

ANNUAL SUBSCRIPTION

For Chartered Accountants Rs 1500/- (Single Copy Rs 150/-) | For Others Rs 2000/- (Single Copy Rs 200/-) | For CA Students Rs 1000/- (Single Copy Rs 100/-)

EDITORIAL ADVISORY BOARD

CA Vinod Jain, Chairman | CA Pramod K. Kapur, President | CA Anil Sharma, Vice President | CA Aastha Jain Aggarwal, Member | CA Avineesh Matta, Member | CA Praveen Sharma, Member | CA Rajesh Jain, Member | CA Shiv Mittal, Member | CA Sunil Khemka, Member | CA Vijay Gupta, Member | CA Vaibhav Jain, Member

## EDITORIAL Black Money – Wise Person Will Not Need Now



**CA Vinod Jain\***  
B. Com (H) (SRCC), FCA FCS FCMA LLB.  
DISA (ICAI), FAFD (ICAI)

Black money, a term used to describe funds earned through illegal activities or legitimate income not reported for tax purposes, has been a constant issue in India. However, with reduction in income tax rates, legal reforms in GST law and increased digitalisation and Government commitment against tax evasion, the

existence of black money is under challenge. This editorial explores the causes, efforts, and evolving landscape of black money, **highlighting why it is no longer needed in modern societies.**

### REASON BEHIND BLACK MONEY

Black money arose from a combination of factors majorly driven by high tax rates (as high as 97% in early 60s, 70% income tax rate coupled with wealth tax, Gift Tax and Estate duty tax till early 80s, in India. This was further aggravated by very high rates of Excise duty, sales tax and extremely high custom duty and weak enforcement, bribery and lack of transparency, illegal activities, cash-based transactions in all fields of economic activity.

### WHY IS BLACK MONEY NO LONGER NEEDED?

In modern economies, the need for black money is diminishing due to several factors:

**Digital Technologies and Data Analytics:** Digital technologies are changing the game. Electronic transactions leave a digital trail. Data analytics allows governments to sift through massive amounts of financial data to identify suspicious patterns, links between individuals and entities, and unusual transaction volumes. This makes it much harder to hide illicit wealth.

**Reduced Tax Burden:** The Corporate tax rate have been

*continued to page 8*

## GST-Need for Simplification and Rate Reduction

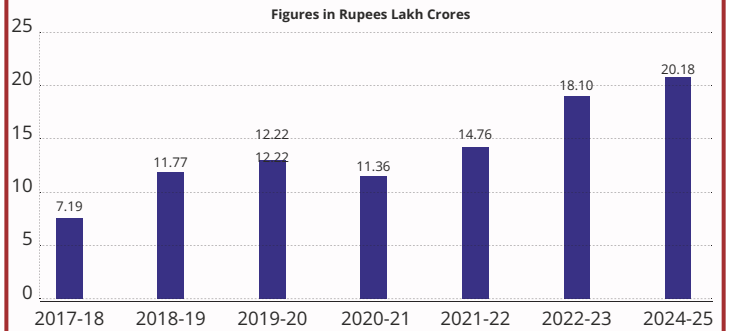


**CA Vaibhav Jain**  
B.Com (Hons), FCA, ACS, LLB, DISA (ICAI), MBF (ICAI), FAFD (ICAI), CCIDT (ICAI), CCCA (ICAI), ID (MCA-IICA) Registered Valuer (SFA) (IBBI), Member of NIRC (ICAI)

+91-97113-10004  
vaibhavjain@mehragoelco.com  
vaibhavjain@inmacs.com

Introduction of the Goods and Services Tax (GST) in 2017 has changed how we pay indirect taxes. While it has streamlined the tax system and improved compliance, the current GST rates have been a subject of debate, with many arguing for a reduction. This editorial examines the current state of GST collections and makes a case for lowering the rates to boost consumption and economic growth.

Lets look at the Collection Figures:



The chart indicates increasing adoption of GST. However, the high GST rates continue to be a concern. Many essential goods and services fall under the 18% tax slab, which puts a burden on consumers, especially those in lower-income groups. This high tax burden can lead to reduced consumption, which in turn can hamper economic growth. Lowering GST rates can boost the economy by making goods and services more affordable, thus increasing consumption. This can also lead to improved tax compliance and potentially higher overall tax revenue by reducing the incentive for evasion. **It is strongly suggested to reduce GST rates from 5% to 3%, 12% to 9%, 18% to 12%, and 28% to 18% to have positive effect on growth as well as tax collection.**

