A Journey Of All India Chartered Accountants society

THE CHARTERED ACCOUNTANT WORLD

THE CHARTERED ACCOUNTANT WORLD

VOLUME XXXIV | NO. 09 | September 2025

ANNUAL SUBSCRIPTION

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

EDITORIAL

Challenges to Indian economy need for a Strategic Approach

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

The new initiatives of Indian government to significantly improve India - China - Russia relationship will open new doors of new world order for India and will also empower India to face conspiracy of "Deep State" against the Indian sovereignty and the Indian economy. We have recently seen uprooting of Bangladesh government and now the uprooting of Nepal government in a similar brutal inhuman non- democratic manner.

These events have sent a very serious warning signal to the Indian government and most importantly for all of us, the Indian society and Indian professionals and intellectuals need to be highly vigilant and to defeat all negative forces within India and to counter the conspiracy and misuse of monetary power of the international superpowers. The achievement of status of being a 4th largest economy and graciously marching to be part of the top 3 countries of the world is not being digested by a part of international community, especially the west. India on the other hand has to ensure continuing rapid growth and be one of the strongest economies, committed to world peace and prosperity.

The recent impositions of large import duty tariff on goods exported by India to USA of 50 percent, on most of the items is creating a big disparity and competition with other countries who are being subjected to significantly lower import duty on similar goods exported by such countries by a huge margin of 25% to 35%. This has made Indian goods costlier in U.S.A. Accordingly the Indian exports of textile, Garments, Gems and Jewellery and several other items have become uncompetitive.

The action of U.S. Government is highly deplorable, especially considering their announcement that additional 25 percent import duty on Indian good is arising from a political reason as penalty on India on the pretext of buying large quantity of petroleum oil from Russia, against sanction imposed on Russia by USA. The atmosphere is further vitiated by USA lobbying with Europeans to impose 100 percent import duty tariff on imports from India. These are pressure tactics.

USA and Ukraine are accusing India of directly supporting Russia in its war against Ukraine and NATO countries. India and Russia have deep long-standing strategic relationship. Russia has helped India in all major crisis including during 1971 war with Pakistan, when America wanted to interfere in support of Pakistan and had

...contd. to page 8

* **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 2.0 – A Bold Step Towards Simplification and Growth

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

The Government's decision to rationalize GST slabs marks a transformative moment in India's indirect tax journey. By reducing the slabs to 5% and 18%, with a demerit rate of 40% for luxury and sin goods, the Council has not only lowered the tax burden for the common citizen but also strengthened the ease of doing business. With cheaper FMCG goods, affordable automobiles, and zero-rated insurance and lifesaving drugs, GST 2.0 represents a pro-people, pro-business reform. The move is expected to stimulate consumption, improve liquidity for MSMEs and exporters, and bring clarity to compliance structures, making India's tax system both simpler and more progressive.

Risk-Based Provisional Refunds for Exports (Effective 1 Nov 2025): Exporters and SEZ suppliers will now receive 90% of refund claims provisionally, subject to exceptional high risk cases.

...contd. to page 2

contd. from page 1

EDITORIAL GST 2.0 – A Bold Step Towards Simplification and Growth

Extension to Inverted Duty Structure (IDS): Similar risk-based provisional refunds will apply to IDS claims. Low-risk taxpayers will get 90% refund quickly, while Exceptional high-risk taxpayers face detailed scrutiny for mismatched invoices or defaults.

Refunds for Low-Value Exports: Amendment to Section 54(14) of CGST Act, 2017 removes the threshold limit for export refunds. This ensures small exporters using courier or postal mode can also claim refunds without restriction.

Simplified GST registration (small & e-commerce sellers) — Applicable: operational from 1 Nov 2025 The Council approved an optional simplified registration for low-risk small taxpayers: eligible applicants (monthly net output GST liability ≤ ₹2.5 lakh for B2B sales) can obtain automatic registration within 3 working days; participation is voluntary and businesses may opt out.

