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EDITORIAL

Chartered Accountants are the Masters of Business Finance



CA Vinod Jain*

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The Chartered Accountants in India, have rapidly expanded their expertise in the field of Finance and have truly gained the top position of master in the business finance. They embed their deep Knowledge, experience, capability and expertise of a top financial expert, being better than the best in the field of finance.

The position of **Chief financial**

officer in almost ninety percent of large and mid-size Corporate in India are now held by Chartered Accountants, recognizing their abilities in raising the financial resources in the form of debt as well as equity, day to day and strategic treasury management, forex risk management, commodity risk management, cash-flow management, usage of high end, as well as plain vanilla currency /commodity futures and derivatives products.

The deep rooted skill, knowledge and expertise of Chartered Accountants in the field of accountancy, technology, data analysis, taxation, business process, operational and financial control and a grip on day-day requirements of business and the strategic future need has enabled the CA CFO to be a **chief facilitating officer**, providing all resources and fulfilling need of top management, production, planning and control, marketing, human resource, technical resources and research, legal and all other management functions beside supporting and implementing the top management vision, mission, and strategy for growth.

A CFO is also busy in training and empowering his team of finance managers and upcoming CFOs to take up challenging positions in managing and executing various finance functions very meticulously to meet the current need of business besides expansions and diversification of business and industry in India and Outside India.

Indian CFO's and all other Chartered Accountant at different levels of financial management functions of trade, services

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स्वदेशी बढ़ाओ – विदेशी हटाओ : आत्मनिर्भर भारत ...from Vision to Strategic Necessity



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The world economy today is undergoing a deep churn. Wars, trade tensions and unilateral measures have shaken the global trade order that was once anchored in the WTO framework, G20, G7, OECD, BRICS, NAM and regional groupings like European Union, ASEAN and SAARC. Supply chains are disrupted, and businesses everywhere are facing uncertainty. The geo political factors are influencing and disrupting businesses, trade, industry and investment beyond balanced and negotiated business considerations.

The most recent shock for India is the unilateral imposition of a 50% tariff by the United States of America on Indian goods. Economists across the globe have expressed concern over this sudden move. The US has justified the step on two grounds – correcting the trade imbalance with India and objecting to India's purchase of oil from Russia. However, this development is much more than a tariff issue. It reflects the complex interplay of energy security, strategic autonomy and economic sovereignty in today's multipolar world.

The trend towards de-globalisation, first seen in the US-China decoupling, is now spilling over into India-US trade relations. This points towards a swift restructuring of the global economic order. In the background of US actions in relation with various other countries, the matter has to be examined in the light of what can follow in future as India ride more and more strongly as an economy as well as a military power.

The Government of India has taken note of the matter, with the Ministry of Commerce & Industry and the Ministry of External Affairs actively engaged. The Hon'ble Prime Minister has assured the nation that India will stand firm, protect its farmers and accelerate the journey towards self-reliance.

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As students of the Indian economy, this is also a moment for introspection. We have seen similar challenges before. For instance, until about 2015-16, heavy FII sell-offs would cause sharp falls in Indian stock markets, exposing their fragility. Over time, however, Domestic Institutional Investors (DIIs) and retail investors strengthened their participation. Today, FII exits are no longer a threat but an opportunity for domestic buyers.

This lesson applies equally to the current trade situation. Our strategy must rest on two pillars:

- **Preference for Indian Alternatives:** Whenever we purchase goods or services, opting for Indian-owned alternatives strengthens both economic and strategic resilience “Made in India” is important, but “Owned by Indians” adds strategic value. When we hire an Indian-faced but foreign-controlled consulting firm or manufacturer, the benefit ultimately flows overseas. Our collective demand can and must nurture real Indian businesses to scale globally.
- **Encouraging Indian Substitutes to Global Giants:** As Chartered Accountants, we can guide our clients and employers to build domestic alternatives in every field—software, digital platforms, products, tools and services. We should also encourage Indian entrepreneurs to look outward, acquire global companies and become world leaders themselves.

The US tariff, though challenging, can act as a catalyst for Aatmanirbhar Bharat. The vision of a self-reliant India—anchored on economy, infrastructure, technology, demography and demand—now carries even greater urgency.

