

THE CHARTERED ACCOUNTANT WORLD

VOLUME XXXIV | NO. 11 | November 2025

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 PresidentCA Aastha Jain Agarwal, Member
CA Avineesh Matta, Member
CA Praveen Sharma, Member
CA Rajesh Jain, MemberCA Shiv Mittal, Member
CA Sunil Khemka, Member
CA Vijay Gupta, Member
CA Vaibhav Jain, Member

EDITORIAL De-criminalisation of Economic Laws – A Mission



CA Vinod Jain*

B. Com (H) (SRCC), FCA FCS FCMA LLB,
DISA (ICAI), FAFD (ICAI)

The Honourable Prime Minister of India has expressed a keen desire and vision to de-criminalise economic & civil laws of India in such a manner that the working atmosphere in India is improved and a confidence is developed between the Government and the people of India.

The economic laws, taxation laws and all other civil laws

require a deeper and closure examination on a Zero base to substantially reduce and eradicate the provisions providing for arrest, prosecution, imprisonment and levy of penalties, fines, additional fee, and interest.

It is important to limit the arrest provision in all laws only to the cases of proven fraud, cheating, dishonesty, money laundering, smuggling, diversion of funds and wilful misconduct with malicious intentions. The imprisonment for period a period of up to a maximum of 2 years could be imposable only if public interest at large is adversely impacted, due to the act in question. The imprisonment is to be commensurate to the nature and quantum involved. It is also important to ensure that the laws do not provide for a minimum period of imprisonment, and a maximum limit can be provided in the law.

The state should not be empowered to arrest any person for economic crimes and other defaults except in case of heinous crimes. In other cases, the person concerned is to be arrested only after his guilt is prima facie found by an appropriate court of law and specific charges are framed in relation to the person concerned.

It is currently noticed that all accused persons are arrested immediately on cognizance of an alleged crime. This practice needs to be done away with, except in case of heinous crimes, in terms of Bharatiya Nyay Sanhita (BNS). No other offences should be covered for an action of arrest before court's satisfaction of prima facie guilt and that there is a case for arrest for a specified period or purpose.

No law should provide for arrest of a person for non-

► *contd. to page 7*

CA Course: The Need to Reform Education and Examination



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 Chartered Accountancy (CA) profession has been one of the strongest pillars of India's economic and financial ecosystem. Over the last 75 years, The Institute of Chartered Accountants of India (ICAI) has remained robust and visionary — consistently adapting its curriculum and professional standards to match the evolving needs of business, governance, and global trade, accounting,

finance and management. This foresight has ensured that Indian Chartered Accountants have always been ahead of time, serving as trusted advisors and partners in nation-building.

However, as India transitions into a digital, data-driven and globally integrated economy, it is imperative that the CA education and examination system undergoes a transformative reform. The time has come to make the CA course even more agile, practical, and future-ready, thereby enhancing the value of this prestigious qualification.

Strengthening the Quality of Education

- **Mandatory 6-Month Regular Classroom Learning:** A structured six-month period of regular full day classroom education before the Final Examination should be introduced. This program can serve as a culmination of practical training and conceptual learning, combining case studies, live projects, simulations, and peer discussions. It would help sharpen analytical, managerial, and communication skills, and bridge the gap between theory and practice. The Institute must have full time strong team of faculty, and reliance on visiting faculty should be limited to practical issues.
- **Advanced Information Technology and Digital Skills Training:** A Chartered Accountant of the future must be a digital finance professional. The curriculum should,

► *contd. 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

CA Course: The Need to Reform Education and Examination

therefore, go beyond conventional Information Technology papers to include:

- **Programming and Automation:** Python, R, SQL, and Robotic Process Automation (RPA) tools.
- **Data Analytics & Visualization:** Advanced Excel, Power BI, Tableau, and data extraction from ERP systems.
- **Enterprise Systems & Financial Technologies:** SAP, Oracle, Hyperion, and other business intelligence platforms.
- **Artificial Intelligence and Machine Learning Applications:** In depth Understanding of AI, its practical impact on auditing, taxation, financial modelling, and business forecasting. This redefined IT course should blend conceptual understanding with hands-on expert level training.
- **Soft Skills and Professional Demeanour:** The ability to lead, communicate, and manage teams is as important as technical knowledge. ICAI could consider mandatory modules on leadership, business communication, negotiation, and professional ethics through experiential learning.