*continued to page 2*

\* CA Vinod Jain, is Past President, All India Chartered Accountant Society, Former Member, Central Council, ICAI, Advisor to GST Council, Former Member High Powered Income Tax Simplification Govt. committee. **Email:** vinodjain@inmacs.com, vinodjainca@gmail.com **Mobile:** +91 98110 40004

## GST-Need for Simplification and Rate Reduction

*continued from page 1*

**It is also important to withdraw reverse charge as well as blocked input tax credits currently prescribed in law. The exempted services and goods should get a refund of input tax paid.**

### Conclusion:

The Indian economy is at a turning point, and a reduction in GST rates and removal of complexity in GST law as promised at the time of bringing GST by PM Sh. Narendra Modi, can pave the way for ease of doing business and doing away with enforcement machinery will provide the necessary boost for growth. By lowering the tax burden, the government can encourage trade, commerce, economic activity and will increase actual GST collection by a multiplier effect of tax compliance and larger volumes leading to 10-20 trillion Indian Economy.

## Latest in Finance

### RBI Master Direction on Non-resident Investment in Debt Instruments:

These regulations, provide guidelines on investments by Foreign Portfolio Investors (FPI), Non-Resident Indians (NRI), and Overseas Citizens of India (OCI). They include provisions for the Fully Accessible Route (FAR) for certain securities, the investment of Sovereign Green Bonds, and transactions in derivatives. RBI has also established reporting and settlement requirements for FPI investments in Government securities.

(RBI Master Directions 126/2025 Dated 07/01/2025)

### RBI Master Direction on Credit Information Reporting:

Key provisions include mandatory membership of all credit institutions with all Credit Information Companies (CICs), standardized data formats for reporting across consumer, commercial, and microfinance segments, and requirements for regular data updates. (RBI Master Directions 125/2025 Dated 06/01/2025)

### Unified Pension Scheme (UPS) notified for Central Govt Employees:

Starting April 1, 2025, Central Government employees can opt for the assured pay-outs of the new National Pension System (NPS) option called UPS. It offers a minimum 10,000 monthly pay-out for 10 years of service, based on a 10% employee contribution (matched by the government) plus an additional 8.5% government contribution to a pooled fund. Employees can choose investments for their individual portion, while the pooled portion is centrally managed. UPS covers superannuation, voluntary retirement, and retirement under FR 56(j), with 60% family pay-outs upon post-retirement death. Dismissed, removed, or resigning employees are ineligible. UPS members can transfer their existing NPS corpus, and past

retirees can also opt in. (Fin Min Notification Dated 24/01/2025)

### HFCs: Private Placement of Long-Term NCDs

The guidelines have been updated in line with the guidelines for Non-Banking Financial Companies (NBFCs) as stated in the Master Direction, RBI (NBFC- Scale Based Regulation) Directions, 2023. It standardizes the treatment of private placement rules for both Housing Finance Companies (HFCs) and NBFCs, ensuring consistency across the financial sector. (RBI Notification 107/2025 Dated 29/01/2025)

### RBI Issues Revised Guidelines on Settlement of Dues by Borrowers to Asset Reconstruction Companies:

Key Changes are summarized below:

- **Board-Approved Policy:** ARCs must have a clear, board-approved policy for settlements, covering things like eligibility and valuation of assets.
- **Exhaust All Options:** Settlements should be a last resort, after trying other recovery methods.
- **Fair Value:** The settlement amount should generally reflect the value of the borrower's assets.
- **Payment Structure:** Lump-sum payments are preferred, but payment plans are possible with a solid business plan.
- **Independent Review:** For large debts (over 1 crore), an independent committee must review the settlement proposal.
- **Smaller Debts:** Smaller debts (1 crore or less) follow a board-approved policy, with regular reporting.
- **Fraud Cases:** Strict rules apply to borrowers labelled as fraudsters or wilful defaulters.
- **Legal Approval:** Settlements involving court cases need judicial approval.
- These changes aim to make the settlement process fairer, more transparent, and in line with regulations.

### MSME - Micro Small & Medium Enterprises

To support MSME growth, investment and turnover limits for classification have been increased by 2.5 times and 2 times, respectively.

#### Revised Classification Criteria for MSMEs Proposed Under Budget 2025-26

Entity size	Investment		Turnover	
	Current	Revised	Current	Revised
Micro	1 Cr.	2.5 Cr.	5 Cr.	10 Cr.
Small	10 Cr.	25 Cr.	50 Cr.	100 Cr.
Medium	50 Cr.	125 Cr.	250 Cr.	500 Cr.