The Government is already working towards:

- Boosting domestic capacity from fertilisers to jet engines and EV batteries,
- Exclusivity and Substantial rate preference by Government of India and PSUs to buy goods produced in India
- Strengthening local manufacturing,
- Encouraging traders and retailers to promote local products, and
- Lowering GST rates to enhance local consumption.

India has also shown the world how defence equipments, satellites, Nuclear capabilities, digital and financial systems can be built at home and still match or even beat the global standards. UPI, RuPay, ONDC and BharatNet are good examples. self-reliance can go hand in hand with innovation

As Chartered Accountants, our role is crucial. By supporting and partnering with domestic businesses, we can help build a stronger, self-reliant India. **Aatmanirbhar Bharat** is not a slogan; it is a strategy for survival and leadership in the new world order. Self-reliance is not the duty of government alone—it is a mission in which every Indian has a part to play.

Every rupee spent on an Indian brand today plants the seed of tomorrow's global giant. **Nations are not built by chance; they are built by choice**, our choice to support and strengthen India. When we choose Indian, we are not just buying a product or service, we are investing in the nation's future.

We, the people of India, must actively support Indian entrepreneurs, Indian professionals, truly Indian CA firms and every Indian. By consciously preferring Indian brands—in goods, technology, software, food & beverages, consulting, accounting, auditing, social media including alternatives to x, LinkedIn, Facebook, google, Flipkart, amazon, internet, Microsoft windows, intel, and others—we can collectively shape the next wave of India's industrial and services growth. The Indian start ups and larger well performing companies, banks, Institutions, Insurance companies and businesses are being bought over by international PE funds. India has sufficient capital and Indian CA firms can guide Indian HNI and other investors to pool their resources and invest in Indian businesses as well as be part of a mission to own more and more companies in the world.

Let us not dream alone to work with fortune 500 as CEO or CFO but should actually breed Indians who can be the promoters or Chairman or key strategist with ownership of world's largest Companies.

LATEST IN FINANCE

RBI Monetary Policy Update: Repo Rate Held Steady at 5.50%

The Reserve Bank of India's Monetary Policy Committee (MPC), maintained the policy repo rate at 5.50% p.a. interest. RBI adopted a neutral and watchful stance, highlighting ongoing global uncertainties—particularly risks related to US tariffs—as key considerations. The overnight interbank market is also hovering around 5.50% p.a. interest.

ICICI Bank Introduces UPI Transaction Fee for Payment Aggregators

ICICI Bank will levy charges on payment aggregators (PAs) for processing UPI transactions. PAs with an escrow account in ICICI Bank will be charged 2 bps per transaction (capped at ₹6), while those without will face 4 bps (capped at ₹10). No charges apply if merchant settlements are directly credited into ICICI Bank accounts, as the bank benefits from float income. This is effective August 1 2025

IBC Resolves ₹26 Trillion Debt in 9 Years: Crisil

Since its launch in 2016, the Insolvency and Bankruptcy Code (IBC) has enabled resolution of ₹26 trillion debt—including ₹12 trillion directly through about 1,200 stressed cases and ₹14 trillion settled in nearly 30,000 cases even before NCLT admission, per Crisil Ratings' shifted India's framework to a creditor-in-control model, unlike earlier mechanisms such as SARFAESI, DRT, and Lok Adalat. Overall, ₹48 trillion debt has been resolved since 2016, with IBC delivering the highest average recovery rate (30–35%), compared with 22% (SARFAESI), 7% (DRT), and 3% (Lok Adalat).

SARs Explained: The Smart Alternative to ESOPs

Stock Appreciation Rights (SARs) are an innovative employee incentive that allow individuals to benefit from a company's stock price increase **without actually owning shares**. Under this plan, the company grants the right to receive the monetary equivalent of the appreciation in share value between the grant date and the exercise date. The pay-out can be in cash or shares, based on company policy. Example: SARs granted at ₹100, exercised at ₹180 = ₹80 gain per SAR. For 1,000 SARs, pay-out = ₹80,000. There's **no upfront investment** for employees and **no equity dilution** if cash-settled. Gains are taxed as salary on exercise, with TDS if shares are allotted. Under **Ind AS 102**, companies expense SAR costs over the vesting period and can claim tax deduction under Section 37. SARs suit start-ups and firms seeking performance-linked rewards without giving up ownership.

