

NEWS LETTER

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Merry Christmas

AND HAPPY NEW YEAR

**DECEMBER
2025**

VOL 69

Covering Updates for the Month of November' 25
For private circulation and clients only



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DIRECT TAX UPDATES



I. Circulars & Notifications

1. Capital Gains Account Scheme, 1988 - Authorised Banks to Receive Deposits

C.B.D.T. Notification S.O. 5294(E) [F. NO. 162/2025], dated 19.11.2025

In pursuance of paragraph 2 (e) of the Capital Gains Account Scheme, 1988, and in continuation to the earlier notification numbers G.S.R. 725(E), dated the 22nd June, 1988 and G.S.R. 859(E), dated the 30th November, 2012, the Central Government hereby authorises all the branches (except rural branches which is situated in the area having population of less than ten thousand in accordance with the 2011 census) of the following 19 banks to receive deposits and maintain accounts under the said Scheme, namely:

Sr.No.	Name of Bank	Sr.No.	Name of Bank	Sr.No.	Name of Bank
1	Axis Bank Ltd	8	HDFC Bank Ltd	15	Kotak Mahindra Bank
2	Bandhan Bank Ltd	9	ICICI Bank Ltd	16	RBL Bank Ltd
3	City Union Bank Ltd	10	IDFC FIRST Bank	17	South Indian Bank Ltd
4	CSB Bank Ltd	11	IndusInd Bank Ltd	18	Tamilnad Mercantile Bank Ltd.
5	DCB Bank Ltd	12	Jammu and Kashmir Bank Ltd	19	Yes Bank Ltd
6	Dhanlaxmi Bank Ltd	13	Karnataka Bank		
7	Federal Bank Ltd	14	Karur Vysya Bank		

Our Comments:

It may be noted that many of the recognised banks such as SBI, BOB, BOI, Central Bank, IDBI Bank, etc. are removed in the revised list of authorised banks.

2. Capital Gains Accounts (Second Amendment) Scheme, 2025

C.B.D.T. Notification S.O. 5293(E) [F. NO. 161/2025], dated 19.11.2025

The Central government has substituted the Capital Gains Accounts Scheme, 1988 by Capital Gains Accounts (Second Amendment) Scheme, 2025 vide this notification wherein has incorporated the benefit of the said scheme to capital gain arising on transfer of assets on shifting of industrial undertaking from urban area to Special Economic Zone (SEZ) as provided under section 54GA of the Income tax Act, 1961.

3. Second NUDGE campaign to voluntary disclosure of foreign assets & income

C.B.D.T. Press Release dated 27.11.2025

CBDT receives information relating to foreign financial assets of Indian residents from partner jurisdictions pursuant to Common Reporting Standards (CRS) and from the United States under the Foreign Account Tax Compliance Act (FATCA). This information assists in identifying potential discrepancies and guiding taxpayers towards timely and accurate compliance .

Under the "Non-intrusive Usage of Data to Guide and Enable (NUUDGE) of the CBDT initiative, a resident assessee can revise his income tax return on or before 31st December 2025 by disclosure in Schedule Foreign Assets (FA) and Foreign Source Income (FSI) in ITRs to avoid penal consequences under the Income-tax Act, 1961, and the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

II. Tribunal Decisions

1. Deemed Rent U/sec 23 when assessee owns more than prescribed Self Occupied Residential Property

Laljibhai Godadbhai Chaudhari v. ITO 180 taxmann.com 503 (Ahmedabad - Trib)

Facts of the Case:

The assessee owned four immovable properties, but had disclosed only one property as self-occupied in his return of income. The Assessing Officer held that the other two properties were not self-occupied and accordingly determined deemed rent of Rs. 2.82 lakhs on these properties based on market data.

Decision:

The Tribunal affirmed the addition of deemed rental income. The Tribunal held that as per section 23(4), only one property can be treated as self-occupied, while the others are to be treated as deemed let-out. The assessee failed to furnish credible evidence that the other two properties were self-occupied or uninhabitable. In such circumstances, estimation of fair rental value based on comparable market data cannot be faulted. The Assessing Officer's reliance on data from property portals was a reasonable approach in the absence of authentic municipal or comparable rental data from the assessee.

