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Manubhai & Shah LLP
Chartered Accountants



NEWS LETTER

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CONTENTS

- GST Update –Changes Proposed in 56th GST Council Meeting – 3rd September 2025
- Direct Tax Update
- Accounting Update
- Company Law Update
- IFSCA Update
- SEBI Update
- RBI Update
- Due dates of various compliances falling in the month of September 2025



GST UPDATE

Changes Proposed in 56th GST Council Meeting – 3rd September 2025



1. Introduction & Effective Date of Implementation

1.1. Introduction

The 56th Meeting of the Goods and Services Tax (GST) Council) was held on 3rd September 2025 in New Delhi under the Chairpersonship of Hon'ble Union Finance and Corporate Affairs Minister Smt. Nirmala Sitharaman.

This meeting is widely recognised as a landmark in India's indirect tax history, often described by the Government and industry alike as the ushering in of "GST 2.0".

The Council's recommendations reflect a multi-sectoral and multi-thematic focus, aimed at:

- a. Making the GST structure simpler and more predictable for taxpayers.
- b. Supporting the common man by reducing GST on essential goods and services.
- c. Correcting inverted duty structures in key sectors to boost domestic manufacturing.
- d. Introducing a risk-based, technology-driven refund system to improve working capital flow.
- e. Establishing a fully functional Goods and Services Tax Appellate Tribunal (GSTAT) to strengthen dispute resolution.

1.2. Key Highlights at a Glance

From the perspective of both households and businesses, the announcements made in this meeting have far-reaching effects:

- a. Rate rationalization: Movement towards a simplified two-tier GST structure — a Merit Rate of 5% for essential goods/services, a Standard Rate of 18% for most others, and a Special De-merit Rate of 40% for luxury and sin goods.
- b. Broad-based GST exemption for critical health sector.
- c. Reduction of rates for many labour-intensive industries, consumer goods, and farm equipment.
- d. Trade facilitation measures to ease compliance, supported by automation and risk-based processing.
- e. Dispute resolution strengthening through operationalization of the GSTAT.

1.3. Effective Date & Phased Implementation

While the general implementation date for most changes is 22nd September 2025, the Council has

recommended a phased approach to ensure smooth transition and fiscal stability:

- a. Services: All changes in GST rates on services will be implemented from 22nd September 2025.
- b. Goods (General): All goods except specified high-revenue sin goods (pan masala, gutkha, cigarettes, unmanufactured tobacco, etc.) will also shift to the new rates from 22nd September 2025.
- c. Sin Goods: Pan masala, gutkha, cigarettes, unmanufactured tobacco, and related products will continue at existing rates (with applicable Compensation Cess) until loan and interest obligations under the Compensation Cess account are fully discharged.
- d. Decision on Transition for Sin Goods: The Union Finance Minister and GST Council Chairperson will decide the actual date for these goods' transition to revised rates after reviewing Cess account obligations.

1.4. Why This Matters to Businesses

- a. Advance planning: The staggered implementation offers businesses time to update pricing, marketing strategies, and IT systems.
- b. Working capital optimization: Reduced rates in many sectors will lower tax outflows, while refund reforms will improve liquidity.
- c. Litigation readiness: For sectors with corrected inverted duty structures, transitional disputes could arise over classification and stock held.

2. Transitional Provisions for GST Rate Changes

One of the most frequent sources of disputes after GST rate changes is the determination of whether the old rate or the new rate applies to a supply that straddles the effective date.

To avoid ambiguity, the 56th GST Council has clarified the rules for rate applicability with effect from 22nd September 2025.

These rules are particularly important for businesses issuing invoices or receiving payments close to the effective date.