A parallel simplified route for small suppliers selling through e-commerce platforms was approved in principle so they need not maintain a principal place in every state. This lowers on boarding friction for micro sellers;

Clarifications post-sale discounts, intermediary services, restaurant taxability & lottery valuation: The Council proposed omitting Section 15(3)(b)(i) (the pre-supply agreement requirement for post-sale discounts) and amending Section 15 & 34 to allow post-sale discounts to be given by issuing a credit note (with recipient ITC reversal mechanics clarified). Intermediary services (Section 13(8) IGST) will be explicitly treated as exports where recipient is outside India, facilitating zero-rating and refunds for Indian service providers. For restaurant services, explanations to "specified premises" were added to prevent standalone restaurants from incorrectly claiming the 18% with ITC option. Valuation rules for lottery tickets will be aligned with rate changes.

- The GST Council has removed the requirement for businesses to link credit notes to specific invoices, offering significant relief—especially to sectors like FMCG, which deal with high transaction volumes. Previously, businesses had to match every credit note with its corresponding invoice—a process that was exceedingly complex, particularly for products with short shelf lives where returns could occur long after the original sale. This change simplifies workflows and reduces administrative burden and compliance errors, aligning GST rules with real-world business practices. It also minimizes litigation risks and eases documentation challenges across the supply chain—from manufacturers to wholesalers, dealers, and retailers.

- **GST rate rationalisation — Applicable: 22 Sept 2025**

Sector	Change (from) → (to)	Immediate impact
FMCG	12%/18% → 5%/Nil	Cheaper essentials → volume growth
Automobiles- small and mid segment	28% → 18%	Improved affordability → demand spike
Pharma	Selected drugs → Nil/5%	Lower cost of critical medicines
Cement, Blocks, Air Conditioners, Fittings and Fixtures	28% → 18%	Boost to Housing, Construction, Employment
Insurance- Life & Health	18% → 0%	Premiums fall → higher uptake
Agriculture Machinery	Inputs → 5%	Lower input costs; higher machinery demand
MSMEs / Exporters	Faster 90% provisional refunds	Better working capital, competitiveness
Electronics	28% → 18% (select)	Price correction → stronger demand
Luxury goods	New 40% slab	Demand softening; brand repricing
Sin goods	40% + supplementary levy - Cess Eliminated	Higher tax burden; enforcement risk
Hospitality / Restaurants	Up to INR 7500 Room rent → 5% No Input Credit	Boost Hospitality
E-commerce / Small Sellers	Single national registration. (optional)	lower onboarding cost and friction;

- **GST Appellate Tribunal (GSTAT) operationalisation & appeal timelines**
  - The Goods and Services Tax Appellate Tribunal (GSTAT) will start accepting appeals by end-September 2025 and is expected to commence hearings by end-December 2025. The Council has also fixed 30th June 2026 as the deadline for filing backlog appeals.
  - Principal Bench Role: The Principal Bench of GSTAT will function as the National Appellate Authority for Advance Ruling (NAAAR), providing a central forum for resolving conflicting rulings.

Conclusion: GST 2.0 is a bold, far-reaching package that, if executed with clear timelines, transparent compensation flows and strengthened risk controls, can deliver lower prices, higher consumption and improved liquidity — but its ultimate success will depend on operational discipline and inter-governmental certainty.

LATEST IN FINANCE

SRVA Investment in Government Securities

RBI has allowed non-resident individuals and entities holding Special Rupee Vostro Accounts (SRVAs) to invest their surplus rupee balances in Central Government Securities, including T-Bills.

F&O positions set for ₹1.5K-cr limit

A top panel of the Securities and Exchange Board of India (Sebi) has recommended capping an entity's intraday equity index derivatives net position at ₹1500 crore (about $172 million).

INR 582,283 crore Write off of NPAs of PSBs (FY21–FY25):

Gross Nonperforming Assets vis a vis Loans granted by Public sector banks known as Gross NPA ratio is being projected by all banks as if the ratio has declined. In fact, the GNPA ratio and net NPA ratios being declared by all the banks are after deducting there from a huge amount of loans which have been written off by public sector banks as the concerned banks have failed to recover the loans. The following details will provide the data of actual loans being written off, year after year by the banks. The quality of lending is getting bad to worse as each year new loans are getting added to the list of NPAs in large values, , reflecting poor asset quality of public sector banks. It may be noted that just in last 5 years the public sector banks have written off NPA of INR 582253 Lakh crores. The detailed break up is as follow

Loans written off by public sector banks (₹crore)