2. Employee entitled for TDS credit on Employer default in deposit of TDS U/sec 192

Mani Madhukar Bansal v. ACIT/DCIT, International Taxation

[2025] 180 taxmann.com 645 (Delhi - Trib.)

Facts of the Case:

The assessee was employed with TLPL. The employer i.e. TLPL had paid gross salary to the assessee during the year April 2023 to August 23 and deducted TDS under section 192 but the TLPL did not provide any Form 16 to the assessee for the same period. The assessee declared the gross salary income for filing the return of income and claimed the above said TDS. While processing the return under section 143(1), since there was no TDS credit against the above said salary, the TDS was denied to the assessee and interest U/sec 234B & 234C was levied.

Decision :

The Tribunal observed from the pay slips submitted by the assessee that TDS was deducted from the salary of employee and based on that, assessee has declared the gross salary income and accordingly claimed the TDS. However, the employer had not paid any TDS after deducting from the employee and not followed the relevant provisions of Chapter XVII of the Act and after deducting TDS neither remitted the amount to the Government account nor filed any quarterly returns. Further the employer has not given any Form 16 after deducting the tax at source.

The tax authorities have denied the TDS on the basis that the tax deducted at source was not reflected in Form 26AS as well as assessee failed to submit relevant Form 16 from the employer. It is fact on record that assessee is an ex-employee of TLPL and assessee is not in a position to acquire the relevant document from the company and the document submitted before the tax authorities was the information available with the assessee based on which assessee has filed its return, therefore, the assessee cannot be penalized for the mistakes of the employer. The assessee has brought on record the relevant salary slips to demonstrate that the tax was deducted from his salary, the revenue cannot deny the tax credit to the assessee.

ACCOUNTING UPDATE



EAC Opinion:

Accounting treatment of salary paid to staff/employees and cost related to food trials during testing phase prior to opening of a new restaurant, under Ind AS framework

The relevant text of the Opinion is reproduced below:

With regard to costs of beverages and food materials on food trials during testing phase, the Committee notes that the querist has stated that it is crucial for the Company to ensure that the taste of food and beverages is well-rehearsed and consistent across all outlets as this consistency helps to maintain the high standards set by the Company from the very first day of operation of new outlets. Therefore, the Company conducts necessary trials of each menu item by the chefs and kitchen staff. From this, it appears that the food and beverages trials are conducted to focus on taste, presentation and consistency so as to meet the standards or targets fixed by the management, rather than for checking the operating functioning of various kitchen equipment. The kitchen equipment seems to be already in the location and condition necessary for them to be capable of operating in the manner intended by management and these expenses are primarily being incurred to achieve certain level of output/services, which do not add any value to any specific equipment or asset(s) (for example, any kitchen equipment). Therefore, these expenses cannot be considered to be directly attributable to bringing any item of PPE to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Committee is of the opinion that the accounting treatment proposed to be carried out by the Company, i.e., capitalising the costs of employee benefits and food and beverage material costs during the testing phase/ period is not appropriate. However, if it can be clearly demonstrated that a part of the employee benefit costs is incurred for bringing any specific PPE to the location and condition necessary for it to be capable of operating in the manner intended by management for example, the cost of any technician (and not the cost of chefs, kitchen or serving staff etc.) engaged during the testing phase for fixing or resolving the technical operational problems, which is necessary for bringing any specific asset/PPE (e.g. sound and lighting system) to the location and condition necessary for it to be capable of operating in the manner intended by management, the same can be capitalised.

EAC Opinion can be accessed at:

<https://resource.cdn.icai.org/89673cajournal-dec2025-35.pdf>

COMPANY LAW UPDATE



A. Amendment to Companies (Meetings of Board and its Powers) Rules, 2014:

The Ministry of Corporate Affairs (MCA) had, vide notification G.S.R. 811(E) dated 03rd November, 2025, published in the Official Gazette of India, made certain amendments to the Companies (Meetings of Board and its Powers) Rules, 2014 by introducing Companies (Meetings of Board and its Powers) Amendment Rules, 2025.