New scheme for 5 lakh first-time entrepreneurs (including women, SCs/STs) offering term loans up to 2 crore over 5 years.

- Credit Cards for Micro Enterprises: Customised Credit Cards with a ₹ 5 lakh limit for micro enterprises registered on Udyam portal. In the first year, 10 lakh such cards will be issued.

Credit guarantee cover		
	Current	Revised
MSEs	5 Cr.	10 Cr.
Startups	10 Cr.	20 Cr.
Exporter MSMEs	For Term Loans Up To ` 20 Crore	

## FEMA

### FEMA Updates Deposit Regulations for NRI's:

Several key modifications have been implemented regarding non-resident Indian accounts. These include: granting overseas branches of authorized dealers the authority to receive deposits; simplifying fund transfers between repatriable Rupee accounts for valid transactions; extending the permitted uses of Special Non-Resident Rupee (SNRR) accounts to cover allowable current and capital account dealings with both Indian residents and non-residents; and enabling IFSC units to open SNRR accounts with authorized dealers in India for non-IFSC related activities. *(RBI FEMA Notification Dated 14/01/2025)*

### FEMA - Payment and Reporting of Non- Debt Instruments Regulations - Streamlined :

Non-resident investment procedures have been streamlined, impacting payment and reporting. The following methods are now accepted:

- **Equity Investments:** Inward remittances, foreign currency accounts, or repatriable Rupee accounts (60-day share issuance deadline).
- **FPI Investments:** Foreign currency or SNRR accounts.
- **LLP, Investment Vehicle, and IDR Investments:** Inward remittances or designated accounts.
- **Start-up Convertible Notes:** Inward remittances or designated accounts.
- Sale/maturity proceeds are generally repatriable or creditable to designated accounts.

### FEMA Updates - Resident Currency Accounts Regulations:

The RBI FEMA Notification dated 14/01/2025 allows Indian exporters to open and use foreign currency accounts with overseas banks. These accounts can be used for various purposes, including receiving export earnings, processing advance remittances, and making import payments. Exporters are required to bring any remaining funds back to India by the end of the next month, after accounting for any forward commitments.

## Capital Market

### SEBI launched 'Dharohar - Milestones in the Indian Securities Market'

A Digital Knowledge Repository - documenting the 150-year evolution of India's securities market. Designed for students, investors, researchers, and the public, it features an interactive timeline, 3D galleries, and over 3,000 assets, including articles, historic regulations, interviews, and infographics. Dharohar aims to preserve the market's rich legacy and foster awareness among diverse stakeholders, with plans to continually expand its content.

## Import Export

### eCertificate of Origin System:

These changes streamline Non-Preferential Certificate of Origin (CoO) issuance via the eCertificate of Origin (eCoO) system. Exporters must now apply online, uploading invoices, packing lists, and paying 200 per certificate. Agencies can now issue back-to-back CoOs for non-Indian goods with supporting documentation (DGFT Public Notice 43/2025 Dated 27/01/2025)

## Industry Update

### Diamond Imprest Authorization Scheme

In January 2025, the Government of India introduced two key measures to enhance competitiveness in the diamond and cruise ship industries. The Diamond Imprest Authorization (DIA) Scheme, effective from April 1, 2025, allows duty-free imports of Natural Cut and Polished Diamonds under ¼ Carat for eligible diamond exporters. To benefit, exporters must meet certain criteria, including a Two Star Export House status and annual exports of US \$15 million. The scheme also mandates a 10% value addition on exports, promoting greater value creation within India.

## Direct Tax

### Executive Summary: Streamlining the Income Tax Bill 2025

On February 13, 2025, a new Income Tax Bill was introduced in Parliament, focusing on making the tax law clearer and more user-friendly. The revision was guided by three key principles:

- Enhanced clarity and coherence through textual and structural simplification.
- Maintaining policy consistency by avoiding significant tax policy changes.
- Ensuring stability by keeping tax rates unchanged.

The overhaul involved simplifying complex language, removing redundant provisions, and restructuring sections to improve readability. As a result, the Act has been significantly condensed—word count reduced from 512,535 to 259,676, chapters from 47 to 23, and sections from 819 to 536. Additionally, the revised law introduces 39

structured tables and 40 formulae for better organization and ease of reference. The bill is under consideration of a select committee of Parliament.