2.1. Goods/Services Supplied Before 22-09-2025

Invoice Date	Payment Date	GST Rate Applicability
Before 22-09-2025	Before 22-09-2025	Old Rate
After 22-09-2025	Before 22-09-2025	Old Rate
Before 22-09-2025	After 22-09-2025	Old Rate
After 22-09-2025	After 22-09-2025	New Rate

2.2. Goods/Services Supplied After 22-09-2025

Invoice Date	Payment Date	GST Rate Applicability
Before 22-09-2025	Before 22-09-2025	Old Rate
After 22-09-2025	Before 22-09-2025	New Rate
Before 22-09-2025	After 22-09-2025	New Rate
After 22-09-2025	After 22-09-2025	New Rate

2.3. Practical Advisory for Businesses

- ERP Configuration: Ensure ERP systems auto-calculate rates based on supply date, invoice date, and

payment date, as per the above tables.

- Contract Clauses: Review tax escalation clauses in contracts to ensure correct rate application.
- Stock Management: For goods under rate reduction, plan to invoice after the effective date where possible to take advantage of lower rates.
- Advance Invoices: For services to be rendered after 22nd September 2025, consider issuing invoices after the effective date if lower rates apply.

3. GST Rate Rationalization for Goods

The GST Council has approved the most extensive rate rationalization since GST was introduced in 2017. This rationalization moves India towards a two-rate structure — 5% (Merit Rate) and 18% (Standard Rate), with a special 40% rate for de-merit goods.

The aim is to simplify compliance, reduce litigation, and make the tax system more citizen friendly.

Sector-wise rates of some of the products/categories are illustrated as under:

3.1. Food Processing & Agricultural Products

The food sector has seen sweeping rate reductions, especially for everyday staples.

Product/Category	Previous Rate	New Rate
UHT Milk	5%	0%
Packaged Paneer	5%	0%
Pizza Bread	5%	0%
Indian breads (roti/paratha/chapati/khakhra)	18%	0%
Butter, Ghee, Cheese, Condensed Milk	12%	5%
Nuts & Dried Fruits (almonds, cashews, dates)	12%	5%
Prepared Meat & Seafood	12%	5%
Fruit Juices, Tender Coconut Water, Soya Milk Drinks	12%	5%
Namkeens / Bhujia / Packaged snacks	12% / 18%	5%
Pasta, Instant noodles, Sauces, Jams	18%	5%

Luxury/Sin Goods Tax Hike:

Product/Category	Previous Rate	New Rate
Carbonated Beverages	28% + cess	40%
Caffeinated Beverages	28% + cess	40%
Pan Masala	28% + cess	40%

3.2. Electronics

Product/Category	Previous Rate	New Rate
Air Conditioners	28%	18%
Television including LED and LCD (>32")	28%	18%
Monitors and Projectors	28%	18%
Dish Washing Machines	28%	18%

3.3. Agricultural Equipment & Inputs

Product / Category	Previous Rate	New Rate
Tractors (≤ 1800 cc)	12%	5%
Agricultural Diesel Engines	18%	5%
Tractor Parts (gearboxes, brakes)	18%	5%
Tractor Tyres	18%	5%
Drip & Sprinkler Irrigation Systems	12%	5%
Harvesting Machinery	12%	5%
Composting Machines	12%	5%
Sulphuric / Nitric Acid (fertilizers)	18%	5%

3.4. Automotive Sector

Mass-Market Relief:

Vehicle Type	Previous Rate	New Rate
Small Petrol Cars (≤ 1200 cc) & upto 4000 mm	28%	18%
Small Diesel Cars (≤ 1500 cc) & upto 4000 mm	28%	18%
Small Hybrid Cars & upto 4000 mm	28%	18%
Two-Wheelers ≤ 350 cc	28%	18%
Goods Vehicles, Buses, Ambulances	28%	18%

Luxury Segment Tax Hike:

Vehicle Type	Previous Rate	New Rate
Premium Cars (>threshold mentioned in above table)	28% + cess	40%
Motorcycles >350cc	28% + cess	40%
Personal Aircraft	28% + cess	40%
Luxury Yachts	28% + cess	40%