The same re-defines the meaning of “Business of Financing Industrial Enterprises” under Section 186(11)(a) of the Companies Act, 2013.

The Notification can be accessed at:

[https://www.mca.gov.in/bin/dms/
getdocument?mds=zj7qaq1Fnye3cB5LBw5mFw%253D%253D&type=open](https://www.mca.gov.in/bin/dms/getdocument?mds=zj7qaq1Fnye3cB5LBw5mFw%253D%253D&type=open)

B. Amendment to Companies (Specification of definition details) Rules, 2014:

The Ministry of Corporate Affairs (MCA) had, vide notification G.S.R. 880(E) dated 01st December, 2025, published in the Official Gazette of India, made amendment(s) to the Companies (Meetings of Board and its Powers) Rules, 2014 by introducing Companies Specification of definition details) Rules, 2014.

The same re-classifies the thresholds for determination of a company as a small company by increasing the limit of Paid Up Capital as a threshold from Rs. 4 Crore to Rs. 10 Crore and that of the turnover from Rs. 40 crore to Rs. 100 crore.

The Notification can be accessed at:

[https://www.mca.gov.in/bin/dms/
getdocument?mds=CViJxHWXV1QAr0wxTM5lCA%253D%253D&type=open](https://www.mca.gov.in/bin/dms/getdocument?mds=CViJxHWXV1QAr0wxTM5lCA%253D%253D&type=open)

IFSCA UPDATE



A. Requirement of Certification on AML/CFT for Designated Director and Principal Officer under the IFSCA (AML/CFT/KYC) Guidelines, 2022:

The IFSCA has vide circular e.F. No. IFSCA-DAC/8/2024-AMLCFT dated 17th November, 2025 issued a circular to all Regulated Entities in the International Financial Services Centres (IFSCs) with regard to A. Requirement of Certification on AML/CFT for Designated Director and Principal Officer.

The circular mandates that all Designated Directors and Principal Officers of regulated entities in the IFSC must obtain and continuously maintain certification via the new “NISM IFSCA 01: Certification Course on Anti Money Laundering and Countering the Financing of Terrorism (AML/CFT) in the IFSC,” developed jointly by NISM and IFSCA Academy and aligned with the 2022 AML/CFT/KYC Guidelines. The course, must be completed by these officers within four months of its launch or their appointment, and can also be undertaken by other relevant staff.

The Circular can be accessed at:

https://ifsc.gov.in/CommonDirect/GetFileView?id=47a297ad49aaae8fa365313a916ca9a6&fileName=AML_CTF_Circular_20251118_0443.pdf&TitleName=Legal

SEBI UPDATE



A. Timeline for submission of information by the Issuer to the Debenture Trustee(s):

The Securities and Exchange Board of India (SEBI) had issued SEBI Circular HO/17/11/12(3)2025-DDHS-POD1/ I/144/ 2025 dated 25th November 2025 relating to timeline for submission of information by the Issuer to the Debenture Trustees (“DT”).

In terms of the provisions of Regulations 15(1)(s) and 15(1)(t) of the SEBI (Debenture Trustees) Regulations 1993 ('DT Regulations'), DT shall carry out due diligence on a continuous basis. In order to enable the DTs to perform their function efficiently and in a timely manner, the issuer shall submit the reports/ certificate to the Debenture Trustees as per timelines prescribed.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/nov-2025/timeline-for-submission-of-information-by-the-issuer-to-the-debenture-trustee-s-_97942.html

B. Modifications to Chapter IV of the Master Circular for Debenture Trustees dated August 13, 2025:

The Securities and Exchange Board of India (SEBI) had issued SEBI Circular HO/17/11/12(3)2025-DDHS-POD1/ I/145/2025 dated 25th November 2025 for informing the stakeholders regarding modifications to Chapter IV of the Master Circular for Debenture Trustees dated August 13, 2025.