Aspect	SARs	ESOPs
Ownership of Shares	No ownership; pay-out based on price appreciation	Employee becomes shareholder upon exercise
Upfront Investment	Not required	Required at exercise (exercise price payment)
Dilution of Equity	None if cash-settled; possible if share-settled	Always leads to dilution
Settlement	Cash or shares	Shares only
Tax Treatment	Gain taxed as salary at exercise	Perquisite tax at exercise + capital gains tax on sale
Accounting (Ind AS 102)	Expense recognised over vesting period; fair value remeasured each period for cash-settled SARs	Expense recognised over vesting period; fair value fixed at grant date
Best Suited For	Start-ups, private firms, companies avoiding dilution	Public and private companies willing to dilute ownership

New Co-Lending Directions to Strengthen Risk-Sharing & Borrower Protection

RBI issued new Co-Lending Directions 2025, effective Jan 1, 2026. The rules expand co-lending to more lenders, mandate 10% minimum loan retention, cap Default Loss Guarantees at 5%, require escrow-based settlements, and enforce uniform NPA classification. Borrowers will see clearer disclosures and blended interest rates, strengthening transparency and risk-sharing.

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40

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Investment Limits Tightened for Regulated Entities in AIFs

Effective 1 Jan 2026, RBI limits individual RE investments in an AIF scheme to 10 % of its corpus, with a 20 % cap for all REs combined. Higher exposures to AIFs linked to debtor companies require 100 % provisioning. Investments in subordinated units under the PDM must be fully deducted from Tier-1 and Tier-2 capital. Transitional relief applies for legacy commitments; certain AIFs may be exempt in consultation with the government.

FEMA

ED Files FEMA Case Against Myntra for ₹1,654 Cr FDI Breach

The Enforcement Directorate (ED) has booked Myntra Designs, its associates, and directors for alleged violations of foreign direct investment (FDI) norms worth ₹1,654.35 crore. The charge is that Myntra engaged in multi-brand retail trade under the guise of wholesale cash-and-carry, which is barred from receiving FDI. Under current rules, FDI is prohibited in inventory-led e-commerce and allowed only in the marketplace model.

International Trade in INR — RBI Eases SRVA Opening Rules

The RBI simplified the rules for **Special Rupee Vostro Accounts (SRVAs)**, which are used to settle international trade in Indian Rupees. Under this system, Indian importers pay INR into the SRVA of a foreign bank, and Indian exporters receive INR from that same account, with exchange rates set by the market. Advance export payments remain allowed, with priority given to settling pending dues. Earlier, authorised dealer (AD) banks needed prior RBI approval to open an SRVA, but now **AD Category I banks can open these accounts directly without RBI's prior clearance**. This change is expected to speed up trade settlement, promote the use of INR in global trade, and make the process easier for both banks and businesses.

CAPITAL MARKET

Unified Contract Note with Single VWAP – Boosting Market Efficiency and Ease of Doing Business

SEBI introduced a **Common Contract Note (CCN)** for trades across exchanges. It will now show a single **Volume Weighted Average Price (VWAP)**. This replaces the earlier system of getting separate contract notes per exchange. The move simplifies reporting for institutional investors. It reduces confusion, duplication, and improves operational efficiency. It also aligns Indian markets with international trade practices. Effective from **June 27, 2025**, it enhances ease of doing business.

Streamlined Monitoring of NRI Derivatives Trading — Centralised PAN Tracking for Better Compliance

A new circular introduces a simpler, faster system to track how much Non-Resident Indians (NRIs) and Overseas Citizens of India (OCIs) invest in exchange-traded derivatives.

- **Centralised tracking:** All exchanges will now use a

PAN-based system to monitor positions across different brokers.

- **Real-time compliance:** The system flags breaches instantly, preventing investors from crossing limits by using multiple accounts.
- **Transparency boost:** Consolidated data reduces duplication and helps both investors and regulators stay on the same page.
- **Ease of investing:** Balances strict compliance with smoother processes, making F&O participation easier for legitimate investors.