Bank	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Bank of Baroda	14,782	17,967	17,998	10,518	8,796
Bank of India	8,815	10,443	8,694	9,897	7,959
Bank of Maharashtra	4.931	3,118	1,491	990	796
Canara Bank	9,132	8,422	12, 760	11,827	14,350
Central Bank of India	5,992	1,236	10,258	10,001	3,370
Indian Bank	8,371	8,347	7,952	8.734	4,916
Indian Overseas Bank	4,618	3,769	3,412	7,179	3,885
Punjab & Sind Bank	71	1,134	2,283	796	1,521
Punjab National Bank	15,877	18,312	16,578	18,317	12,159
State Bank of India	34,402	19,666	24,061	16,161	20,309
Uco Bank	9,410	3,851	2,575	1,938	1,566
Union Bank of India	16,983	19,484	19.175	18,264	11,634
Total	**1,33,384**	**1,15,749**	**1,27,237**	**1,14,622**	**91,261**

SMBC gets RBI approval for 24.99% stake in YES Bank

Sumitomo mitsui banking Corporation (SMBC) on Friday received approval from the Reserve Bank of India (RBI) to acquire up to 24.99% of the paid-up share capital of YES Bank, the bank informed the exchanges. In May, the bank had said SMBC would acquire 20% stake through a secondary stake purchase of 13.19% from the State Bank of India and 6.81% stake from Axis Bank, Bandhan Bank, Federal Bank, HDFC Bank, ICICI Bank, IDFC FIRST Bank and Kotak Mahindra Bank. This approval is valid for one year from the date of the letter. RBI has further clarified that pursuant to the said acquisition, SMBC would not treated as promoter of the bank.

UPI Not Free, Govt Foots the Bill'

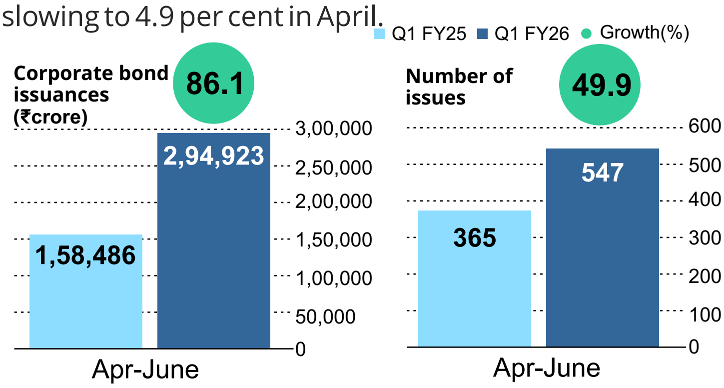
Consumers continue to enjoy free UPI transactions as per RBI Governor. Actual costs are being subsidised by the government for banks and payment firms

SEBI Weighs Shift to Fortnightly or Monthly F&O Expiry

The Securities and Exchange Board of India is weighing a proposal to replace the cur- rent weekly expiry cycle in derivatives with bi-monthly or monthly expiries in a bid to reduce short-term volatility and steer traders back to the cash equity market.

Corporate bond issuances surge 86 per cent to 2.9 lakh cr in Q1, driven by lower interest rates

While there are concerns over dropping bank credit, companies have been in- creasing their borrowing from the market. Corporate bond issuances increased 86 per cent in the first quarter of FY26 compared to the corresponding previous period. Corporate bond issuances have been rising steadily over the last three years with ₹7.6 lakh crore, ₹8.5 lakh crore and ₹9.94 lakh crore being raised in FY23, FY24 and FY25 respectively. The number of issuances ranged between 1,300 and 1,700 per annum. The 3-month money market (commercial paper/certificate of deposit) rates have fallen over 135 basis points in 2025 compared with 15-50 bps in the marginal cost of lending rate of banks. Bank lending to large firms has dipped sharply in recent times, slowing to 4.9 per cent in April.



LIC turns to Wall Street banks to hedge risks

The nation's largest insurer has entered into $1 billion worth of bond forward rate agreements with banks including JPMorgan Chase & Co and Bank of America over the past two months. These contracts allow LIC to lock in future bond yields, insulating its ₹50-lakh-crore bond portfolio from falling interest rates. Importantly, LIC has no foreign exchange exposure — the move is strictly an interest-rate hedge, not a currency hedge. The step comes after equity portfolio volatility (~₹46,000 crore loss in June–July 2025), underscoring the need for stability. It aligns with the RBI's 2025 reforms to deepen India's bond-derivatives market, showcasing LIC's maturing risk-management strategy.