This circular amends Chapter IV of the Debenture Trustee Master Circular (dated 13th August 2025) to clarify the creation and utilization of the Recovery Expense Fund (REF), explicitly permitting its use—without prior debenture-holder approval—for enforcement and legal actions upon issuer default, including convening meetings, e-voting, obtaining consents, filing court/tribunal petitions, legal fees, and asset recovery services; for any use beyond the specified scope, prior debenture-holder consent and stock exchange intimation are mandatory. Additionally, the circular defines "Lead Debenture Trustee" and mandates submission of independent auditor certificates to exchanges (which must release REF funds within five working days), along with annual reporting to debenture-holders on REF usage, with these provisions becoming effective immediately to enhance operational clarity and investor protection.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/nov-2025/modifications-to-chapter-iv-of-the-master-circular-for-debenture-trustees-dated-august-13-2025_97943.html

C. Specification of the terms and conditions for Debenture Trustees for carrying out activities outside the purview of SEBI:

The Securities and Exchange Board of India (SEBI) had issued SEBI Circular HO/17/11/12(3)2025-DDHS-POD1/ I/146/2025 dated 25th November 2025 for disseminating information regarding specification of the terms and conditions for Debenture Trustees for carrying out activities outside the purview of SEBI.

This circular specifies the terms and conditions under which registered Debenture Trustees (DTs) may undertake fee-based, non-fund-based financial services outside the ambit of SEBI—following the introduction of Regulation 9C in October 2025—including those regulated by other financial sector authorities or wholly non regulated activities, provided they are carried out via separate business units equipped with strong “Chinese walls,” distinct grievance redressal mechanisms and record systems, transparent disclosures, and zero conflict with trustee duties; the circular mandates upfront stakeholder disclosures, prohibits misrepresentation or regulatory arbitrage, and requires ongoing compliance with applicable laws, taking effect immediately to reinforce investor protection through clear operational boundaries.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/nov-2025/specification-of-the-terms-and-conditions-for-debenture-trustees-for-carrying-out-activities-outside-the-purview-of-sebi_97944.html

D. Reclassification of Real Estate Investment Trusts (REITs) as equity related instruments for facilitating enhanced participation by Mutual Funds and Specialized Investment Funds (SIFs):

The Securities and Exchange Board of India (SEBI) had issued SEBI Circular HO/24/13/12(1)2025-IMD-POD-2/I/157/2025 dated 28th November 2025 regarding reclassification of Real Estate Investment Trusts (REITs) as equity related instruments for facilitating enhanced participation by Mutual Funds and Specialized Investment Funds (SIFs).

This circular reclassifies investments in Real Estate Investment Trusts (REITs) by Mutual Funds (MFs) and Specialized Investment Funds (SIFs) as equity-related instruments effective 01st January 2026, while Infrastructure Investment Trusts (InvITs) remain hybrid instruments; existing REIT holdings in debt schemes as of 31st December 2025 are grandfathered, AMCs must update scheme documents and AMFI must revise its classification list, with REIT inclusion in equity indices allowed only after six months (from 01st July 2026), all under SEBI's authority to align regulatory treatment and enhance investor participation without triggering fundamental scheme changes.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/nov-2025/reclassification-of-real-estate-investment-trusts-reits-as-equity-related-instruments-for-facilitating-enhanced-participation-by-mutual-funds-and-specialized-investment-funds-sifs-_98031.html

FEMA UPDATE



Reserve Bank of India (Trade Relief Measures) Directions, 2025

- To support exporters hit by global trade disruptions, the Reserve Bank of India has rolled out the Trade Relief Measures Directions, 2025, effective immediately.
- These measures apply to Regulated Entities (Res) i.e banks, NBFCs, AIFIs and certain provisions for CICs.

• Who's Eligible?

- Exporters who Operate in sectors listed in RBI's annexure
- Had outstanding export credit as on 31 August 2025
- Maintained a Standard account status on that date

(Other lenders can rely on certification from the sanctioning bank.)