3.5. Construction Industry

Product / Category	Previous Rate	New Rate
Cement	28%	18%
Marble / Granite blocks, handicrafts	12%	5%
Man-made fibre & yarn (textiles)	18% / 12%	5%
Renewable energy devices & parts	12%	5%

3.6. Healthcare & Insurance

Product / Category	Previous Rate	New rate
Life-saving drugs for cancer/rare diseases	5% / 12%	Nil
Other drugs & medicines	12%	5%
Medical devices (diagnostic kits, glucometers, bandages, surgical instruments)	12%/18%	5%
Individual life insurance & individual health insurance policies	18%	Nil

3.7. Hospitality and Tourism

Service Description	Previous Rate	New Rate
Hotel accommodation (tariff ≤ ₹7,500 per night)	12%	5%
Guesthouses, homestays, serviced apartments	12%	5%

3.8. Goods Transport and Logistics

Service Description	Previous Rate	New Rate
Goods Transport Agency (GTA) services	5% (without ITC)	12% (with ITC)
	5% (without ITC)	18% (with ITC)
Multimodal transport services	12%	5%

3.9. Beauty, Wellness & Personal Care Services

Service Description	Previous Rate	New Rate
Beauty parlour & salon services	18%	5%
Ayurvedic and naturopathy wellness	18%	5%
Fitness centres and yoga classes	18%	5%

3.10. Renewable Energy Services

Service Description	Previous Rate	New Rate
Renewable energy devices and parts for their manufacture e.g. Solar power-based devices, Windmills, Waste to energy plants, Photo voltaic cells etc.	12%	5%

4. Refund Reforms: Risk-Based Provisional Payouts

4.1. Overview of the Reform

The GST Council has approved a transformative refund mechanism designed to significantly reduce delays and improve working capital flow for exporters, MSMEs, and businesses facing an inverted duty structure.

Under the new risk-based model, eligible taxpayers will receive 90% of their refund claims upfront on a provisional basis, with the balance being processed after necessary verification. This measure is expected to resolve one of the most persistent bottlenecks in the GST system since 2017 - refund delays that often led to liquidity crises, particularly for small and medium-sized businesses.

4.2. Related Clarifications from FAQs

Refunds under Inverted Duty Structure:

As per Circular No. 135/05/2020-GST (clarified in FAQ Q.10), if the same goods attract different GST rates at different times (e.g., rate reduction), such cases are not treated as inverted duty structure and are therefore not eligible for refund of accumulated ITC for the same goods.

4.3. Expected Impact

- MSMEs: Faster refund cycles will free up cash for operations and expansion.
- Exporters: Reduced working capital blockage improves competitiveness in global markets.
- Administration: Fraud prevention features will help safeguard revenue while facilitating compliant taxpayers..

5. GSTAT Implementation: Strengthening Dispute Resolution

5.1. Background and Significance

The absence of a fully functional Goods and Services Tax Appellate Tribunal (GSTAT) since GST's inception in 2017 has been one of the most persistent gaps in the indirect tax dispute resolution framework.

This has forced taxpayers to approach High Courts directly for second appellate matters, leading to increased litigation costs and delayed resolutions.

The 56th GST Council meeting marks a turning point — with the formal announcement of the operationalization of GSTAT by 30th September 2025.

5.2. Structure of GSTAT

As per the Press Release and CBIC updates:

a. National Bench:

- Located in New Delhi.
- Will act as the National Appellate Authority for Advance Ruling (NAAAR).
- Handles appeals where conflicting advance rulings are issued by State or UT Appellate Authorities.

b. State and Area Benches:

- Multiple benches across states and major commercial hubs.
- Jurisdiction based on the place of supply and taxpayer's registration.

c. Composition:

- Each bench will have two judicial members (former High Court judges) and two technical members (one from Centre, one from State).
- Balanced representation to ensure fairness and expertise.