Stricter Oversight on Minimum Investment Rules in Specialized Investment Funds (SIFs)

A new framework ensures **minimum investment rules** are properly followed in SIF structures, especially those used by Alternative Investment Funds (AIFs), such as Category III AIFs.

- **Who it applies to:** AIFs investing through SIF structures must comply with the prescribed minimum ticket size for each investor.
- **Mandatory records:** Fund managers must keep detailed records of investor-wise capital commitments.
- **Quarterly reporting:** These details must be submitted to the regulator every quarter.
- **Preventing misuse:** Stops funds from avoiding minimum investment norms through pooling or complex layering.
- **Trust and governance:** Improve transparency in sophisticated fund structures, reassuring both investors and regulators.

DIRECT TAX

Parliament Approves Landmark Income-tax Bill, 2025 — Replaces 1961 Act, Simplifies Structure-

In a historic overhaul of India's direct tax regime, Parliament has passed the Income-tax (No.2) Bill, 2025, replacing the six-decade-old Income Tax Act, 1961.

Key Highlights:

- **Simplified Framework:** Sections trimmed from 819 to 536; chapters reduced from 47 to 23.
- **Digital Compliance Push:** Faceless assessments, streamlined inquiry, and valuation processes.
- **Unified "Tax Year" Concept:** Replaces "Previous Year" and "Assessment Year" distinction.
- **Property Income Clarifications:** 30% standard deduction post-municipal tax; aligned pre-construction interest rules.
- **Middle-Class Relief:** Retains ₹12 lakh annual exemption and Section 87A rebate up to ₹60,000.
- **Taxpayer Safeguards:** Prior notice before enforcement; refunds allowed post-deadline without penalty.
- **Measures:** Tightened rules on anonymous donations; simplified retirement benefit account provisions.
- **The said bill once promulgated as an Act is applicable from April 2026**

CBDT Tightens Tax Audit Reporting: Key Amendments in Form 3CD for AY 2025-26

The Central Board of Direct Taxes (CBDT) has revised Form 3CD—the backbone of the tax audit report—effective from Assessment Year 2025-26. The amendments will apply to all tax audit reports signed on or after 1 April 2025

Key New Reporting Requirements

Area	Amendment	Objective
Presumptive Taxation	New clause for income reporting by broadcasting entities under Section 44BBC	Track sector-specific presumptive income
Buy-Back of Shares	Two clauses introduced under Section 115QA	Monitor capital repatriation and tax impact
MSME Payments	Mandatory disclosure of interest payable to MSMEs, even if unpaid	Enforce timely payments and protect MSME interests
Cross-Border Transactions	Expanded Clause 26 for payments to non-residents without TDS	Strengthen cross-border tax compliance

Revisions to Existing Clauses

Change	Details
Removal of Obsolete Provisions	Deleted clauses on deductions under Sections 80IB, 80IC, 80ID and provisions under Sections 56(2)(viiia)/(viiib)
Granular Loan/Deposit Reporting	Introduced 12-category classification for better transaction analysis
Clarification on Disallowances	Section 43B now explicitly covers Settlement Expenses as deductible only if paid

SC: Hyatt's India Operations Taxable Under DTAA

The Supreme Court has ruled that UAE-based Hyatt International Southwest Asia has a fixed place Permanent Establishment (PE) in India under Article 5(1) of the India-UAE DTAA. The Court upheld the Delhi High Court's finding that Hyatt's consultancy and advisory services constitute business presence in India, making income from its Strategic Oversight Services Agreements (SOSA) taxable here.

India-UK FTA: Gains and Concessions

India and the United Kingdom have signed a landmark Free Trade Agreement (FTA) aimed at boosting bilateral trade. The deal removes or reduces tariffs on a wide range of goods and services, strengthens intellectual property protections, and eases movement for professionals. Below is a snapshot of the key benefits and concessions under the agreement:

India's Gains	Concessions to the UK
Nil duty on 99% of Indian goods with single-window clearance.	Tariffs on scotch whisky and gin cut from 150% to 75%, then to 40% over 10 years.
Zero duty for labour-intensive exports: gems & jewellery, leather, chemicals.	Under quota, automobile levies reduced from 100%+ to 10%.
Duty-free access for marine, medical, Agri, pharma, engineering devices, toys.	64% tariff lines tariff-free (incl. aircraft parts, salmon).
Regional/GI-tagged products to benefit: Goa's feni, Nashik wines, Kerala toddy, Kolhapuri chappals, Kanchipuram sarees, Shahi litchi, makhana.	Tariff on perfumes & eau de cologne reduced from 20% to 10%.
Market access boost for soccer balls, cricket gear, non-electronic toys.	India to cut duties on 90% of UK goods, average tariff drops from 15% to 3%.