• Key Relief Measures

1. Moratorium & Deferment (Sep 1 – Dec 31, 2025)

- Term Loans – Moratorium on instalments (principal/interest).
- Working Capital (CC/OD) – Deferment of interest recovery.
- No compounding: Interest accrues only on a simple interest basis.
- Accrued interest during this period may be converted into a funded interest term loan (FITL) repayable by 30 Sept 2026.
- Working capital reassessment allowed by reducing margins or revising limits.

1. Extension of Export Credit Tenor

- Pre- and post-shipment export credit disbursed up to 31 March 2026 can now enjoy an extended credit period of up to 450 days.
- Packing credit (availed on/before 31 Aug 2025) can be liquidated from alternative legitimate sources, including domestic sales or substitute export orders.

- **Asset Classification & Provisioning**

1. **Asset Classification Relief**

- i. Moratorium period will not be counted for NPA ageing.
- ii. Such relief will not be treated as restructuring—no automatic downgrade.
- iii. Post-moratorium, regular IRACP norms resume.
- iv. CICs to ensure borrower credit scores aren't adversely impacted by these reliefs.

2. **Provisioning**

- i. For eligible accounts that were standard but in default on 31 Aug 2025, REs must create 5% general provision by 31 Dec 2025
- ii. This can be adjusted against future specific provisions.
- iii. Unused provisioning must be reversed/adjusted by 30 June 2026 and shown separately (not netted from advances).

- **Reporting Requirements**

REs must maintain detailed MIS and submit fortnightly reporting (15th and month-end) through RBI's DAKSH portal.

Notification Link:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/96NT64128BCA543F4D898521AAB983AE8F1E.PDF>

[RBI Amends Export of Goods & Services Regulations – Extension of Realisation Period](#)

- The RBI has issued the Foreign Exchange Management (Export of Goods & Services) Second Amendment Regulations, 2025.
- The key change relates to the time period allowed for realisation of export proceeds.
- The earlier realisation period of nine months has now been extended to fifteen months.
- This revised timeline applies across all relevant sub-regulations wherever “nine months” or “one year” appeared earlier.
- The amendment takes effect from the date of publication in the Official Gazette.

Notification Link:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FEMA20112025D4D57FD6E9794372AB0640CCFF182277.PDF>

RBI Amends Directions on Compounding of Contraventions under FEMA

- RBI has amended the existing Compounding Directions under FEMA, 1999 (initially issued on 22 April 2025).
- The amendment focuses on streamlining the process for sending compounding orders and payment of compounding fees.
- The changes are as follows :
 - Revised account details have been notified for remitting compounding amounts.
 - All compounding fee payments must now be made through RTGS / NEFT, using the updated bank account details specified in the circular.
- AD Banks must inform their constituents about the updated remittance process.
- Directions are issued under Section 10(4) and 11(1) of FEMA, 1999 and are effective immediately.

Notification Link:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT982EE0FA9FD61B49589A734579B17F1598.PDF>

RBI withdraws 9,445 circulars following consolidation into 244 Master Directions

- In a major regulatory clean-up, the Reserve Bank of India has overhauled its rulebook by replacing 9,446 legacy circulars with a streamlined set of 244 Master Directions.
- The move aims to reduce ambiguity, simplify compliance and make it easier for regulated entities and lenders to understand regulatory obligations without digging through decades of scattered circulars.
- The key highlights are as follows :
 - 244 Master Directions now cover 11 categories of regulated entities and specific financial functions.
 - Of the 9,446 circulars reviewed: 5,673 were obsolete and have been eliminated. The remaining circulars were harmonised into the new Master Directions.
- The oldest circular replaced dates back to 1944, marking an unprecedented consolidation effort.

Notification Link:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/100NTADBC8AC018BE437BBE70F8664031EB4A.PDF>

ARTICLE

India's Labour Code Revolution: What Every Employer Needs to Know

- CA Pravruti Shah



Effective 21 November 2025, India has introduced a landmark labour reform by consolidating 29 separate laws into four comprehensive labour codes. This transformation is designed to simplify compliance, ensure fair wages, strengthen social security, standardize workplace conditions, and enable digital governance. For CXOs and HR leaders, this is not just a legal update—it's a strategic shift that demands immediate attention.