Re-Orientation of Examination Pattern

- **Phasing Out Objective-Type Questions:** While objective questions test factual recall, they often fail to evaluate analytical and interpretative abilities. The focus should shift toward case-based, problem-solving, and scenario-driven questions, reflecting real-world complexities that professionals encounter. The objective type questions with MCQ provide potential solutions providing hints and chance taking options.
- **Expanding the CA Final Curriculum:** The CA Final should consist of a minimum of nine papers, allowing deeper specialization and wider exposure. Suggested structure:
 - **Advanced Accounting and Financial Reporting**
 - **Advanced Financial Management**, with a dedicated segment on valuation, Financial Services and Capital Markets.
 - **Advanced Auditing and Professional Ethics**, including Forensic Investigation, Sustainability & ESG Reporting
 - **Corporate and Allied Laws**, with a separate full paper on Company Law, and Insolvency and Bankruptcy Code.
 - **Economic and Labour Laws**, covering SARFAESI, SEBI, FEMA, PMLA, Benami Law, Black Money, Provident Fund, Gratuity, Bonus, ESI, Labour and Industrial Laws.
 - **Strategic Cost and Business Management**, including integrating decision-making, analytics, performance measurement, management skills, Public Policy and Government Advisory.

- **Information Technology, AI & Data Analytics** (integrated with automation and digital governance).
- **Direct Tax Laws & International Taxation** including exposure to cross-border transaction structures and global regulatory frameworks
- **Indirect Tax Laws**
- **Raising the Bar of Academic Rigor:** The examination standard, quality of questions, deliverables expected and varied pattern must reflect the increasing complexity of global businesses, with emphasis on case analysis, integrated reporting, management challenges, opportunities and strategy formulation capability development, sustainability disclosures, ESG frameworks, and financial governance. This would ensure that the CA qualification and CA professionals continue to stand ahead of its time and lead India towards Development.

Conclusion

The CA profession has continuously evolved — from a compliance custodian to a strategic business partner. As India strides into a new era of economic expansion and technological transformation targeting a Developed economy goal by 2047, it is time that the CA course mirrors these aspirations. By reforming education, examination, and training with a forward-looking approach, ICAI can ensure that future Chartered Accountants remain not just accountants, but leaders, innovators, and catalysts of growth for India and the world.

LATEST IN FINANCE

New Banking Nomination Rules – Up to Four Nominees per Account

The Banking Companies (Nomination) Rules, 2025 modernize nomination procedures for deposits, lockers, and articles in custody.

- Depositors may now nominate up to four individuals, either jointly or successively, using physical or e-nomination forms.
- Allows appointment of guardians for minor nominees and extension of existing nominations to other accounts in the same bank.

International Acquirers bring a record \$15 Billion to takeover large chunk of Indian Banks

India's banking sector witnessed an unprecedented \$15 billion in foreign investments during 2025, up 127% year-on-year, driven by strong economic fundamentals, improved asset quality, and regulatory reforms. The Reserve Bank of India (RBI) is reviewing ownership norms to raise foreign investment caps — from 20% to 49% for public-sector banks and up to 74% for private banks — to attract long-term global capital. Some Examples:

- **October 2025:** Emirates NBD Bank (UAE) acquired a 60% stake in RBL Bank for US\$ 3 billion.
- **October 2025:** Blackstone Inc. (USA) invested in Federal Bank, acquiring a 9.99% stake valued at 6,196 crore.
- **October 2025:** International Holding Co. (UAE) purchased a 43% stake in Sammaan Capital (NBFC) for US\$ 1 billion.

- **May 2025:** Sumitomo Mitsui Banking Corporation (Japan) acquired a 24.99% stake in Yes Bank worth US\$ 1.6 billion.
- **2025 (Various Months):** GIC, Warburg Pincus, and New York Life (Singapore/US-based investors) invested 10–12% in IDFC Bank through multiple tranches.

Editorial Comment: This is a serious development. India has already lost ICICI bank majority ownership to international investors. Indian financial market need a large number of Indian Public Sector and Private Sector Banks for inclusive growth by increased competition, There is a lobby for merger of Public sector banks, which have already reduced from 27 to 12, thereby adversely impacting competition, wider reach of poor, needy, MSME and smaller businesses being pushed to Money lender type NBFCs charging huge rate of Interest and PSU Banks have been even defaulting on priority sector mandate by about INR Ten Lakh Crores for last several years.