Stronger IP & GI protection, easier global mobility for yoga teachers/chefs/musicians, and a 3-year social security exemption for 75,000 Indian workers.

DIRECT TAX (CASE LAWS)

ITAT Delhi Rules Bonus Shares Not Taxable Under Section 56(2)(vii)(c)

The Assessing Officer sought to tax bonus shares received by the assessee as "notional income" under Section 56(2)(vii)(c). Bonus shares were allotted by the company by converting reserves into share capital, with no fresh funds coming to the company and no transfer of property to shareholders. The assessee argued that the receipt does not constitute real income. **Decision:** The Delhi ITAT upheld the **real income principle**, ruling that only income actually accrued or received is taxable. Bonus shares were held **not to attract Section 56(2)(vii)(c)**, as their value is embedded in existing shares and no "property" is received without

consideration. Tax arises only upon sale of shares, with the cost apportioned under Section 55(2)(aa), aligning with earlier precedents such as PCIT v. Dr. Ranjan Pai and DCIT v. Mamta Bhandari. [Deepak Kothari vs ACIT (ITA No. 1205/DEL/2021 & 1834/DEL/2021, Aug 6, 2025)]

ITAT Mumbai Restricts Disallowance on Bogus Purchases Under Section 69C

Facts:

In **ACIT v. Dhiraj Parbat Gothi (ITA 580/Mum/2025, AY 2007-08, dated 30 May 2025)**, the Assessing Officer relied on information from the Investigation Wing regarding alleged **bogus purchases** from entities linked to Pravin Kumar Jain. The AO disallowed **12.5% of total purchases (₹3.33 crore)** as non-genuine. The CIT(A) reduced the disallowance to **4%**, considering industry practices, VAT rates, and documentation filed by the assessee, including purchase bills, stock registers, and bank statements. Revenue sought **100% disallowance**, relying on **PCIT v. Kanak Impex (India) Ltd. [2025] (Bom HC)**.

Decision:

The ITAT Mumbai upheld the **CIT(A)'s 4% disallowance** and dismissed the Revenue's appeal. The Tribunal noted:

- The **books of account were not rejected**, and sales were accepted by the AO.
- The assessee **fully complied** with documentation requests, unlike in Kanak Impex, where non-cooperation led to full disallowance.
- There was **no justification for 100% disallowance** in the absence of suppression of sales.
- Relevant precedents like **Nikunj Eximp Enterprises Pvt Ltd. v. CIT(A) [2015] 372 ITR 619 (Bom HC)** were followed.

GST

Bombay HC asks GST Council, GSTN to enable inter-State transfer of unutilised ITC in mergers, amalgamations

The Bombay High Court has urged the GST Council and the GST Network (GSTN) to provide for a regular mechanism for transfer of unutilised input tax credit (ITC) from the electronic credit ledger of a transferor company to a transferee company in another State after merger or amalgamation. "We permit the IGST (Integrated Goods & Services Tax) and CGST (Central Goods & Services Tax) amount lying in the electronic credit ledger of the transferor company to be transferred to the petitioner company by physical mode for the time being, subject to the adjustments to be made in future.

Diwali Bonanza: GST Slabs Cut to Two

Prime Minister in his Independence Day speech, announced a "Diwali gift" of GST reforms. The Group of Ministers has approved replacing the current four slabs (5%, 12%, 18%, 28%) with two core rates—5% and 18%, while 40% will apply to sin and luxury goods. Most items from the 12% slab will shift to 5%, and many from the 28% slab to 18%, easing consumer costs and simplifying compliance ahead of the festive season subject to approval in next GST council meet.



