporting timeline

- The deadline is the 7th of the following month.

Legal basis & compliance

- Issued under Section 12 and Section 19 of the Payment and Settlement Systems Act, 2007.
- If a bank fails to submit on time, penal action may be taken by RBI.

RBI/2025-26/78
A. P. (DIR Series) Circular No. 10
September 22, 2025

**Participation of Standalone Primary Dealers in Non-Deliverable Rupee
Derivative Markets**

The RBI has updated its rules on **Non-Deliverable Derivative Contracts (NDDCs)** involving the Indian Rupee. Earlier, **only big banks (AD Category-I) with IFSC Banking Units (IBUs)** and some foreign banks could trade in these instruments. Now, **Standalone Primary Dealers (SPDs)** – who are registered as **Authorised Dealer Category-III (AD Cat-III)** – are also allowed to participate.

AD Category-I (AD Cat-I): These are mainly commercial banks (including foreign banks with Indian branches).

AD Category-III (AD Cat-III): These are Standalone Primary Dealers (SPDs).

Standalone Primary Dealers (SPDs): SPDs are specialised financial institutions that deal mainly in Government Securities. Unlike banks, they are **not** allowed to do normal banking activities (like accepting deposits or giving loans). Their job is to help the government raise money by buying and selling government bonds.

Non-Deliverable Rupee Derivative Markets

It's a market where people trade contracts based on the future value of the Indian Rupee, but without actual delivery of rupees. Instead of exchanging real money, the difference (profit or loss) is settled in a freely tradable foreign currency (like US Dollars).

What can they do?

SPDs (AD Cat-III) can now offer and trade in rupee NDDCs with: Residents, Non-resident, Other eligible banks and institutions.

RBI/2025-26/79
CO.DPSS.POLC.No. S 668/02-14-015/2025-2026
September 25, 2025

Authentication for Digital Payments (2025)

Till now, almost all **digital payments in India** were verified mainly using **SMS-based OTP** as the second factor of authentication. But technology has moved ahead (biometrics, device-

based authentication, tokens, etc.). So, RBI has introduced **new directions** to guide banks and payment companies on how to use modern, secure, and flexible authentication methods.

From April 1, 2026, all banks, non-banks, and payment system providers must follow these rules.

RBI's New Digital Payment Authentication Rules (from April 1, 2026)

1. Who are Covered?

Applies to **all banks, UPI apps, card issuers, wallets, and payment providers** for **domestic digital payments**.

2. Minimum 2-Factor Authentication (2FA) Required

- 1) All digital transactions must use **at least 2 different authentication methods**.
- 2) If one is compromised (e.g. PIN), the other must still protect the transaction.
- 3) **Exemptions** (Annexure-1):
 - a) Tap-and-pay (small value)
 - b) Recurring debits (after 1st time)
 - c) Offline small payments
 - d) FASTag toll payments

3. Open Access to Authentication Systems - Tokenisation and other methods must be interoperable across apps (no lock-in to one app or provider).

4. Risk-Based Checks Allowed - Extra checks can be applied for suspicious transactions based on:

- Unusual location/device
- Spending patterns
- History

5. Issuer Responsibilities

- a) Banks and issuers must ensure systems are **secure and compliant**.
- b) If fraud happens due to their failure, **full customer compensation** is required.
- c) Must also follow the **Digital Personal Data Protection Act, 2023**.

6. Cross-Border Payments (Cards)

1. By **Oct 1, 2026**, all **international card payments** (non-recurring) must be authenticated if the merchant requests it.
2. Issuers must register **card BINs** and apply **risk-based checks**.

RBI/2025-26/80
DOR.MRG.REC.49/00.00.011/2025-26
September 26, 2025

Investment by Co-operative Banks in NABARD's Shared Service Entity (SSE)

Normally, State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs) can invest in certain instruments **other than SLR securities**. There are **prudential limits and restrictions** on how much they can invest, especially in **unlisted securities** (those not traded on the stock exchange).

NABARD (National Bank for Agriculture and Rural Development) has recently created a **Shared Service Entity (SSE)** in April 2025 to support co-operative banks with **common services** (like IT, risk management, compliance, etc.).

SLR = Statutory Liquidity Ratio: It is the **minimum percentage of a commercial bank's Net Demand and Time Liabilities (NDTL)** (basically deposits from customers) that banks are required by law to maintain **in the form of liquid assets** before offering credit.

NON SLR Includes,

1. SLR securities = Govt. securities (safe, mandatory holding).
2. CRR = Cash reserve with RBI (mandatory, no interest).
3. Non-SLR investments = Corporate bonds, shares, CPs, CDs, PSU bonds, etc.
4. Loans/Advances = Credit to customers.
5. Other assets = Cash, fixed assets, inter-bank balances.