Biometric Authentication Coming to UPI

The NPCI is preparing to enable facial recognition and fingerprint-based authentication for UPI payments. The feature, expected to boost security and convenience, comes amid concerns over PIN-related fraud, with UPI now handling over 80% of India's digital transactions.

LATEST IN FINANCE

China to ease rare earth restrictions

In a Positive turn of events, China has promised to lift the curbs on exports of rare earths, fertilizers and tunnel boring machines to India even as both countries deepen their engagement at the diplomatic level. Under China's new licensing system for rare earth exports, companies importing sensitive materials like REMs must submit end-use certificates.

CAPITAL MARKET

Ease of Doing Investment — Special Window for Old Physical Share Transfers

SEBI has opened a **6-month window** (July 7, 2025 – January 6, 2026) for investors to re-lodge physical share transfer requests executed before April 1, 2019.Eligible investors must submit the original transfer deed and share certificates to the RTA. This one-time relief resolves pending legacy cases, legalises ownership, and smooths the shift to demat. It also reduces disputes over physical holdings, promoting investor convenience.

Relaxation in Net Worth Certificate Filing for Brokers

SEBI has extended timelines for stockbrokers to submit half-yearly net worth certificates (Form: Auditor-certified) for margin trading facilities. New due dates: 31st May (for 31st March) and 15th Nov (for 30th Sept).

Digital Accessibility Circular – Timeline Extensions

SEBI has extended multiple compliance deadlines under its Digital Accessibility Framework. Regulated entities (REs) are now required to submit initial compliance reports and digital platform lists by 30th September 2025 (earlier 31st August). Appointment of an accessibility professional as an auditor has been pushed to 14th December 2025, while digital platform audits must now be completed by 30th April 2026, and remediation of findings by 31st July 2026. The circular also updates reporting authorities, with Investment Advisers and Research Analysts required to report to BSE Ltd instead of BASL and SEBI directly. This extension provides breathing space to REs struggling with accessibility compliance, particularly in integrating assistive technologies across their platforms.

SEBI Bars Wadhawan Brothers, Imposes ₹120-Cr Penalty

Securities and Exchange Board of India (SEBI) has barred Dewan Housing Finance Corporation Ltd's (DHFL) former chairman Kapil Wadhawan, his brother Dheeraj Wadhawan and four others from accessing the securities market for five years, and imposed a cumulative penalty of ₹120 crore on them for diverting company funds to entities linked to its promoters. SEBI described the scheme as elaborate: first, extending large unsecured loans to BBEs tied to the promoters, despite them having no net worth, assets, business or cash flows to justify any loan exposure: second, bypassing all standard loan appraisal processes; third, disguising these inter-corporate loans to financially weak related parties as retail housing loans, misleading all stakeholders, including investors.

Over $30 billion set to be raised via IPOs in next 12 months The boom in Indian initial public offerings (IPOs) is expected to continue, with companies poised to raise over $30 billion in the next 12 months, around 150 firms are planning to tap the equity market.

DIRECT TAX

Perquisite Exemptions – New Income Thresholds

CBDT has amended the Income Tax Rules via Notification 133/2025 introducing Rule 3C and Rule 3D. Under Rule 3C, employees with salary income exceeding ₹4,00,000 in a financial year will no longer be eligible for exemptions on specified perquisites such as meal coupons, medical reimbursements, or rent-free accommodation. Rule 3D provides that if an employee's gross total income exceeds ₹8,00,000, concessional loan facilities will be fully taxable as perquisites. These amendments ensure that perquisite benefits are targeted at middle-income employees, restricting tax-free perks for higher-income groups. 44,000 notices sent to taxpayers for not disclosing crypto deals. Union Finance Ministry told the Rajya Sabha on Tuesday that the Income Tax Department has sent over 44,000 emails and messages to tax- payers who failed to disclose crypto transactions in their returns.

IT Dept probes Jane Street.

Global proprietary trading firm Jane Street is reportedly not cooperating with the Income Tax Department's on-going investigations into potential violations of India's tax laws and financial compliance norms.