Too big a Bank may not be bothered for smaller fund seekers and may give preference to low interest rate and even fully unsecured Credit to Large and extra-large borrowers. The Financial system is struggling for non-availability of long-term credit and a need to completely overhaul the financial system to meet India's need for risk capital and growth capital. Indian Government and RBI need not follow international experience. Indian economy and its needs are different including setting up of Development Banks and Institutions. Let us not sell our jewels like YES Bank at such low cost. Any Indian could have offered atleast 3 times capital infusion and multi fold price for a bank which has already been nursed so efficiently and effectively by SBI. Time is now to relook the strategy.

Draft Amendments to Credit Information Reporting – Weekly Data Update and CKYC Linking Made Mandatory

RBI's draft amendments (Press Release dated) require Credit Institutions and Credit Information Companies to update borrower data weekly, report CKYC numbers, and follow uniform validation and encryption standards. CICs must also publish monthly Data Quality Index (DQI) scores across consumer, commercial, and microfinance portfolios.

Editorial Comment: RBI may consider issuing guidelines to CIC companies about confirming facts in reporting, permit concerned entity or person to raise objections and seek amendments of mistakes and status change, in case delay or default is addressed. The norms for such categorization may be as per RBI guidelines. Data of all entities and people to be available to even to persons other than banks and NBFC to enable due diligence. CIC to include info only as verified by lenders and others, Can CIC include info in respect of trade defaults, trade disputes and Arbitrations current and history. A detailed guideline will help develop Indian CICs.

FEMA

Simplified EDPMS/IDPMS FEMA Rules for Small-Value Trade Bills

As per the Notification authorized Dealer Category-I banks can now close export/import entries valued at 10 lakh or less based on self-declaration by exporters or importers. Banks may also accept reductions in invoice value on the same declaration basis. This reduces administrative load and enhances trade documentation efficiency for small-value transactions.

FEMA Borrowing and Lending to Bhutan, Nepal, and Sri Lanka in INR permitted

Regulations Amended to allow INR lending to residents of Bhutan, Nepal, and Sri Lanka through Authorised Dealer (AD) Category-I banks. This facility, aimed at promoting regional trade cooperation, permits cross-border lending strictly for trade-related transactions, strengthening India's economic linkages with its neighbouring economies. [Source: RBI FEMA Notifications (06/10/2025)]

Merchanting Trade Transactions (MTT) – Settlement Period Extended to Six Months

The Reserve Bank of India (RBI), through its latest circular (October 2025), has extended the permissible settlement period for Merchanting Trade Transactions (MTT) from 4 months to 6 months

Draft FEMA Regulations – Simplified Rules for Establishing Branch or Office in India by Foreign Entities

The Reserve Bank of India (RBI), through a press release, released the Draft FEMA (Establishment in India of a Branch or Office) Regulations, 2025, proposing to replace the 2016 framework. The draft introduces a simplified, principle-based system for foreign entities to establish Branch, Liaison, or Project Offices in India. It aims to streamline approval, operation, and closure procedures, while maintaining controls over sensitive sectors such as defense, telecom, and atomic energy. Liaison Offices remain barred from commercial or legal consultancy activities.

Major Changes (Key Highlights):

- **Simplified eligibility:** Removal of the earlier net worth and profit track record requirements — allowing broader foreign participation.
- **Decentralized approvals:** Routine applications may now be processed directly by Authorised Dealer (AD) Banks, reducing RBI interface.
- **Unified framework:** All office types covered under a single principle-based regulation, replacing fragmented 2016 rules.
- **Streamlined closure:** Exit and fund repatriation allowed through AD Banks with simplified reporting and documentation.

INTRODUCING CA WORLD APP & WEBSITE BY AICAS

Connecting Professionals - Anytime, Anywhere!

support@caworld.org

Stay updated, connected, and empowered with Indias most comprehensive platform for:

- News Snippets
- Events
- Monthly Newsletter
- Jobs Portal
- Assignments Portal
- Matrimonial

Download the FREE CA WORLD App today and be part of the AICAS professional ecosystem!



Draft External Commercial Borrowing (ECB) Framework – Broader Access and Simplified Maturity Rules

RBI's Draft ECB Framework (Press Release dated 03/10/2025) links borrowing limits to the borrower's net worth or a cap of USD 1 billion. It simplifies minimum maturity to three years, allows USD 50 million short-term borrowings for manufacturing, and widens the lender base. Prohibited end uses such as real estate and chit funds remain unchanged.