## No TDS deduction on payments to Credit guarantee fund established and managed by the National Credit Guarantee Trustee Company Limited:

### Income Tax - Major Changes in Budget 2025

- **Personal Income Tax**
- No change in tax slabs under old regime of taxation.
- Under the new tax regime, income up to INR 12.75 lakh is effectively tax-free for salaried individuals (INR 12 lakh due to increased Section 87A rebate, plus the standard deduction). The revised tax slabs offer relief to middle-income earners, with the top tax rate of 30% applying to incomes above INR 24 lakh.

#### Revised Tax Slab Rates under New Tax Regime (Effective from AY 2026-27)

Existing Tax Slabs under New Regime	Tax Rates	Revised Tax Slabs under New Regime	Tax Rates
Upto 3,00,000	NIL	Upto INR 4,00,000	NIL
3,00,000 to 7,00,000	5%	4,00,000 to 8,00,000	5%
7,00,000 to 10,00,000	10%	8,00,000 to 12,00,000	10%
10,00,000 to 12,00,000	15%	12,00,000 to 16,00,000	15%
12,00,000 to 15,00,000	20%	16,00,000 to 20,00,000	20%
More than 15,00,000	30%	20,00,000 to 24,00,000	25%
		More than 24,00,000	30%

- **Sec 139 (8A) - Updated Return** can be filed for 4 years from the end of Assessment year regardless of whether you filed an original, revised, or late return. There's an extra tax: 25% if filed within 1 year, 50% within 2 years, and 60% within 3 years and 70% within 4 Years.
- **Sections 206AB and 206CCA** (higher TDS/TCS for non-filers) have been removed, simplifying TDS/TCS compliance.



**EXCELLENCE**  
उत्कृष्टता के लिए हम प्रतिबद्ध हैं



## Supreme Court clarifies undisclosed income penalty under Section 271AAA

K. Krishnamurthy entered an MOU for land transfers. A search at his premises led to a disclosure of Rs. 2.27 crore in undisclosed income, later revised to Rs. 4.78 crore in his tax return. The Assessing Officer levied a penalty of Rs. 47.80 lakh (10% of the returned income) under Section 271AAA of the Income Tax Act. The CIT(Appeals) ruled against the penalty for AY 2010-11 but upheld it for AY 2011-12. The ITAT and High Court confirmed this decision. The Supreme Court, however, modified the ruling. It clarified that "found during search" includes documents collected as a result of the search, even from third parties. Crucially, it limited the penalty to the income actually undisclosed and found during the search, which they determined to be Rs. 2.49 crore, not the full Rs. 4.78 crore. As a result, the final penalty was reduced to Rs. 24.99 lakh. The Supreme Court also reiterated that relief under Section 271AAA (2) requires tax payment within the stipulated time. This case clarifies the scope of undisclosed income and sets a precedent for search-related assessments and penalties. [K. Krishnamurthy v. DCIT Civil Appeal No. 2411 of 2025 (Arising out of SLP (C) No. 943 of 2023)]

## Whether the rental income from house property earned by the assessee is to be taxed under Section 26 of the Income Tax Act in the hands of individual co-owners or at the Maximum Marginal Rate (MMR) under Section 167B, as applied by the CPC and upheld by the CIT(A).

The ITAT Ahmedabad ruled that rental income from co-owned property should be taxed under Section 26 (individual co-owner's hands) if their shares are specified, not at the Maximum Marginal Rate (MMR) under Section 167B. While the co-ownership agreement specified shares, the ITAT remanded the case to the AO to verify each co-owner's tax rate. If no co-owner is above MMR, the AOP is taxed at normal slab rates; if any are above MMR, the AOP's income is taxed at MMR. [NAM GROUP ASLALI VERSUS THE AO, CPC BANGALORE - PRESENT ITO WARD-3 (1) (1) AHMEDABAD, No.- ITA Nos. 1610/Ahd/2024 & 1611/Ahd/2024]

## Goodwill Acquisition License Fees Qualify as Deductible Expense

The Delhi High Court considered the deductibility of license fees paid for goodwill. The Court held that such fees, paid to Remfry & Sagar for the utilization of goodwill belonging to the company, are deductible expenses under Section 37 of the Income Tax Act. The revenue's appeal was accordingly dismissed. [PCIT v. Remfry & Sagar (dated January 31, 2025) Delhi HC]



**TRUTH**  
सत्य के लिए हम प्रतिबद्ध हैं



## Sec 87A Rebate: Tax Dept. Can't Block Online Claims

The central issue was whether the rebate under Section 87A of the Income Tax Act could be granted only from the tax computed under Section 115BAC (which applies to taxpayers opting for the new tax regime) or also from the tax computed under other provisions of Chapter XII of the Act. The petitioners, Chamber of Tax Consultants, argued that the rebate under Section 87A should be allowed irrespective of the provisions under which the tax was computed. They contended that the revenue could not modify the system in a way that prevented taxpayers from claiming the rebate when uploading their returns of income online. The dispute arose from the fact that the Income Tax Department's online return filing system did not allow for the rebate to be claimed in certain cases, leading to the filing of the petition. [*Chamber of Tax Consultants vs. DGIT (systems)* [2025] 707 (Bombay)]