5.3. Implementation Timelines

- 30 September 2025: GSTAT benches to be operational.
- From December 2025: Hearings in both fresh appeals and transferred matters to commence.
- By 30 June 2026: All pending appeals eligible for GSTAT to be filed, to avoid dismissal on limitation grounds.

5.4. Transition for Pending Matters

- Taxpayers with pending appeals before High Courts may evaluate whether to continue there or withdraw and file before GSTAT for faster disposal.
- Matters pending at first appellate level (Commissioner Appeals) will proceed normally before escalating to GSTAT.

5.5. Practical Action Points for Businesses

- Case Audit: Review all ongoing GST disputes and identify those suitable for GSTAT filing Post-September 2025.
- Document Preparation: Ensure that appeal files are complete with all annexures, reconciliations, and evidence to avoid procedural delays.
- Limitation Tracking: Maintain a limitation calendar so no appeal misses the June 2026 cut-off.
- Representation Strategy: Consider empanelling legal counsel experienced in GST litigation and tribunal practice.

6. Legislative & Procedural Changes**6.1. Overview**

Alongside rate changes, the 56th GST Council meeting recommended critical legislative amendments aimed at simplifying law, removing outdated provisions, and facilitating trade.

6.2. Key Legislative Changes**a. Deletion of Section 13(8)(b) of the IGST Act**

- Earlier Position: Section 13(8)(b) deemed the place of supply for intermediary services to be the location of the supplier, even when services were provided to overseas clients. This meant such supplies were taxable in India, denying them export status.
- Change: The provision is now deleted, aligning with international place-of-supply principles.
- Impact:
 - Intermediary services provided to foreign clients will now qualify as exports (zero-rated).
 - Significant benefit to sectors like IT-enabled services, marketing support, back-office services, and offshore consultancy.

- Compliance Advisory:
 - Businesses should reclassify such services as exports from 22nd September 2025.
 - Review agreements and invoices to ensure foreign client details, contract clauses, and proof-of-export documentation meet GST refund eligibility requirements.

b. Removal of Section 15(3)(b)(i) of the CGST Act

- Earlier Position: Post-sale discounts required a pre-supply agreement and proportionate ITC reversal by the recipient to qualify for GST value reduction.
- Change: This clause is deleted, providing flexibility to offer post-sale discounts without rigid pre-supply contractual terms, provided proportionate ITC reversal is carried out.
- Impact:
 - Promotes dynamic pricing, seasonal offers, and promotional schemes.
 - Reduces disputes on whether discount arrangements qualify for GST deduction.

c. Additional Procedural & Trade Facilitation Measures from Press Release

- E-Way Bill Simplification:
 - Rule 138 amended to eliminate the need for cancellation and re-generation of e-way bills for goods in transit at the time of rate change.
 - Validity of e-way bills remains as per the original generation date, preventing unnecessary operational delays.

d. Strategic Implications for Businesses

- Exporters & Service Providers: Deletion of Section 13(8)(b) is a game changer for intermediary exporters; could lead to significant refund entitlements going forward.
- Manufacturers & Distributors: Removal of restrictive discount provisions under Section 15(3)(b)(i) allows for greater flexibility in trade schemes.

7. Conclusion & Client Advisory

The Council's package is ambitious: The 56th GST Council meeting has opened the door for a simpler, fairer, and more predictable GST regime. It attempts to balance citizen relief with fiscal prudence (phased implementation for high cess items) and seeks to correct longstanding inverted duty anomalies. For businesses the period immediately after 22 September 2025 will be operationally busy — ERP changes, invoicing discipline, ITC reconciliations, and customer communication will be the dominant tasks.

The period between 3 September 2025 and 22 September 2025 is critical for:

- Completing reconciliations.
- Updating systems.
- Communicating changes internally and externally.
- Preparing for potential refund applications and litigation strategies.