Relevance for CAs: Key for corporate finance professionals advising on overseas debt structuring and compliance with revised maturity and reporting norms.

Draft Guidelines for Faster Cross-Border Inward Payments

RBI's draft circular seeks to **streamline cross-border remittances** by ensuring faster beneficiary credits.

- Banks must create straight-through processing (STP) systems for automatic credit post-risk checks.
- **Inward payments received during forex hours** to be credited **same day**; those received later, **next business day**.
- Beneficiaries must be **notified immediately** upon receipt of payment. → Impact: Aims to eliminate remittance delays, enhancing India's ease-of-doing-business and cross-border payment efficiency under FEMA.

EXPORT IMPORT

Auto-Approval for Incentive Bank Account Registration – Faster Refund Processing

CBIC has introduced **auto-approval** for exporters' incentive bank accounts and IFSC codes. Once approved at one customs port, the same combination will be automatically accepted at all other ports — removing the need for repeated manual approvals. (Customs Circular 24/2025 dated 07/10/2025)

CAPITAL MARKET

Amendments to Anchor Investor Rules in SEBI ICDR Regulations

Revised anchor investor allocation norms have been introduced to improve transparency and investor distribution in public issues:

- For public issue allocations up to ₹250 crore → minimum 2 and maximum 15 anchor investors; minimum ₹5 crore allotment per investor.
- For issues above ₹250 crore → additional 15 investors permitted for every further ₹250 crore (or part), maintaining the ₹5 crore per investor floor.

Two daily windows for Listed shares Block deal

Stock exchanges can now run block deal sessions during overall trading hours (8:45 AM–5:00 PM) through two new windows:

- Morning Window (8:45–9:00 AM): uses the previous day's closing price as reference.
- Afternoon Window (2:05–2:20 PM): based on VWAP of trades between 1:45–2:00 PM.

Each order must remain within a $\pm 3\%$ price band of the reference price, with a minimum trade size of ₹25 crore. All block deals must result in compulsory delivery—no reversals or offsets allowed. Further, exchanges must publish trade details (scrip, client, quantity, and price) aftermarket hours on the same day to ensure transparency.

Flexible disclosure norms bring proportionality to related-party compliance for listed entities.

SEBI has rolled out a tiered disclosure framework for Related Party Transactions (RPTs) to enhance compliance efficiency and governance oversight.

- For transactions exceeding the lower of ₹10 crore or 10% of annual consolidated turnover, companies must comply with comprehensive RPT Industry Standards while seeking Audit Committee and shareholder approvals.
- For smaller RPTs (at or below this limit), entities may use the simplified format (Annexure-13A) for both internal and shareholder disclosures.
- RPTs below ₹1 crore remain exempt.

Editorial Comment: The Company law approval and disclosure requirements for related party transactions as well as accounting Standard requirements of disclosure will continue as it is along with SEBI framework. It is necessary to have a common reporting and approval framework in terms of different regulatory requirements.

Unified rulebook simplifies compliance for issuers of debt and securitized instruments.

The Securities and Exchange Board of India (SEBI) has issued a Unified Rulebook, bringing all guidelines for **debt and securitized instruments** under a single framework. This Master Circular consolidates rules governing Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Bonds, and Commercial Papers. It replaces multiple earlier circulars, ensuring that all previous approvals and actions remain valid under the new structure. The framework introduces **uniform disclosure norms, streamlined listing procedures, and standardized documentation requirements** to reduce complexity and compliance costs. It enhances **investor protection** through stronger reporting and transparency standards while promoting **ease of doing business** for issuers. By creating one comprehensive reference for all debt-related instruments, SEBI has eliminated regulatory overlap and improved clarity. **Editorial: imposition of separate compliance by SEBI and Companies Act on issue of securities needs to be prohibited. This is against ease of doing business directions of the Prime Minister of India. SEBI role is limited to listing. SEBI, MCA and ICAI can have a common platform to unify and minimise compliances and disclosures. It is enough if common guidelines are issued, which Auditors can guide the Companies to adhere to. This will bring ease of doing business as per vision of the Prime Minister of India.**

Angel Funds receive compliance relief with extended timeline for disclosing investment allocation process. SEBI has extended the compliance timeline for **Angel Funds** to disclose their **investment allocation methodology** in **Private Placement Memorandums (PPMs)** from **15 October 2025 to 31 January 2026**.

One-time window and streamlined process aim to aid investors with legacy physical shares.