## Income Tax: Seized Cash Cannot Be Held After 153A Time Limit

The High Court has ruled that income tax authorities are prohibited from holding onto seized cash after the deadline for completing an assessment under Section 153A of the Income Tax Act has passed, provided there are no outstanding tax dues. This means that if the tax department hasn't finalized its assessment within the stipulated timeframe under Section 153A, and the taxpayer doesn't owe any taxes, the seized cash must be returned. [*Gautam Thadani vs DIT (Investigation), HC 10th January 2025*]

## Domain Registration Not Royalty, Web Services Not FTS

The Delhi Income Tax Appellate Tribunal (ITAT) ruled that income from domain name registration services provided to Indian customers is not taxable as royalty. This decision aligns with a previous Delhi High Court judgment in the same assessee's case. The ITAT emphasized that since the assessee is merely a registrar (not the owner) of domain names, they cannot grant usage or transfer rights, a key requirement for royalty taxation under Section 9(1)(vi) of the Income Tax Act and Article 12(3)(a) of the India-USA DTAA. Furthermore, the ITAT held that income from related non-domain services (web hosting, design, SSL certificates, etc.) is **not Fees for Technical Services (FTS)** under Article 12(4)(b) of the India-USA DTAA. The tribunal reasoned that these services don't "make available" any technical knowledge or transfer any technical know-how that provides an enduring benefit to the customer. Simply put, the customer still needs to use their own technical skills to build and run their website, even with these services. The ITAT concluded that the revenue incorrectly classified these non-domain service charges as FTS, mistakenly considering them ancillary to the domain name registration. [*GoDaddy.com, LLC vs ACIT [TS-02-ITAT-2025(DEL)]*]



### HARDWORK

कड़ी मेहनत के लिए हम प्रतिबद्ध हैं



## Major Changes Budget 2025

### Section 2 Amendments:

- **Clause (61):** Allows Input Service Distributor to distribute input tax credit for inter-state supplies where tax is paid on reverse charge basis, effective from 1st April 2025.
- **Clause (69) ©:** Clarifies the definitions of 'Local Fund' and 'Municipal Fund' under the term "local authority".
- **Clause (112A):** New definition for "Unique Identification Marking" for the Track and Trace Mechanism.
- **Amendments in Section 17:** Substitution of "plant or machinery" with "plant and machinery" to be effective from 1st July 2017. This amendment is intended to not to allow input credit on immoveable property.
- **Amendments in Section 20:** Input tax credit distribution for inter-state supplies with reverse charge tax explicitly mentioned, effective from 1st April 2025.
- **Amendments in Sections 107 and 112:** 10% mandatory pre-deposit of penalty for appeals involving only penalty demand, with no tax demand, in both Appellate Authority and Appellate Tribunal cases.
- **Insertion of Section 122B:** New penalties introduced for contraventions related to Track and Trace Mechanism under section 148A.
- **Amendments in Schedule III:** Supply of goods warehoused in Special Economic Zones or Free Trade Warehousing Zones will not be treated as supply, effective from 1st July 2017. Refund of tax already paid will not be available for such transactions.

## Central Goods and Services Tax (Amendment) Rules, 2025

A new Rule 16A has been introduced, along with changes to FORM GST REG-12. This rule allows the proper officer to grant a temporary identification number to individuals who are not required to register under GST but need to make a payment under its provisions. The temporary identification number will be issued along with an order in Part B of FORM GST REG-12. The effective date of these changes will be notified later.