DISCIPLINE
अनुशासन के लिए हम प्रतिबद्ध हैं



GSTAT Upholds Penalty on Subway Franchisee for GST Profiteering

Facts

The Goods and Services Tax Appellate Tribunal (GSTAT) has confirmed an order against a Subway franchisee for failing to pass on the benefit of a GST rate cut to customers.

Key Facts:

- **Rate Change:** GST on restaurant services reduced from 18% to 5% (without ITC) effective 15 Nov 2017.
- **DGAP Findings:** Prices were not reduced proportionately; the franchisee retained the benefit, violating Section 171 of the CGST Act (anti-profiteering provisions).
- **Tribunal's View:** Businesses must immediately reflect GST cuts in prices. Increased operating costs cannot offset this legal obligation.
- **Order:** Profiteered amount to be deposited into the Consumer Welfare Fund with interest.

No 43B Disallowance Where GST Not Claimed in P&L-ITAT Delhi

Facts:

GST liability of ₹11.5 lakh as on 31.03.2020 was fully adjusted against GST credits/cash ledger before the return due date. The amount was not debited to P&L, yet the auditor reported it as unpaid, leading to disallowance under Section 43B by AO and CIT(A)

Decision:

The ITAT held that:

- **Section 43B applies only when a statutory liability is claimed as deduction** but not paid before the due date. Here, the GST liability was not routed through P&L; hence, no deduction was claimed.
- **Adjustment with input credit and cash ledger qualifies as payment** under GST laws, satisfying Section 43B conditions.
- **Audit report is not conclusive evidence**—incorrect reporting cannot override factual records and statutory returns. [*Tirlok Chand Sharma v. DCIT (ITA No. 6136/DEL/2024)*]

SC Sends OIDAR GST Dispute to GST Council

Facts:

- A petitioner challenged the levy of GST on **Online Information and Database Access or Retrieval (OIDAR) services** supplied from outside India.
- Claimed such overseas digital services should not fall under India's GST net, raising extra-territorial jurisdiction issues.
- Dispute concerned the **policy framework** and **scope of GST** on cross-border digital supplies.

Decision:

- Supreme Court refused to decide the matter on merits.
- Held that the issue is policy-driven and lies within the domain of the **GST Council**.
- Directed the petitioner to approach the Council for tax rate, exemption, and clarification. for OIDAR services. [*Pradeep Goyal v. Union of India and Others (WP [C] 258/2021 SC)*]

SC Confirms RCM Recipients' Right to Seek Advance Ruling

Facts:

- Under the **Reverse Charge Mechanism (RCM)** in GST, the service recipient (not the provider) is liable to pay tax.
- An earlier court ruling had allowed such RCM recipients to approach the Authority for **Advance Ruling (AAR)** to seek clarity on their GST liability.
- The Revenue Department filed a **Special Leave Petition (SLP)** before the Supreme Court challenging this, arguing that only service providers should be allowed to apply for an advance ruling.

Decision:

- Supreme Court dismissed the Revenue's SLP.
- Held that GST law allows any person, including service recipients under RCM, to seek an advance ruling.
- Confirmed the statutory right of RCM recipients to obtain advance clarity on tax obligations, thereby promoting compliance and preventing disputes. [*Commercial Tax Department Vs Power Grid Corporation of India Ltd & Ors [SPECIAL LEAVE PETITION (CIVIL) Diary No(s). 17421/2025]*]

OTHER IMPORTANT LAWS

ED - SC Questions ED Over Summons to Lawyers

The **Supreme Court** said it was “**shocked**” to learn that the **Enforcement Directorate (ED)** had issued summons to senior lawyers for legal opinions provided to their clients. The Court observed that the practice went **beyond permissible limits**, raising concerns about professional privilege.

Stricter Vetting for CSR Agencies — New Online Registration Form

The Ministry of Corporate Affairs, through Notification G.S.R. 452(E), introduced revised rules aiming to tighten compliance in Corporate Social Responsibility (CSR) activities. Effective **14 July 2025**, the old CSR-1 form was replaced by a detailed web-based version. Now, entities applying to become eligible CSR partners—such as Section 8 companies, societies, or trusts—must provide additional disclosures including **80G approval, PAN, OTP-verified email ID, Digital Signature Certificate**, and certification by a practicing CA/CS/CMA. The redesigned form enhances transparency and ensures that only credible and verified organisations qualify to execute CSR projects.