SEBI has issued a **Consultation Paper** proposing simplified re-lodgement and dematerialisation procedures for investors who missed previous deadlines.

- A **special window (July 2025–January 2026)** will allow re-lodgement of physical share transfers.
- Proposes removal of the **Letter of Confirmation (LOC)** process and stronger verification norms for identity, signature, and document validation.
- Includes **lock-in rules** and **public disclosure** requirements to ensure transparency.

Editorial comment: in cases where investors or intermediaries have bad deliveries, original certificates and some proof of title acquisition, the Companies may be directed to confirm transfers in favour of scanty paper owner with relaxed norms. The transfer can be allowed once a notice to existing registered owner is issued seeking his objection, if any. Even the shares which have been transferred to investors protection fund, concerned Company can be authorised to approve the identity of the owner and his KYC so that shares as well as dividend can be released by the Company itself. The dividend amount so released to be reimbursed by the IIPF to the respective Company, within 15 days of lodge of claim, without any formality.

DIRECT TAX CASE LAWS

Delhi High Court Invalidates Reassessment Notice Issued Beyond Statutory Limitation

In *Rajeev Khandelwal v. DCIT, Circle-23(1), Delhi & Anr.* (W.P.(C) 12506/2022, dated 28 May 2025), the Delhi High Court quashed a notice issued under Section 148 for AY 2015-16 on 28 July 2022, holding it time-barred. The Court observed that the six-year limitation had lapsed on 31 March 2022, and post-Rajeev Bansal (SC), no further extension was permissible. Consequently, the reassessment proceedings were declared void.

Supreme Court Reasserts Judicial Discipline — Binding Precedents Must Be Followed

In *Rohan Vijay Nahar v. State of Maharashtra* (2025 LiveLaw (SC) 1082), the Supreme Court delivered a strong reminder that courts must apply binding precedents faithfully and cannot bypass them under the guise of “distinguishing” cases. The Bench emphasized that “the judiciary draws its strength from discipline, not dominion,” stressing that adherence to precedent and appellate directions upholds litigants' confidence and preserves judicial credibility.

TDS under JDAs also Applies to Leasehold Landholders, Rules ITAT Mumbai

ITAT Mumbai ruled that Section 194IC applies to JDAs involving leasehold land, not just freehold property. Since the payee had already offered capital gains to tax, the case was remanded for verification, and the assessee wouldn't be treated as in default if confirmed. [*M/s Sugee Seven Developers LLP v. ITO, TDS Ward-2(2)(4), Mumbai ITA Nos. 2313-2316/Mum/*]

Penalty Notice Without Specifying Charge Held Invalid – Procedural Defect Fatal

The AO issued a penalty notice under Section 274 rows. 271(1)(c) using a standard template without striking off the irrelevant limb (“concealment” or “inaccurate particulars”). Decision: The Tribunal, relying on Mohd. Farhan A. Shaikh (Bom HC), SSA's Emerald Meadows (SC), and State Bank of India (SC, 2024), held that failure to specify the exact charge renders the notice invalid. Such ambiguity violates Section 274's mandatory communication requirement. Consequently, the penalty under Section 271(1)(c) was quashed as void ab initio. [*DCIT, Circle-11, Pune v. Honeywell Automation India Ltd.: ITAT Pune | ITA No. 2180/PUN/2024 & CO No. 06/PUN/2025 | Order dated 3 Oct 2025*]

Delhi HC upholds supervisory rigor in approvals

The Court affirmed ITAT's view that a mass approval of 246 draft orders under a single communication by an Additional CIT violates Section 153D. Such blanket approvals fail the test of “independent supervisory satisfaction. The High Court upheld that approvals must be case-specific, demonstrating application of mind. [*Delhi HC — PCIT vs Ashutosh Developers Pvt Ltd*]

AMP expenses not a separate international transaction — major relief for multinationals in transfer pricing disputes

The Court held that Advertisement, Marketing and Promotion (AMP) expenses are not an independent international transaction for transfer-pricing purposes. Accordingly, no income adjustment arises merely on AMP spend levels. [*Delhi HC — PCIT vs Casio India Company Pvt Ltd*]

GST

Withdrawal of GST Circular on Evidence under Section 15(3)(b)(ii)

The CBIC, via Circular No. 253/2025-GST has withdrawn Circular No. 195/07/2023-GST, which required suppliers to keep proof that buyers reversed input tax credit (ITC) on post-sale discounts. Now, no such documentation is needed. Suppliers may adjust tax liability through credit notes under Section 15(3)(b)(ii) without furnishing evidence, provided ITC reversals are correctly reflected by both parties.