Black Money Act – Prosecution Exemption Enhanced

CBDT has amended prosecution provisions under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015. Previously, prosecution was not initiated for foreign bank accounts with balances up to ₹5 lakh. The revised threshold now exempts assets (excluding immovable property) valued at up to ₹20 lakh from prosecution under Sections 49 and 50.

DIRECT TAX (CASE LAWS)

Accommodation Entry Scam – Prosecution upheld

In Raj Kumar Kedia vs ITO, the Delhi High Court upheld prosecution in a massive accommodation entry racket involving manipulation of share prices of listed companies through dummy entities. The racket allegedly routed ₹700 crore in unaccounted cash, earning undisclosed commission income of about ₹14 crore. The Court ruled that prosecution under the Income Tax Act can proceed independent of assessment completion, sending a strong signal against tax evasion networks.

DGGI Uncovers ₹145 Crore Fake Invoice Fraud

The Directorate General of GST Intelligence (DGGI), Belagavi Zonal Unit, has busted a large-scale GST fraud involving the circulation of fake invoices valued at approximately ₹145 crore, resulting in wrongful availment and passing of Input Tax Credit (ITC) worth nearly ₹43 crore. Investigations revealed that the accused created fictitious invoices without any actual supply of goods or services, thereby facilitating tax evasion. One individual has been arrested.

Alignment of AATO on NIC e-Invoice Portals

Effective 1st September 2025, the Aggregate Annual Turnover (AATO) displayed on the NIC e-Invoice Portals (einvoice1 and einvoice2) will be aligned with the turnover data computed in the GST system. Any discrepancies noticed by taxpayers can be reported through the GST Grievance Redressal Portal or the Helpdesk.

GST CASE LAWS

Supreme Court on ITC Admissibility in Refund Claims

In Union of India & Anr. v. BT (India) Pvt. Ltd., the Supreme Court dismissed the Revenue's SLP challenging the Delhi High Court's ruling on ITC admissibility during refund claims (SLP (C) Diary No. 44385-2024.The Court upheld that adjudication of ITC eligibility does not fall within the limited scope of refund proceedings. Refund claims must be processed strictly on refund eligibility criteria, without re-opening settled questions of ITC entitlement. This precedent ensures that taxpayers are shielded from repetitive scrutiny of ITC during refunds, offering much-needed certainty.

Delhi High Court on Email Service of DRC-07 Notices

In Suresh Kumar v. Commissioner CGST Delhi North, the Delhi High Court upheld the validity of serving notices in Form DRC-07 through email. Nearly 650 notices had been challenged by taxpayers on grounds that electronic service did not constitute valid service under GST law. The Court, however, held that GST is a technology-driven framework and electronic communication, including service via email to registered addresses or Chartered Accountants, is valid. This judgment reinforces the need for taxpayers to keep their email details updated and accessible, as failure to do so cannot be used as a defense against non-compliance.

SC Bars Recovery of Legacy Excise Dues from Directors

The Supreme Court dismissed the Revenue's SLP against the Delhi High Court's judgment which had barred recovery of legacy excise duty liabilities from directors of companies that had undergone liquidation. The Court ruled that unless specific statutory provisions create such liability, directors cannot be made personally accountable for dues once a company is dissolved through liquidation. This landmark ruling provides clarity and relief to directors, limiting their liability strictly to the boundaries of law.

AAR on Employee Accommodation by Suzuki Motor Gujarat

The Gujarat AAR held that employee housing provided by Suzuki Motor Gujarat Pvt. Ltd. through third-party vendors qualifies as a perquisite under employment contracts and hence falls outside the ambit of GST. The ruling clarified that since perquisites are covered under Schedule III of the CGST Act, 2017, deductions made from employee salaries towards such accommodation are not taxable. This decision reinforces the principle that employer-provided benefits in the course of employment remain exempt from GST.

OTHER IMPORTANT LAWS

OCI status can be cancelled if one is convicted: MHA

The Ministry of Home Affairs has issued a notification stating that the Overseas Citizen of India (OCI) card, which allows Indian-origin foreign nationals to visit india without any visa, will be cancelled if the person is sentenced to jail for a term not less than two years or gets for a charge sheeted for an offence carrying imprisonment for 7 years or more.