DIRECT TAX UPDATES



I. Circulars & Notifications

Amendment of instruction issued u/s 84 of The Black money (undisclosed Foreign Income and Assets) and Imposition of tax Act, 2015 ("BMA 2015"), r.w.sec. 119 of the Income-tax Act, 1961 regarding Prosecution

(C.B.D.T. Instruction NO. 285/46/2021-IT (Inv.) dated 18.08.2025)

The Finance (No.2) Act, 2024, has substituted the proviso to section 42 and 43 of the BMA, 2015 w.e.f. 01.10.2024. Before the amendment, said section 42 and section 43 provided that this section shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed Rs. 20 lakhs.

In order to provide relief from institution of prosecution proceedings under section 49 and/or 50 of BMA, 2015, in respect of asset(s) covered under the proviso to penalty provisions under section 42 and 43 of BMA, 2015, the C.B.D.T. hereby amends Instruction, dated 15.03.2022 and directs that prosecution proceedings under section 49 and/or 50 of BMA, 2015, would not be initiated in cases where penalty under section 42 and/or 43 of the BMA, 2015 is not imposed or imposable in relation to assets covered under the proviso to aforesaid sections i.e. an asset or assets (other than immovable property), where the aggregate value of such asset or assets does not exceed Rs.20 lakh at any time during the relevant previous year.

This amendment is effective from the date when the amendment to sections 42 and 43 of BMA, 2015 became effective through Finance (No.2) Act, 2024,i.e.01.10.2024.

II. High Court Decision

1. Deemed Dividend U/sec 2(22)(e) – Personal Use of Business Advances by Shareholder

Jaykumar B. Patil v. Jt.C.I.T. [2025] 177 taxmann.com 431 (Bom)

Facts:

The assessee was the Managing Director and a substantial shareholder in GPIL, which was company engaged in the business of manufacturing castings and other components. TELCO was amongst the major customers of GPIL, who used to place orders on J.B.P. & Sons (Engineering Division), which was the proprietary concern of the assessee. According to assessee, he had a running account with GPIL and there were continuous business transactions between the assessee and GPIL. The assessee received an advance of Rs. 71 lakh from GPIL against pending expected orders as he had to meet a deadline for payment of his taxes. Assessee returned the advance of Rs. 71 lakh to GPIL in the same financial year. The assessee claimed that the advance was received by him in the course of business and was returned in the same financial year. However, the Assessing Officer assessed the advance taken by the assessee from GPIL as deemed dividend under section 2(22)(e).

Decision:

The Bombay High court held that the C.B.D.T. Circular No. 19 dated 12.06.2017 applied only in case where the advance/loan is actually utilized for the purpose of job work. The contention sought to be raised on behalf of assessee that advance received for business transaction need not be utilized for business and can be utilized for any other purpose cannot be accepted. Also repayment of the advance within the same financial year does not make the case of the assessee any better.

In the present case, the amount of advance was not utilized for purposes of any job work for GPIL and therefore there is no question for GPIL benefiting from such advance. The advance on the contrary is utilized for discharge of personal liability of Income-tax by the assessee. Mere maintenance of running account by the assessee with the GPIL or demonstration by the assessee of continuous business transactions between the assessee and GPIL cannot be a reason enough for drawal of an inference that the amount of advance was actually utilized for execution of business transaction.

All the ingredients of section 2(22)(e) are satisfied in the present case. Therefore, the said advance is taxable as deemed dividend under section 2(22)(e) of the Act in the hands of the assessee.

2. House Property Income U/Sec 23(1)(a) - Municipal Rateable Value can be Annual Lettable value subject to circumstances

Tivoli Investment & Trading Co. (P.) Ltd. v. ACIT [2025] 177

Facts:

The assessee purchased office premises and entered into leave and license agreement with one bank for letting out said premises for period of 10 years at monthly license fees of Rs. 9,825. The bank paid interest free security deposit of Rs. 1.54 crores to assessee. The assessee offered rental income of Rs. 1.18 lakhs.