Simplified Overseas Listing Form — Enhanced Disclosure Required

The MCA issued Notification G.S.R. 443(E), updating rules for listing equity shares abroad under the Companies Act, 2013. It replaced the existing Form LEAP-1 with a more structured version, which must be used immediately. This updated form expands mandatory disclosures—such as timelines for filing, CIN, registered office, and a declaration regarding ongoing legal investigations—to improve clarity and regulatory compliance for companies planning overseas equity listings.

IBBI Amendment to CIRP Regulations –

The Insolvency and Bankruptcy Board of India (IBBI) has tightened disclosure norms for Resolution Professionals (Rps). They must now detail all identified avoidance or fraudulent transactions in the Information Memorandum (IM) and keep the Committee of Creditors (CoC) updated. Resolution plans can only assign such transactions if disclosed in the IM and shared with prospective applicants before submission.

IBBI Issues Fourth Amendment to Insolvency Resolution Process Regulations

The IBBI has issued the Fourth Amendment to the Corporate Insolvency Resolution Process Regulations, 2025, effective immediately. The reforms focus on enhancing transparency, safeguarding creditor interests, and providing more flexibility in resolution strategies.

Key Highlights:

- **Interim Finance Observers in CoC Meetings:** Providers of interim finance can now be invited by the Committee of Creditors (CoC) as non-observers - voting. This move allows financiers to monitor proceedings closely and contribute valuable insights without influencing voting outcomes.
- **Flexible Expression of Interest (EOI) Invitations:** Resolution Professionals (Rps), with CoC approval, can now issue EOIs not only for the entire corporate debtor but also for specific assets or both. This enables targeted asset-wise resolution strategies, potentially unlocking higher value for stakeholders.
- **Priority Protection for Dissenting Creditors:** In resolution plans with stage-wise payments, dissenting financial creditors must be paid pro rata and in priority at every stage of disbursement. This safeguards minority creditor rights and ensures equitable treatment across payment timelines.
- **Mandatory Disclosure of Non-Compliant Plans:** RPs must now report all non-compliant resolution plans in their submissions to the CoC. The earlier general reference to compliance requirements has been replaced with this explicit reporting obligation, enhancing transparency and informed decision-making.
- **Why It Matters:** The amendments align with IBBI's ongoing agenda of strengthening the Corporate Insolvency Resolution Process (CIRP) by ensuring inclusivity in discussions, empowering creditors with fair payout mechanisms, and improving market confidence through clearer disclosures.

Cabinet Approves Ban on Online Money Games

The Union Cabinet has cleared legislation for a **blanket ban on online games involving monetary stakes**, citing rising cases of **addiction and suicides linked to financial losses**. The ban will apply to games of **skill, chance, or both**, with provisions for imprisonment and monetary penalties.

AUDIT AND ACCOUNTS**ICAI Checklist for CA Certificates – 11 Aug 2025**

ICAI's Centre for Audit Quality has issued a structured checklist to enhance accuracy and compliance in CA-issued certificates like turnover, net worth, or fund utilization attestations.

It addresses common lapses—missing/incorrect UDIN, prohibited pre-signed blanks, and certifying unaudited figures without disclaimers. The four-part tool covers:

- Index –
- Tracks certificates, UDINs, invoices.
- Section A – Applicable Standards/Guidance Notes.
- Section B – Quality control, planning, reporting steps.
- Section C – Certificate content & supporting docs.

Banking Law Amendments Effective August 1

From August 1, banks will now have the authority to fix auditor remuneration, a role that was earlier decided by the RBI in consultation with the Centre. The move is part of recent amendments to banking laws.

India Opens Accounting & Auditing Services to UK

Under the India-UK FTA, India has granted UK firms access to key services including accounting, auditing, financial services, telecom, and auxiliary air transport. While UK professional qualifications in select fields like law and accounting will be recognised, India has retained carve-outs in legal services, taxation, and national security.