Amendment to Companies Incorporation Rules

The RD-1 form is the statutory e-form for applications to the Regional Director under the Companies Act, 2013, covering purposes like change of financial year, conversion of a public company into a private company, and rectification of company name. With effect from 15 September 2025, the Companies (Incorporation) Second Amendment Rules, 2025 substitute the old form with a new RD-1 under MCA's V3 system. The new form introduces dynamic purpose-based fields, removal of GLN, stronger SRN validation, and simplified attachment handling. It enhances declarations, mandates role-based digital signatures, and provides real-time validation to prevent errors. Importantly, the "Others (specify)" option is removed, restricting filings to predefined purposes only. Overall, the changes aim to streamline compliance and ensure accuracy in statutory filings.

Amendments to Indian Accounting Standards (Ind-AS)

MCA notified changes to Ind-AS, including revised lease classification under Ind-AS 101, new disclosures for supplier finance under Ind-AS 107 and 7, criteria for liability classification under Ind-AS 1, and deferred tax exceptions linked to OECD Pillar Two reforms under Ind-AS 12. These changes directly affect financial reporting and disclosures for listed and large companies.

OTHER IMPORTANT LAWS

ED Cracks Down on Gold Smuggling Syndicate

The Directorate of Enforcement (ED), Srinagar Zonal Office, launched a FEMA-based probe, triggering searches at six locations—five in Delhi-NCR and one in Ladakh—targeting residential and business premises linked to the seizure of 108 kg foreign-origin gold by the Indo-Tibetan Border Police (ITBP). Incriminating documents were retrieved during these searches. The Directorate of Revenue Intelligence (DRI) independently investigated the matter and uncovered a much larger smuggling operation. Their findings revealed that a total of 1,064 kg of foreign-origin gold, valued at approximately ₹800 crore, was smuggled into India between 2023 and 2024. All payments were routed via cryptocurrency (USDT/Tether). Under the COFEPOSA Act, DRI has detained 10 individuals, who remain in custody

FEMA

Draft FEMA Guarantees Rules: Expanded Automatic Route with Stronger Oversight

The Reserve Bank of India has released draft Foreign Exchange Management (Guarantees) Regulations, 2025, replacing the 2000 framework, to simplify and rationalise cross-border guarantees.

- The new principle-based regime permits issuance of guarantees under the automatic route, provided the underlying and resultant transactions comply with FEMA.
- It introduces clear definitions for surety, principal debtor, and creditor, while expressly prohibiting Authorised Dealers from issuing LoUs or LoCs, though exemptions remain for custodian banks issuing irrevocable payment commitments for FPIs and for offshore AD branches acting in the ordinary course.
- A key shift is the mandatory reporting requirement, where all guarantees—issued, modified, or invoked—must be reported to RBI through AD banks within seven days, supported by formal agreements, with a late submission fee mechanism for delays.

RBI reserves the right to disclose reported data. The draft also ensures consistency with borrowing and lending rules for Indian residents giving guarantees to non-residents. Overall, the proposal widens flexibility for businesses while strengthening transparency and regulatory oversight. Stakeholder feedback has been invited until 4 Sep 2025.

AUDIT AND ACCOUNTS

Key Changes in Ind AS (MCA Notification – 13 Aug 2025)

Recent amendments have been notified across multiple Indian Accounting Standards (Ind AS), **effective from April 1, 2025 and 1st April 2026** (Some debt classification rules (Ind AS 1 & Ind AS 10) .The Stakeholders may note that these amendments are now in place and will impact future financial reporting and compliance requirements. Readers are encouraged to review **the official notification and standards text** for detailed guidance.

The specific Ind AS standards corresponding to each area mentioned are as follows:

- **Classification of Liabilities:** Ind AS 1 (Presentation of Financial Statements)
- **Disclosure Related to Supplier Finance Arrangements :** Ind AS 7 (Statement of Cash Flows)
- **Financial Instruments:** Ind AS 109 (Financial Instruments), Ind AS 107 (Financial Instruments: Disclosures), Ind AS 32 (Financial Instruments: Presentation)
- **Disclosures and applicability of International tax reform -Pillar Two Model Rules** :Ind AS 12 (Income Taxes)
- **Simplified Lease Accounting for First-Time Adopters**: Ind AS 101 (First-time Adoption of Indian Accounting Standards)
- **Others technical updates:**
  - Ind AS 108 (Operating Segments): Reference corrected from "IFRS 108" to "IFRS 8."
  - Ind AS 109 (Financial Instruments): Certain IFRS effective date provisions excluded as irrelevant in the Indian context.
  - Ind AS 28 (Investments in Associates): Clarifications aligned with global practices.
  - Ind AS 10 (Events after Reporting Period): Terminology updated – "provisions" replaced with "covenants.