This step simplifies compliance and supports the Ease of Doing Business initiative.

Risk-Based GST Refund Sanction – 90% Provisional Refund for Low-Risk Cases

From 1 November 2025, a risk-based GST refund system under Rule 91(2) allows 90% provisional refund for low-risk taxpayers, identified through data-driven risk parameters.



TRUTH
सत्य के लिए हम प्रतिबद्ध हैं



The facility covers zero-rated supplies and Inverted Duty Structure (IDS) refunds. Applications are filed as usual, but system analytics determine risk profiles based on compliance and return data. Low-risk claims get automated provisional sanction, while others face detailed scrutiny. The balance 10% is released after verification.

No change in ITC auto-population—IMS adds flexibility, not disruption, to GST compliance.”

The only procedural enhancement involves Credit Note handling—from October 2025, recipients can mark Credit Notes as pending, and upon acceptance, may manually adjust ITC reversals only to the extent actually availed.

GST Registration to Be Granted Within Three Working Days

Effective 1 November 2025, Rule 9A enables electronic approval of GST registration within three working days for low-risk applicants, using data analytics for verification. Simultaneously, Rule 14A introduces a Simplified GST Registration Scheme for taxpayers with monthly output tax liability up to 2.5 lakh. If a taxpayer's turnover exceeds this limit, they must withdraw from the simplified scheme using Form GST REG-32, and the officer issues Form GST REG-33 confirming migration to regular registration.

These forms relate only to withdrawal from the simplified scheme, not cancellation. The reforms aim to simplify registration, reduce compliance, and promote Ease of Doing Business.

Proper Officers Assigned for Adjudication under Sections 74A, 75(2) & 122

The CBIC has formally designated proper officers for handling adjudication under:

- **Section 74A:** Determination of tax short-paid or unpaid (from FY 2024–25 onwards)
- **Section 75(2):** Redetermination of tax where fraud is not established on appeal
- **Section 122:** Imposition of penalties for specified offences
- It also prescribes **monetary limits** for issuance of show-cause notices and adjudication orders according to officer rank.

→ Impact: Eliminates procedural ambiguity, ensuring clear accountability in tax recovery and penalty proceedings. If a notice is issued by an officer beyond the one listed, such notice will be invalid.

GST returns becoming time bar November 2025

The GST Network has reminded taxpayers that returns cannot be filed after three years from their original due dates under **Sections 37, 39, 44, and 52**.

This restriction applies to all key returns including **GSTR-1, 3B, 4, 5, 5A, 6, 7, 8, 9, and 9C**.

The rule will be implemented on the GST portal from the November 2025 tax period—returns older than three years will be permanently barred from filing.

SC Rules Stock Discrepancy Calls for Assessment, Not Confiscation

In *Additional Commissioner vs Dayal Product (SC, 1 Sept 2025)*, the Court held that **discrepancies in stock** found during survey of a registered dealer cannot trigger **confiscation or penalty proceedings** under Section 130 of the CGST Act. Such issues should instead be addressed through **assessment and recovery** under Sections 73 or 74.

SC bars Bank Account Attachments after 10% GST Pre-Deposit

(Deputy Commissioner vs Wingtech Mobile Communications (India) Ltd., SC Judgment 6 Oct 2025)

The Supreme Court ruled that once a taxpayer makes the statutory 10% pre-deposit while filing a GST appeal, tax authorities cannot continue to freeze or attach bank accounts. Upholding the Andhra Pradesh High Court decision, the Court reaffirmed that coercive recovery beyond this stage violates the appellate safeguards built into the GST framework.

AAAR Upholds ITC Eligibility for Power Line Capital Goods Installed Outside Factory

(AC CGST & CE vs Elixir Industries, AAAR Gujarat Ruling 22 Sep 2025) The Appellate Authority confirmed that **Input Tax Credit (ITC)** is available on **power-transmission capital goods**—such as cables, wires, and equipment—installed **outside factory premises** if used to supply power to the manufacturing unit.

Even when these assets are later transferred to the state transmission utility for maintenance, credit remains valid under Section 16 of the CGST Act.