## Waiving Late Fees for GSTR-9C Filing Delays:

The Ministry of Finance has exempted late fees under Section 47 of the GST Act for taxpayers who failed to file FORM GSTR-9C (reconciliation statement) along with the annual return in FORM GSTR-9 for the financial years 2017-



### DISCIPLINE

अनुशासन के लिए हम प्रतिबद्ध हैं



18 to 2022-23. This exemption provides relief to taxpayers who missed the deadlines for these filings

### Advisory: Mandatory HSN Code Implementation in GSTR-1 & GSTR-1A - Phase III

Following the successful implementation of Phases I and II, Phase III of the mandatory HSN code implementation in GSTR-1 and GSTR-1A will be effective from the return period of January 2025. This phase focuses on Table 12, replacing manual HSN entry with a dropdown selection of the correct HSN. Table 12 has also been divided into two tabs: B2B and B2C, allowing for separate reporting of these supplies. Additionally, validations for supply values and tax amounts have been introduced for both tabs. Initially, these validations will be in warning mode, meaning that failing a validation will not prevent the filing of GSTR-1 and GSTR-1A. (GSTN Advisory Dated 09/01/2025)

### Clarification on ITC for ECOs under Section 9(5)

Electronic commerce operators (ECOs) are liable to pay GST on two types of supplies: (1) supplies for which they are deemed the supplier, and (2) their own platform services (fees/commissions). It is clarified that ECOs liable to pay tax under Section 9(5) for specified services are not required to proportionally reverse input tax credit on their inputs and input services under Section 17(1) or 17(2) of the CGST Act. (CGST Circular 240/2024 Dated 31/12/2024)

### Composition Taxpayers and Reverse Charge

Effective October 10, 2024 (amending Notification 13/2017 dated June 28, 2017), taxpayers under the composition levy scheme are excluded from the reverse charge mechanism on renting commercial or immovable property (excluding residential dwellings) from unregistered persons to registered persons. This change exempts composition taxpayers from these reverse charge obligations. (CGST Notification 07/2025 (Rate) Dated 16/01/2025)

### Reduced Compensation Cess for Merchant Exporters

Effective January 16, 2025, the compensation cess rate on intra-state and inter-state supplies of taxable goods from a registered supplier to a registered recipient for export is reduced to 0.1%. This applies subject to conditions: tax invoice issuance, export within 90 days, documentation (GSTIN and tax invoice numbers on export bills), recipient registration with an Export Promotion Council or Commodity Board, and provision of details to the tax officer. Goods must be transported directly to export points or via registered warehouses with proper endorsements for aggregated supplies. (GST CESS Notification 01/2025 Dated 16/01/2025)

### Guidelines for Arrest and Bail under CGST Act

The Central Board of Indirect Taxes and Customs (CBIC) has issued new guidelines for arrests and bail under the Central Goods and Services Tax (CGST) Act, following a Delhi High Court case (Kshitij Ghildiyal vs DGGI) and earlier Supreme Court decisions. These guidelines are aimed at ensuring greater transparency and protecting the rights of the accused. When someone is arrested under the CGST Act, they must be informed in writing of the specific facts that led to their arrest. This is a crucial distinction:

- **Grounds for Arrest:** These are the actual, specific details that justify the arrest. For example, "evasion of GST by manipulating invoices," along with details about which invoices, how they were manipulated, and the estimated amount of evasion. This information must be provided as an annexure to the arrest memo.
- **Reasons for Arrest:** These are the formal, legal justifications for the arrest, such as preventing the accused from committing further offenses, tampering with evidence, or influencing witnesses. While important, these are separate from the "grounds for arrest."

The CBIC's new guidelines emphasize that providing the grounds for arrest in writing is essential. This allows the accused to understand exactly why they are being detained and enables them to effectively defend themselves, whether by challenging their remand in court or applying for bail. Essentially, it ensures the accused has the necessary information to exercise their legal rights

## GST (Case Laws)

### Commissioner can Conduct GST Audits Without Restrictions on Frequency or Time:

The petitioner argued the audit was unnecessary, citing prior anti-evasion actions and a paid tax demand of 70.35 crore (plus interest) for the same period (FY 2017-22). They claimed the new audit was harassing and unwarranted, as no new evasion was alleged. The High Court dismissed the petition, stating that Section 65 of the CGST Act allows audits without frequency or time restrictions. [Mag Filter and Equipment Pvt Ltd vs. Comm CGST Gurgaon,] Editors Comment: No authority can be granted uncontrolled jurisdiction. It is important to ensure that such departmental audit is faceless and is conducted in a transparent manner so that corruption and harassment is controlled. Repetitive audit is uncalled for by any GST authority.

**Editor's Comment:** No authority can be granted uncontrolled jurisdiction. It is important to ensure that such departmental audit is faceless and is conducted in a transparent manner so that corruption and harassment is controlled. Repetitive audit is uncalled for by any GST authority.



**INTEGRITY**  
अखंडता के लिए हम प्रतिबद्ध हैं



## DGGI Transfer Power Upheld by High Court

The High Court, in its ruling on January 29, 2025, upheld the Directorate General of GST Intelligence (DGGI)'s authority to transfer Show Cause Notice (SCN) adjudications to different jurisdictions and dismissed a writ petition challenging its territorial jurisdiction. The Court confirmed that the DGGI has the legal power to reassign SCN adjudications based on practical considerations such as expertise and case complexity, ensuring efficient enforcement of GST laws.