The Assessing Officer determined annual value of property by taking into consideration comparable instances of license fees paid by bank in respect of other premises in same building and interest which assessee would have paid to bank if he had taken overdraft facility of Rs. 1.54 crores which it accepted as security deposit. Accordingly, he arrived at gross annual rateable value of the property under section 23(1)(b) of Rs. 22 lakhs treating the same as the amount for which the property might have reasonably be let out from year to year.

Decision:

The Bombay High Court held following the decision of Full Bench of the Delhi High Court in Moni Kumar Subba as well as the Division Bench of Bombay High Court in Tip Top Typography that in ordinary circumstances, the only value fixed by the municipal authorities can be a rational yardstick and the rateable value so determined under the Municipal laws can be taken as annual value of the property under section 23(1)(a). However, this principle applies only when the annual value so determined under the municipal laws has close proximity with the assessment year in question in respect of which the assessment is to be made under the Income Tax laws. If there is a change in the circumstance because of passage of time, for instance where the annual value was fixed by the municipal authorities long back on account of basis of rent then received, such municipal annual value does not provide a safe yardstick for determining annual value of the property under section 23. The Full Bench of the Delhi High Court specifically recognizes the principle of ignorance of municipal valuation for determining annual letting value if the Assessing Officer finds that the same is not based on relevant material for determining the 'fair rent' in the market and that there is sufficient material on record for taking a different valuation. The Delhi High Court has further held that the municipal rateable value is not binding on the Assessing Officer and if the Assessing Officer can show that rateable value under municipal laws does not represent the correct fair rent, he can determine the same on the basis of material/evidence placed on record.

In addition the Division Bench of this Court in *Tip Top Typography*, held that municipal rateable value cannot, in every case, be treated as the real value for which the property might reasonably be expected to be let under section 23(1)(a). The municipal rateable value may not always represent the true and fair market rent which the property actually fetches. No doubt, the Municipal Authorities do conduct a survey of rental returns in each locality while determining the annual rateable value. However, such municipal rateable value is not updated or in some cases, the same does not represent the correct annual rent received qua a particular property. In a given case, the rental value of premises in two adjoining buildings in City of Mumbai can be different. Various factors such as condition of building, accessibility, road frontage, interiors, amenities etc. can make a substantial difference between the rental value of same properties located in close proximity to each other. Therefore, the Assessing Officer can make an enquiry under section 23(1)(a) to find out the sum which the property is reasonably expected to fetch for the purpose of determining the annual value under section 22. After the Assessing Officer, on his own enquiry, finds out that the gap between the municipal rateable value and the annual rent of the property is likely to fetch in not too wide, the Assessing Officer can consider the annual value of the property corresponding to the municipal rateable value. However, the moment the Assessing Officer notices that the gap between the two amounts is wide, he cannot be compelled to accept the municipal rateable value for the purpose of section 23. Thus, the principle of accepting municipal rateable value for the purpose of section 23 cannot be uniformly applied to every case and there is no bar for the Assessing Officer from making an independent enquiry under section 23(1)(a) and determine the sum which he believes is likely to be fetched as rent in respect of the property in question.

ACCOUNTING UPDATE



EAC Opinion:

Recognition of liability towards planned expenditure committed for Stage-II Forest Clearance and Environmental Management Plan under Environmental Clearance of Bauxite Mine received from MoEF&CC, under Ind AS framework

The relevant text of the Opinion is reproduced below:

The Company should not recognise a provision when it makes the commitment as part of the undertaking given by the Company to undertake certain activities which were preconditions for / prior to obtaining the clearances (Stage II Forest and Environment Clearances). At that time, there is no present obligation as a result of a past event and therefore, apparently there is no requirement of recognising any corresponding asset. The date or point when the Company will incur a present obligation is a matter of judgement, which the Company should exercise itself in its specific facts and circumstances, and considering various factors, including, specific condition(s) which the Company has to fulfil and the mitigating/ controlling measure(s) which the Company has to undertake, etc. The Company should recognise a provision only when it incurs/has the present obligation.