SEBI Tightens Audit Reporting for Trading Members

SEBI and stock exchanges now mandate internal auditors of Trading Members to immediately report Critical Non-Compliances (CNCs), such as misuse of client funds, capital norm breaches, unauthorised trading, or systemic-risk activities. Audit firms must remain independent, with non-reporting risking blacklisting. Trading Members must promptly remediate, document actions, and ensure regulatory compliance.

ICAI Retains 60-Audit Cap with Clarified Applicability from FY 2026–27

Each individual CA is now restricted to a maximum of **60 tax audit assignments per financial year**—whether working independently or as a partner in one or more firms. This limit is aggregated for signed audit partners across all roles and not transferable across partners.

Audits for presumptive taxation under Sections **44AD**, **44ADA**, and **44AE**, as well as revised tax audit reports, are not counted toward the cap. The **Supreme Court upheld** the constitutional validity of this cap in the case *Shaji Poulse vs. ICAI*, clarifying that tax audit work is a **privilege under statutory regulation**, not a fundamental right.

Key Takeaways

- The audit year (i.e., FY being audited) is irrelevant for the 60-audit limit.
- The critical factor is the date on which the UDIN is generated, which usually aligns with the signing date of the audit report.

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EDITORIAL Chartered Accountants are the Masters of Business Finance

and industry are delivering significant value addition to their corporate, highly acknowledged by being rewarded with exceptional remuneration as salary, perquisites, ESOPS and are also by being elevated to the position of COO or CEO, at appropriate time. This growth requires long term commitment to the company they helm at, and facilitation of real high level of Corporate Governance, internal operational and financial control beside monitoring and blocking any diversion or misuse of funds and resources.

The Chartered Accountants who are in practice and are self-employed in the field of financial management provide financial services to their clients, businesses, industry and investors. Major value addition by Finance Professionals is being made in field of:

- Raising debt from banks, NBFCs, placement of listed and unlisted Debentures and specially structured products.
- Funding by multilateral financial institutions including IFC, World Bank and similar international institutions
- Raising equity from promoters, PE funds, FDI, strategic investors and public on behalf of Corporate and as investment bankers and merchant bankers beside promoter's funding of short term and long-term requirements Promoters funding is normally arranged by family offices. CFOs are not involved in view of need of confidentiality, independence as well as conflict of interest.
- Private placement and preferential allotment of listed equity to qualified Institutional buyers and foreign Institutional investors, pension funds, sovereign funds.
- Preparation and vetting of Techno economic feasibility report and business plans.
- Mergers, Acquisitions and corporate structuring enabling organic and inorganic growth.
- Valuation of shares, businesses, Intellectual Property Rights and advise on right valuations for different decision-making purposes.
- Depository Participant, Commodity derivative trading, working as market maker and share brokerage firm in primary and secondary market.
- Strategy formulation, creating, managing or dealing with private equity funds, venture capital funds and

alternative investment funds to garner and invest large resources in India and outside India.

- Overseas direct investment (ODI), foreign inward direct investment (FDI), external commercial borrowing (ECB) and FEMA related structuring, advisory and compliance including attending to queries of RBI, Authorised Dealers and Enforcement Directorate.
- Successive planning of businesses, personal succession planning, creating trust structures, designing sophisticated structure to create wealth in India and outside India
- Startup hand holding in conversion of their dreams into deeds including designing systems, process and control including Accounting, Funding, investor management, Shareholder agreement designing ESOP and share appreciation right (SAR) and other financial products to ensure safety of Promoters, as well as adequate and appropriate safety and reward to all investors and stakeholders
- Fintech and NBFC have expanded in India geometrically progressing under able guidance and leadership of Chartered Accountants.

The profession of Chartered Accountants has to take a very important role in development of Indian business, trade and commerce by providing financial backbone of the economy to be strong, sturdy, efficient and effective. The businesses are rewarding Chartered Accountants very well for adding great value in developing and strategizing growth within the ethical boundaries and complete compliance of laws, rules and regulation In India and overseas

The CA and profession have a very bright and strong future and will play a dominant role in growth of Indian business, economy, domestic and international trade and commerce with adequate availability of funds to finance the growth. There is acute shortage arising out of demand for highly skilled experienced CAs in the field of Finance. The time is ripe for all the professional chartered accountants to tighten their belts, work harder and strive to achieve higher.

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