## Other Laws

### IBBI- Voluntary Liquidation Process Regulations:

Significant regulatory updates have been implemented concerning voluntary liquidations. Firstly, the regulations now include compromise or arrangement under Section 230 of the Companies Act as an alternative to selling a corporate debtor as a going concern. Secondly, Regulation 33 has been removed, and Regulation 39 has been revised, mandating the Board to maintain a Corporate Voluntary Liquidation Account with a scheduled bank. Thirdly, mandatory electronic filing of forms (VL1 through VL4) for different liquidation stages has been introduced via Regulation 41A, complete with specific timelines and penalties for delays. Form G in Schedule I has been amended to capture more detailed information on stakeholders entitled to unclaimed dividends or undistributed proceeds, including identification and tax details. **Furthermore**, liquidators are now required to file prescribed forms electronically with the IBBI, again with strict timelines and penalties for delays. Bidders must submit an undertaking confirming their eligibility under Section 29A of the IBC, with provisions for forfeiting deposits if found ineligible. Liquidators must conduct due diligence on the highest bidder within three days and consult a committee before declaring a successful bidder. Finally, the regulations have been updated concerning auction processes, bidder eligibility verification, and unclaimed dividend reporting.

### EPF Transfers Made Easier: Employer Verification Exempted

The EPFO has simplified online EPF account transfer guidelines, effective January 15, 2025. The requirement to route transfers through employers has been removed in specific scenarios. This includes transfers between Member IDs linked to the same or different UANs (issued on or after October 1, 2017) that are Aadhaar-linked. Transfers are also streamlined for UANs issued before October 1, 2017, if they are Aadhaar-linked and key details (name, DOB, gender) match across Member IDs.



**HONESTY**

ईमानदारी के लिए हम प्रतिबद्ध हैं



## Audit & Accounts

### Stock Broker System Audit: Tech-Based Monitoring

Stock exchanges have six months to create web platforms for managing the entire stock broker audit process. Key features include auditor geolocation tracking, standardized reports, third-party vendor compliance checks, and stricter auditor eligibility requirements (including a three-year reappointment limit). Exchanges will also conduct surprise visits and verify compliance with technical standards like logging, monitoring, and disaster recovery. (SEBI Circular Dated 31/01/2025)

### NFRA Penalizes Statutory Auditor of Religare Finvest CA Neeraj Bansal for Misconduct:

The NFRA identified significant failures in the audit as Engagement Partner (EP). These included delay in reporting a fraud of 2,036 crores in RFL's Corporate Loan Book to the Central Government as required under Section 143(12) of the Companies Act. Other major lapses included the improper evaluation of Deferred Tax Assets (DTA) worth 495.63 crores and a lack of scrutiny over investments worth 200 crores in non-convertible debentures of OSPL Infradel Private Limited. The company had minimal net worth, yet the EP failed to question the rationale behind these investments or verify impairment and interest income. NFRA imposed a monetary penalty of 5,00,000 and barred him from conducting audits for five years. (NFRA Order Dated 30/01/2025)

### ICAI's AASB issued Guidance on Non-Compliances Observed by Quality Review Board During Quality Reviews (Volume 3)

The AASB's Volume 3 guidance on quality review non-compliances (Jan 24, 2025) highlights common audit deficiencies and offers improvement recommendations. It likely focuses on areas like inadequate documentation, weak internal control testing, insufficient risk assessment, accounting standard non-compliance, lack of professional scepticism, independence issues, going concern evaluations, related party transactions, and fraud risk assessment. The guidance includes best practices, standard clarifications, examples, and emphasizes professional judgment and quality control.

## Other Important Case Laws

### Combination Deals: CCI Approval Now Mandatory-SC

The SC ruled that CCI approval is mandatory before Committee of Creditors (CoC) approval for combination proposals (mergers/acquisitions) during insolvency proceedings. This sorts competition law over insolvency resolution, preventing anti-competitive outcomes. The ruling clarifies the approval sequence, requiring CCI clearance first. This ensures competition concerns are addressed before creditor consent, strengthening the CCI's regulatory role. [Independent Sugar Corporation Ltd. v. Girish Sriram Juneja & Ors]

## **EDITORIAL** Black Money – Wise Person Will Not Need Now

*continued from page 1*

cut to 25% and even for individuals earning up to Rs 24 Lakhs tax slab is now 26%. These rates will cover more than 98%. There is no income tax up to Rs 12 Lakh annual income now. Tax slabs range from 5% tax to 20% up to Rs 16 Lakhs.