What RBI has decided now:

- RBI has amended its earlier rules (2016 circular) to **allow StCBs and CCBs to invest in the share capital of NABARD's SSE**.
- This is meant to give co-operative banks a way to participate in and benefit from the common services provided by the SSE.

Key Points of the New Directions

- 1) **Investment allowed:** StCBs and CCBs can now buy shares in NABARD's SSE.
- 2) **Investment limit:** A bank's investment in the SSE's share capital **cannot exceed 5% of its owned funds** (paid-up share capital + reserves).
- 3) **Special exemption:**
This investment will **not be counted** under:
 - i) The overall limit on non-SLR investments (general cap).
 - ii) The restriction on investing in **unlisted non-SLR securities**.
- 4) **Effective date:** Applicable **immediately** (from September 26, 2025).

RBI/2025-26/82
DoR.MCS.REC.50/01.01.003/2025-26
September 26, 2025

RBI Directions on Settlement of Claims of Deceased Bank Customers (2025)

RBI has issued **new, standardised rules** for banks to follow when a customer dies and their family, nominee, or heirs claim money or locker contents. These directions aim to **reduce delays, remove unnecessary paperwork, and protect families from harassment**.

They will come into effect **latest by March 31, 2026** and apply to **all commercial and co-operative banks** (but not government savings schemes like PPF, SCSS, etc.).

Key Highlights

1. Nominee / Survivor Accounts

- a) If nominee or “either/survivor” clause exists → money to be released without court papers.
- b) Required: Claim form, death certificate, ID of nominee/survivor.
- c) Nominee gets money as trustee for all heirs.

2. No Nominee

- a) Up to ₹15 lakh (₹5 lakh for co-op banks): simplified process with claim form, death certificate, ID, indemnity, NOC from heirs, legal heir certificate/affidavit.
- b) Above limit: Court documents (Succession Certificate, Probate, etc.) required.

3. Will

- a) Clear Will, no disputes → bank may act without probate.
- b) If disputes → only court order valid.

4. Term Deposits

- a) FDs can be broken without penalty.
- b) In joint deposits, survivorship mandate applies; otherwise, heirs’ consent needed.

5. Missing Persons

- a) Court order of civil death required.
- b) For up to ₹1 lakh (or higher bank limit), FIR + non-traceable report accepted.

6. Lockers / Articles

- a) If nominee: access given after verification; no legal papers needed.
- b) If no nominee: simplified procedure for small claims; otherwise court order.

7. **Process & Transparency**

- a) Standard claim forms (Annex I-A to I-H).
- b) Forms/process on bank websites & branches.
- c) Claims allowed at any branch; online filing & tracking to be provided.

8. **Timelines & Compensation**

- a) Deposits: settle within 15 days; else Bank Rate + 4% interest.
- b) Lockers: date for inventory within 15 days; ₹5,000/day penalty for delay.

9. **Special Cases**

- a) Proprietorship accounts = individual accounts.
- b) Death abroad: embassy/consulate attestation valid.

- Compiled by Parshva Kakariya

ROC

Key Changes in MGT-7 and AOC-4 Filings (MCA V3)

MGT-7 (Annual Return) – Comparison

Area	Earlier (Old – MCA V2)	Now (New – MCA V3, from July 14, 2025)
Portal for Filing	Filings through MCA V2 portal using downloadable e-forms.	Web-based MCA V3 portal – filings must be done online using new forms.
Shareholder Details	Basic shareholder details (name, shareholding, category).	Gender-wise classification (Male / Female / Transgender) in a prescribed Excel format.
Beneficial Ownership Compliance	Only general information on shareholders and directors.	Mandatory disclosure of designated person responsible for providing information on beneficial ownership.

AOC-4 (Financial Statements) – Comparison

Area	Earlier (Old – MCA V2)	Now (New – MCA V3, from July 14, 2025)
Portal for Filing	Filings through MCA V2 portal using downloadable e-forms.	Web-based MCA V3 portal – filings must be done online using new forms.
Registered Office Proof	Only address details and utility bill/ownership proof were required.	Mandatory photograph of registered office showing the building and company name board to be attached.
Data Validation	Limited checks – errors often noticed post-filing.	Real-time validation on V3 portal for accuracy and completeness.
Digital Signature (DSC)	Class 2 DSC was accepted for most filings.	Class 3 DSC mandatory, with real-time verification during submission.

- Compiled by CS Reena Jain



- By Laxmi Yadav

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