OTHER IMPORTANT CASE LAWS

Trustee Liable for Dishonoured Cheque Signed on Behalf of Trust – Complaint Maintainable

the Supreme Court ruled that a cheque dishonour complaint under the Negotiable Instruments Act is valid against a trustee who signed the cheque, even if the trust itself is not made an accused. The Court reasoned that a trust is not a juristic person, hence liability for dishonoured cheques rests with the signing trustee [Shankar Pada Thapa vs Vijaykumar Dinesh Chandra Agarwal (SC)]

Supreme Court Shields Chartered Accountants from Unwarranted PMLA Prosecution

The Supreme Court upheld the Madras High Court's ruling that issuing **Form 15CB** under the Income Tax Act does **not amount to abetment of money laundering**. The Court observed that a Chartered Accountant's duty is limited to certifying remittance details, not verifying document genuineness. Hence, professionals performing statutory functions in good faith **cannot be prosecuted** under the PMLA alongside the principal offender. [Murali Krishna Chakrala v. Deputy Director, Directorate of Enforcement, Chennai]

MCX launches digital empanelment portal to streamline system audit compliance for trading members.

MCX has launched an online portal for empanelment of system auditors to conduct system audits of Trading Members.

- **Existing auditors** use their current login IDs.
- **New auditors** must submit details via a prescribed format (Annexure 1) and will receive login credentials via email.
- Auditors must submit an **Undertaking-cum-Affidavit** as per the specified format.

Trading Members are advised to inform their system auditors and ensure compliance. **Editorial: imposition of compliance by different authorities needs to be prohibited.**

National Financial Reporting Authority (NFRA) rolls out audit-strategy toolkit to raise SME audit quality."

The NFRA has released an 'Audit Practice Toolkit' aimed at improving audit quality in India—especially among small and medium-sized audit firms. The toolkit focuses on developing and documenting a risk-based audit strategy aligned with the entity's profile, distinguishing audit strategy (the "what" and "why") from planning (the "how" and "when"). While the document is **for awareness, training and education only**, it reinforces auditor adherence to standards like SA 300. NFRA plans to publish further toolkits addressing other key audit areas during the year.

Draft Directions on Expected Credit Loss (ECL)

The **Reserve Bank of India (RBI)** has proposed a major change in the provisioning framework for banks and All-India Financial Institutions (AIFIs) by moving from the **incurred-loss model** to an **Expected Credit Loss (ECL)-based approach**.

Expected credit loss" means the weighted average of credit losses under different scenarios with the respective probability of the various scenarios as the weights. Key Features of the Draft Directions

- **Effective Date:** Proposed to be **implemented from 1 April 2027**, with a **gradual transition period until 31 March 2031** for legacy exposures.
- **Scope:** Applicable to all **Scheduled Commercial Banks** (excluding RRBs, Small Finance Banks, and Payments Banks) and selected **AIFIs**.
- **Provisioning Framework:**
 - **Stage 1:** Performing assets – 12-month ECL provisioning.
 - **Stage 2:** Assets showing significant increase in credit risk (SICR) – lifetime ECL.
 - **Stage 3:** Credit-impaired / default assets – lifetime ECL (akin to NPAs).
- **Prudential Floors:** RBI will prescribe minimum provisioning levels for each stage to ensure consistency across banks.

Draft Directions on Capital Charge for Credit Risk – Enhanced Risk Sensitivity

The draft proposes revisions in the **standardised approach**

for credit risk. Key changes: granular risk weights for corporates/MSMEs, inclusion of transactors under retail category, updated conversion factors for off-balance exposures, and linking rating agency reliability with default history. Effective date being 1 April 2027. (RBI Draft Directions, 07 Oct 2025)

Draft Directions on Related Party Lending – RBI Strengthens Governance and Oversight Framework

RBI's draft circular (Press Release dated 01/10/2025) proposes stricter rules for related-party lending across regulated entities, including commercial banks, NBFCs, cooperative banks, and financial institutions. It introduces scale-based thresholds requiring Board or Committee approval for high-value related-party loans and mandates disclosure and supervisory reporting. Independent directors of other banks are exempted from "related person" classification. Further, the draft directions **explicitly mandate that all related-party lending must be at arm's length**, meaning the terms, pricing, and credit standards should be equivalent to those applied to unrelated borrowers. This ensures fairness, prevents preferential treatment, and aligns with global prudential norms.

OTHER LAWS

MCA

Company's Annual Return Filing last date extended to 31st December

The Ministry of Corporate Affairs (MCA) has extended relief to companies by allowing the filing of annual returns, financial statements and XBRL Cost audit Reports without additional fees up to 31st December 2025.