**The Chartered Accountants are educating the tax payers to pay higher and higher taxes and to not to evade tax in the interest of their own wealth creation and multiplication of their income sources.** This can be learnt from few examples of lose incurred by tax evasion:

In case a Company evade tax on income of Rs 10 crore , it saves Rs 2 crores ( 25% tax less 5% cost of tax evasion) and they have Rs.9.5 crore in cash in place of Rs 7.5 crores as profit in Company bank balance. Now the tax evader can earn on 9.5 crore @ up to 9% lending unrecorded unsecured loan with no legal recourse in case of default of interest and Principal. A tax compliant Company will earn from 12% to 21% per annum on Rs 7.5 crores with multiple reasonably secured investment options.

The money of tax evader may remain idle for long durations without any income. The taxpayer can at least earn at least 7% in a temporary bank FD. The taxpayer Company has a great advantage in its value creation as in terms of PE multiple of range of 10 to 60, **the additional value of Rs. 7.5 crore profit is Rs 75 crores ( 10 PE multiple) to Rs 450 crore ( 60 PE Multiple). The tax evader will lose such a high value of PE multiple just by saving Rs 2 Crores in cash.**

The Companies and individuals who are not listed but are regular taxpayer (not tax evaders) have several advantages creating value including

- Delegation of roles easier and even a large taxpayer business can be controlled by systems of internal controls, a tax evader need to watch each penny himself
- Non recovery of unrecorded revenue bills by error or omission or Bad debt.
- Easy recovery of recorded transactions, tracking of defaulters is easier whereas cash need personal care and time to collect.
- No risk of burglary, tax raid, deception, fraud

- Meeting eligibility to bid for big projects
- Easy availability of loans from banks and other sources
- Private Equity investors chasing to invest in tax paying well performing Companies
- Easy access to high-cost cars, residential houses, well equipped offices
- Acquisition of new businesses, new investment options worldwide
- Larger wealth creation for self and stake holders
- GST is not saved by unbilled purchases, as atleast 50% of GST is loaded in price by seller. Buyer also lose 100% ITC without bill purchase.

**Contributing to National Development:** Taxes fund essential public services like infrastructure, education, and healthcare. By paying your taxes honestly, you contribute directly to the growth and development of your nation. This fosters a sense of pride, civic responsibility and participation in building a better future for everyone.

### **Conclusion**

The fight against black money is the biggest strength of every individual who wish to grow and prosper. **The tax is evaded only by unwise, ill-informed unguided and uneducated.** In the current back drop, the Indian society need no black money to be wasted on luxuries as India need to grow to top 3 world economies and each Indian need to multiply his income by 10 times and wealth by 50 times from current levels in next 20 years on real value basis net of inflation. Let us all work towards operating only as a formal economy. **The Government can withdraw its complex laws and harassing administrative structure of tax collection and anti-money laundering. Let the king have faith in its subjects.**

The AICAS Team has set up it's

### **LEGAL AID CELL !**

to Provide legal advise to Chartered Accountants for All **Regulatory, Professional and Personal** Issues



**You may call / contact us at:**

**M: +91 97113 10004 / +91 98110 40004.**

**E: aicas.cfo@gmail.com ; legalcell@aicas.in**  
and Our Advocates will pro-actively support

**Contact details:** Dharampal (9013363257) All India Chartered Accountants' Society - CFO World 909, Chiranjiv Tower, 43, Nehru Place, New Delhi-110019. Ph: 26223712, 26228410, 26226933 E-mail: aicas.cfo@gmail.com / cfoworld@gmail.com **EDITOR: Pankaj Gupta**, LLB, FCS E-mail: pankajguptafcs@gmail.com **PUBLISHED & PRINTED:** At New Delhi by Satish Chandra, Administrative Officer, on behalf of All India Chartered Accountants' Society, 4696, Brij Bhawan, 21A, Ansari Road, Darya Ganj, New Delhi-110 002 Phone 23265320, 23288101 E-mail : aicas.cfo@gmail.com Printed at: EIH Ltd., Unit : Printing Press, No. 7, Sham Nath Marg, Delhi-110054. Views expressed by contributors are their own and the Society does not accept any responsibility.

If undelivered, please return to :  
All India Chartered Accountants' Society  
4696, Brij Bhawan 21A, Ansari Road,  
Darya Ganj, New Delhi-110 002