ICAI Expands Mandatory Audit Quality Maturity Model (AQMM) Scope

(Announced 11 Aug 2025)

ICAI has widened the mandatory applicability of **AQMM v2.0** to more audit firms in a phased manner

Key Changes:

- **Current Requirement**: Applies to firms auditing listed entities, certain banks, and insurance companies (branch-only audits exempt).
- **From 1 April 2026**: Also applies to firms auditing:
  - Group companies (holding, subsidiary, associate, JV) of listed entities/banks/insurers.
  - Large unlisted public companies (paid-up capital ≥ ₹500 cr, turnover ≥ ₹1,000 cr, or borrowings/deposits ≥ ₹500 cr).

- From 1 April 2027: Expands to firms auditing entities with public/bank/FI funds > ₹50 cr or classified as public interest entities.

Transparency Move: AQMM levels of firms will be publicly displayed on ICAI's website and printed on Peer Review Certificates.

OTHER IMPORTANT CASE LAWS

Forex Trading Scam Assets Attached

ED Kolkata provisionally attached flats, FDs, and mutual funds worth **₹18.78 crore** linked to TP Global FX and IX Global for running unauthorised forex platforms. Total assets seized in the case now stand at about **₹291 crore**, showing ED's aggressive action against illegal financial products.

SC Clarifies Scope of Penalty under Section 271AAA: Immunity for Search Disclosure, Penalty Limited to Undisclosed Follow-up Income

The SC held that penalty under Section 271AAA is discretionary and not automatic, but to claim immunity under sub-section (2) the assessee must satisfy three mandatory conditions—admission during search, explanation of the manner of earning, and payment of tax with interest—even if such payment is delayed. Applying this, the Court ruled that the ₹2.27 crore disclosed during search fulfilled these conditions and could not be penalised, but the balance ₹2.49 crore, which was not admitted in search though unearthed as a result of it, attracted penalty at 10%. Thus, the penalty was restricted only to that portion, clarifying that "found in the course of search" has a broad ambit covering income discovered through follow-up investigation. *[In K. Krishnamurthy v. DCIT [2025] 171 Taxmann.com 413 (SC)/[2025] 303 Taxman 499 (SC),]*

Freight Forwarding Hawala Case

ED Delhi arrested Amit Aggarwal in a case involving M/s. Kinzal Freight Forwarding (OPC) Pvt. Ltd. for routing remittances to Hong Kong and Singapore disguised as import/freight payments. The case has links with a mis use of Chartered Accountant's DSC. He has been remanded to ED custody for seven days.

Supreme Court on Excise Appeals

In Altafhusen Mayuddin Khatri vs UOI, SC ruled that pre-deposit is mandatory for filing excise appeals and financial hardship is no excuse. This reaffirms statutory compliance as a precondition to appellate remedies.

Reassessment Precluded After IBC Resolution Plan Approval

The Bombay High Court held that once a resolution plan is approved under Section 31 of the IBC, it is binding on all stakeholders including tax authorities, and all pre-CIRP claims, including income-tax dues, are extinguished. Reassessment proceedings for periods prior to CIRP are therefore impermissible. Following this, the Supreme Court dismissed the Revenue's SLP, affirming that reassessment notices and proceedings post-IBC resolution are void and unenforceable.

Key Principle:

- Section 31(1) of IBC binds all authorities, including tax departments.
- Pre-CIRP tax claims are extinguished upon resolution plan approval.
- Reassessment for periods before CIRP is impermissible, and such notices are quashed.

This ruling reinforces the finality and binding nature of IBC-approved resolution plans on statutory dues.*[Uttam Galva Metallics Ltd. & Mr. Subodh Karmarkar v. ACIT & Union of India [2024] 471 ITR 592 (Bom), SLP dismissed]*

Greenopolis Real Estate Scam – Prosecution Complaint Filed

Gurugram filed a Prosecution Complaint against Three C Shelters Pvt. Ltd. and its promoters for duping hundreds of homebuyers in the Greenopolis project. The Special Court (PMLA), Saket, issued notices on 7 Aug 2025. This case reflects ED's increasing focus on real estate frauds and their PMLA implications, impacting homebuyers and creditors alike.