Major Corporate Governance Restructuring – New RDs and RoCs Established

Key Highlights:

- 10 new Regional Directorates (RDs) established across India, each with jurisdictional clarity — e.g., Northern Region Directorate I (New Delhi) covers Delhi & Uttar Pradesh, while Western Region Directorate II (Navi Mumbai) covers remaining Maharashtra districts.
- Parallel Regional Directors under the LLP Act have been notified, mirroring this regional division for LLP regulation.
- New Registrars of Companies (RoCs) established and existing jurisdictions redrawn:
 - Delhi split into RoC Delhi-I (South) and RoC Delhi-II (Central).
 - Maharashtra now has three RoCs: Mumbai-I, Mumbai-II (Navi Mumbai), and Nagpur.
 - Uttar Pradesh divided into UP-I (Kanpur) and UP-II (NOIDA) for LLPs.
 - Haryana continues under RoC Chandigarh jurisdiction.
- These changes become effective from 1 January 2026.



HARDWORK
कड़ी मेहनत के लिए हम प्रतिबद्ध हैं

contd. from page 1

EDITORIAL De-criminalisation of Economic Laws – A Mission

payment of disputed tax demand, for example estimated tax demand by a GST investigation team based on their allegations of non-compliance, unless the tax demand is undisputed.

An application of bail may be allowed, except in cases where crimes against sovereignty, terrorism, illegal arms' dealing, act of war, organized heinous crimes or crimes providing for life imprisonment or death penalty. Adequate safeguards may be provided in the law itself to prevent international travel, meeting or interacting with witnesses except with prior permission of the court. "Jail is an exception, bail is the Rule" is to be implemented.

All small companies, MSME and other than public interest entities should have lesser compliances. The penalties and fines can be replaced with late filing fees (one time to five times of normal filing fee). The interest rates chargeable for delay of payment of Government taxes and other dues should not be more than 500 to 700 basis points above Bank rate declared by RBI.

The various returns under the Companies Act, Income Tax Act, GST and other laws may also be allowed to be filed late, without any time limit to encourage voluntary compliance. In all these cases appropriate interest is chargeable on the tax dues or beside additional filing fee involved.

No penalty should be specified as a minimum penalty and only maximum reasonable limits of penalty or fine should only be provided in the laws, to be chargeable in a tiered structure, based on time lapsed. In case of voluntary compliance of law even after time prescribed no penalties should be leviable and interest may also be charged at a maximum rate of 9 percent per annum.

The attachment of bank accounts or property or demat accounts or any other attachment should be allowed only once the guilt is established. Even provisional attachment should be restricted to cases only after prima facie guilt is established before a Session Judge or a Senior Court and court is of the view that provisional attachment is justified, after an opportunity of being heard.

The discretionary powers with officers to levy tax, fine, penalty, additional fee, settlement fee, fines and to attach any movable or immovable property should be withdrawn. The discretion of all kind with the officers lead to corruption,

harassment, fear, favour and spoil the justice atmosphere. The Government may consider passing a generic law applicable to all kind of arrest, prosecution and imprisonment provisions in all the laws, and levy of additional fee, penalties, fines based on conceptual framework as suggested above. The government's attempt to decriminalize different laws one by one is taking a lot of time and the ultimate purpose will be achieved too late.

The AICAS Team has set up it's
LEGAL AID CELL !
to Support the Members



You may call / contact us at +91 97113 10004 / +91 98110 40004.
Email: aicas.cfo@gmail.com and our legal cell will pro-actively support

Empowering Growth Through Financial Expertise

INMACS
Debt | Equity | Advisory | Strategy

- ✓ **Debt Advisory & Syndication**
Corporate & Project Finance
- ✓ **Structured Financing Solutions**
Bringing together domestic and international financial institutions for large, complex loans
- ✓ **Fund Raising**
Equity, Mezzanine, Structured Finance & Debt
- ✓ **Debt Review & Optimization**
Enhancing existing debt terms and reducing cost
- ✓ **M&A Advisory**
Sell-side & Buy-side, Domestic & Cross-border transactions
- ✓ **Strategic Credit Rating Solutions**
Advisory for rating improvement and optimization
- ✓ **IPO Readiness & Due Diligence**
Assessment, planning, corporate governance, and structuring

Partner with us to unlock value, optimize capital, and power your next growth milestone.

INMACS Limited | Merchant Banking & Advisory
solutions@inmacs.com +91 9711310004

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: ElH 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