EAC Opinion can be accessed at:

<https://resource.cdn.icai.org/87967cajournal-sep2025-32.pdf>

COMPANY LAW UPDATE



Amendments made to Companies (Indian Accounting Standards) Rules, 2025:

The Central Government, in consultation with the National Financial Reporting Authority (NFRA), has further amended the Companies (Indian Accounting Standards) Rules, 2015 by introducing the Companies (Indian Accounting Standards) Second Amendment Rules, 2025.

The same were published in the Official Gazette of India vide Notification number G.S.R. 549(E) dated 13th August, 2025.

The Notification can be accessed at:

[https://www.mca.gov.in/bin/dms/
getdocument?mds=wRDrrfaJaL%252F2cThrSUigXg%253D%253D&type=open](https://www.mca.gov.in/bin/dms/getdocument?mds=wRDrrfaJaL%252F2cThrSUigXg%253D%253D&type=open)

IFSCA UPDATES



A. Issue of various master circulars:

The International Financial Services Centres Authority (IFSCA) has recently in the month of August, published various Master Circulars to serve as comprehensive, consolidated regulatory documents that streamline and clarify the operational and compliance requirements for entities operating within the International Financial Services Centre (IFSC). These include:

1. Master Circulars for Research Entities in the operating in the IFSC.
2. Master Circulars for Investment Bankers in the IFSC
3. Master Circulars for Investment Advisors in the IFSC
4. Master Circulars for Distributors in the IFSC
5. Master Circulars for Debenture Trustees in the IFSC
6. Master Circulars for Credit Rating Agencies in the IFSC
7. Master Circulars for ESG Ratings and Data Product Providers in the IFSC

The Master Circulars can be accessed at:

<https://ifsc.gov.in/Legal/Index/wF6kttc1JR8=>

B. Opening of an account of a person resident in India:

The IFSCA has vide circular number IFSCA-FMPP0BR/4/2024-Banking dated 13th August, 2025 issued a circular to all banking units operating in IFSCs with regard to opening of an account of a person resident in India wherein it has clarified the meaning of the term “foreign currency account with a bank outside India” to include an account opened with an IBU (IFSC Banking Unit) in any of the specified foreign currencies leading to the conclusion that IBUs may open such accounts for persons resident in India without prior permission of the IFSCA.

The Circular can be accessed at:

<https://ifsc.gov.in/Legal/Index/wF6kttc1JR8=>

SEBI UPDATES



A. Ease of doing business (EODB) -Policy for joint annual inspection by MII –information sharing mechanism–action by Lead MII:

As per SEBI Circular CIR/HO/MIRSD/MIRSD2/CIR/P/2017/73 dated 30th June, 2017, read with paragraph 14 of the Master Circular for Stock Brokers dated 17th June, 2025, guidelines have been laid down for the annual inspection of members. At present, the stock brokers and depository participants undergo separate inspections by each Market Infrastructure Institution (MII), leading to operational disruptions and resource strain due to repeated visits.

To streamline the process, reduce the burden on intermediaries, and ensure a holistic view of operations across all MIIs, SEBI, through circular number SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/113 dated 07th August, 2025, has introduced a unified inspection approach which includes the following:

1. Joint annual inspection instead of separate inspections by MIIs
2. Information sharing mechanism
3. Rationalization and streamlining of criteria for selection of entities

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/aug-2025/ease-of-doing-business-eodb-policy-for-joint-annual-inspection-by-miis-information-sharing-mechanism-action-by-lead-mii_95897.html

B. Extension of timeline for implementation of SEBI Circular "Margin obligations to be given by way of pledge/Re-pledge in the Depository System" dated June 03, 2025:

SEBI had issued a circular on 03rd June, 2025, mandating that margin obligations be fulfilled through pledge/re-pledge in the Depository System, with an initial implementation date of 01st September, 2025. However, based on requests from depositories (CDSL and NSDL) for more time to complete system development and conduct end-to-end testing, SEBI has vide circular number SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/118 dated 18th August, 2025 extended the implementation timeline to 10th October, 2025. This extension aims to ensure a smooth transition and avoid disruptions for market participants and investors.

The circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/aug-2025/extension-of-timeline-for-implementation-of-sebi-circular-margin-obligations-to-be-given-by-way-of-pledge-re-pledge-in-the-depository-system-date-d-june-03-2025_96126.html

RBI UPDATE



The Reserve Bank of India has allowed Authorized Dealer (AD) Category-I banks to open Special Rupee Vostro Accounts (SRVAs) for overseas banks without prior RBI approval. This change is effective immediately.

Earlier, AD banks needed RBI's permission to open SRVAs, which delayed the process. The new relaxation aims to:

- Speed up INR-based trade settlements
- Promote the use of Indian Rupees in global trade
- Support India's financial and trade diplomacy

AD banks must still follow FEMA regulations, KYC norms, and due diligence procedures. This move will make it easier for foreign banks to settle trade in INR, helping Indian exporters and importers and strengthening the Rupee's role in international trade.

<https://website.rbi.org.in/en/web/rbi/-/notifications/investment-in-government-securities-by-persons-resident-outside-india-through-special-rupee-vostro-account>

DUE DATES



Due dates of various compliances falling in the month of September 2025

Due Date	Act/Authority	Compliance Description
07-09-25	Income Tax	Deposit of Tax Deducted at Source (TDS) / Tax Collected at source (TCS) during the month of August-2025
10-09-25	GST	GSTR-7 for the month of August-2025 for persons required to deduct TDS
10-09-25	GST	GSTR-8 for the month of August-2025 for e-commerce operator required to Collect TCS
11-09-25	GST	GSTR-1 for the month of August-2025 for taxpayers having turnover more than Rs. 5 crores or opted to file Monthly Return
13-09-25	GST	GSTR-5 by Non-resident taxable person carrying out business in India for the month of August-2025
13-09-25	GST	GSTR-6 for the month of August-2025 for Input Service Distributor
15-09-25	PF/ESIC	Payment of PF / ESIC for the month of August-2025
15-09-25	Income Tax	Second instalment of advance tax for the assessment year 2026-2027 (FY 2025-2026)
15-09-25	Income Tax	Return of income for the A.Y. 2025-2026 for all assessee other than (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited or the spouse of such partner if the provisions of section 5A applies or (d) an assessee who is required to furnish a report under section 92E.
20-09-25	GST	Payment of GST & Filing of GSTR-3B for the month of August-2025, for taxpayers having turnover of more than Rs.5 Crore in preceding financial Year
20-09-25	GST	GSTR-5A by Non-resident taxable OIDAR Service Provider for the month of August-2025
30-09-25	Income Tax	Furnishing of challan-cum statement of tax deducted under 194-IA, 194 IB, 194M and 194S in the month of August-2025

30-09-25	Income Tax	Due date for filing of audit report under section 44AB for the assessment year 2025-26 in the case of a corporate-assessee or non-corporate assessee (who is required to submit his/its return of income on October 31, 2025)
30-09-25	Income Tax	Statement in Form No. 10 to be furnished to accumulate income for future application under section 10(21) or section 11(1) (if the assessee is required to submit return of income on November 30, 2025)
30-09-25	Income Tax	Furnishing of Audit report in Form no. 10B/10BB by a fund or trust or institution or any university or other educational institution or any hospital or other medical institution
30-09-25	MCA	DIR 3 KYC Mandatory for Every individual having Director Identification Number (DIN)
30-09-25	GujRera	Annual Compliances (Form – 05 Submission) for the year ended March 31, 2025

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**IN THE MIDDLE OF EVERY
DIFFICULTY LIES OPPORTUNITY.**
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Manubhai & Shah LLP

Chartered Accountants

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