AI and Technology

Chat-GPT joins low-cost AI rush with its ₹399 offer

Generative AI companies are reworking their pricing playbooks to win over India's vast and cost-conscious digital population. Open AI, the creator of ChatGPT, is the latest to dive into the bottom of the AI market pyramid by launching a more affordable subscription tier in India called ChatGPT Go, priced at 399 per month.

OpenAI

ChatGPTGo
₹399

ChatGPT Plus
₹1,999

ChatGPT Pro
₹19,900

Google AI

Pro Bundle
FREE
in India

Pro (std.)
1,950

Microsoft

Copilot Pro
₹2,000

Date of Printing : 13 September 2025
R.N.I. No. 50796/90
Posting Date: 14/15 September 2025
Registration No. : DL(C)-17/1438/2025-27

contd. from page 1

EDITORIAL Challenges to Indian economy need for a Strategic Approach

already brought its 7th fleet of war ships in the Indian ocean against India. It was only due to USSR (Now Russia) open support to India that USA did not commence direct offensive against India.

The US challenge has been further mounted by announcement of proposed 20 percent special duty on services exported from India to US companies including services of back office or Global Capability Centres of US companies. This may have major impact on a huge employment generation by IT and IT support services provided from India to US-based customers.

The US based private equity funds and venture capital funds have already slowed down their investment in India. The US informal and formal actions are also impacting FII investment in Indian companies. This is a time of unprecedented trade war against India, and this challenge to our economy and sovereign power must be dealt with effectively, efficiently, and of course diplomatically. The statements of US President indicating special friendship with India is in sharp contrast to actual action. Even the senior US government functionary and some part of the Indian opposition is trying to press Indian government to bow down to the pressure of USA and stop financial and other dealings with Russia.

We strongly oppose any such move. We also strongly condemn the statements of an Indian origin Noble Prize winner economist and also of former RBI Governor Raghu Ram Rajan, a US green card holder suggesting a compromise of Indian Sovereign duties. America seeks a free trade deal with India for unrestricted agricultural and commodity exports, overlooking that nearly 50% of India's marginalized population relies on low-yield farming and fisheries. A humane, balanced approach is vital for lasting global peace, prosperity, and goodwill.

The Chartered Accountant Community consisting of 5,00,000 members and about 10,00,000 students have a special role to play in strengthening Indian economy, financial system, trade, industry and commerce, with professional excellence, independence and integrity. The business community, entrepreneurs and start up founders are being guided to plan very big and sustained growth by major expansions and setting up of new industrial, manufacturing, Trading and service providing entities. There is a clear need to find new markets for export as well as bring forth new research and development in the field of critical technologies and products where we are dependent largely on import.

Our team of professionals will provide efficient and effective corporate structures and channelize financial resources, design, develop and operationalise operating systems, processes and procedures and internal financial control. These initiatives help transform aspirations into action, enabling organizations to write new success stories of sustained growth and contribute to a **resilient India** capable of meeting today's challenges while engaging constructively with responsible global leadership, policymakers, and nations.

It is also essential to reduce India's dependence on external products and resources. India is yet to develop critical technological within India. Our dependence on import of crude oil, Gas, Solar Modules, Defence equipment Generic drugs and pharma products to name a few products. In the field of technology internet, Computer processors(intel chip) , Computer operating systems (Windows), RDBMS, Telecom infrastructure, Cell phone, Medical devices, search engines (Google), Email (Google, Yahoo), Social media platform and Messaging systems (WhatsApp, X, Facebook, Instagram), Medical life-saving and diagnostic devices. These are some of the major areas where deep rooted technological advancement are needed in India. This will require substantive technological research and advancement to be high quality Indian Alternatives for short term and medium term .

We are fortunately having a strong government led by our able Prime Minister Shri Narendra Modi, emerging as one of the strongest world leader.All of us need to play our role effectively and efficiently, strengthening individual capability with long term Vision, firm Commitment, Discipline, Hard work, strategic planning, mentorship, and immediate actions.Above all, youngsters should remain alert and agile to repel and not be influenced by any ideology or nefarious propaganda aimed at destabilising Bharat or creating communal disharmony.

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