However, implementation challenges remain. SMEs may find compliance cost and operational requirements more burdensome, while larger organizations have already begun taking a bird's-eye view and aligning policies. State-level rules are still awaited, and the Ministry is expected to release a manual, FAQs, and guidebook to clarify ambiguities. During the transition phase, enforcement may be lenient, but businesses should not assume immunity—"Ignorance of law excuses no one."

Key Facts and Figures

- Universal minimum wage now covers gig workers and 50 crore unorganised workers.
- National floor wage will be periodically revised, expected to raise income floors for 150 million workers.
- Fixed-term employees now eligible for gratuity after 1 year (earlier 5 years).
- Women permitted for night shifts across sectors with safety measures—boosting gender parity.
- Gig platforms must contribute 1–2% of turnover to social security funds (capped at 5% payouts).
- Mandatory appointment letters for all employees to formalize employment relationships.
- Annual health check-ups for employees above 40 years mandated under OSHWC Code.
- Penalties for non-compliance range from ₹50,000 to ₹10 lakh; serious breaches can lead to jail terms up to 3 years.
- Digital compliance and AI-driven inspections aim to reduce harassment and improve transparency.
- Bare Act reading is essential—do not rely on social media for interpretation.

The Four Labour Codes Explained

1. Code on Wages, 2019

- Applies to all employees, including gig and platform workers.
- Introduces national floor wage; states cannot set wages below this benchmark.
- Reinforces equal pay provisions for gender and transgender equality.
- Limits working hours to 8 per day, 48 per week; overtime at double rate.
- Wages must be paid by the 7th of the following month; final settlement within 2–3 days of exit.

Note: Wage definition excludes certain components, allowing organizations to hold back some amounts until exit compliance is verified.

- Penalties: Non-payment of minimum wages can attract fines up to ₹50,000; repeat offences may lead to imprisonment.

2. Industrial Relations Code, 2020

- Recognizes sole negotiating union (51% membership) or council.
- Standing orders mandatory for establishments with 300 or more workers.
- Lay-off, retrenchment, and closure require government approval; notice periods apply.
- Employers must contribute 15 days' wages to a reskilling fund for retrenched employees.
- Grievance Redressal Committee mandatory for establishments with 20 or more employees.
- Penalties: Illegal retrenchment or closure can result in fines up to ₹10 lakh.

3. Code on Social Security, 2020

- Integrates EPF, ESI, gratuity, maternity benefits, and compensation laws.
- Extends coverage to gig and platform workers.
- Gratuity eligibility for fixed-term employees after 1 year of service.
- Maternity benefits: 26 weeks paid leave; crèche facilities for establishments with 50 or more employees.
- Penalties: Defaults in PF or ESI contributions can lead to imprisonment up to 3 years and fines up to ₹3 lakh.

4. OSHWC Code, 2020 (Occupational Safety, Health & Working Conditions)

- Mandates 8-hour workday; overtime paid at double wages.
- Employers must provide PPE, clean water, sanitation, and annual health check-ups for employees over 40 years.
- Women allowed in night shifts with consent and safety measures.
- Accident reporting mandatory within 12 hours.
- Penalties: Fatal accidents due to negligence can result in imprisonment up to 2 years or fines up to ₹5 lakh.

Cross-Cutting Reforms

- Unified wage definition: At least 50% of CTC considered as wages for PF, gratuity, and overtime.
- Single registration and unified return: One license and consolidated filing via Shram Suvidha portal.
- Digital record-keeping: Mandatory electronic registers and filings.
- Inspector-cum-facilitator: Advisory role supported by AI-driven inspections—though simplification remains debated.
- Compounding of minor offences: First-time contraventions can be settled by paying 50% of the maximum fine.

Implications for Employers

Compliance will increase operational complexity and cost, especially for SMEs. Larger organizations are proactively revising policies, but clarity on state-specific rules is awaited. While the law's intent is facilitative, lawyers caution that interpretation matters—read the Bare Act, not social media summaries.

Action Points for CXOs

- Establish dedicated compliance teams.
- Upgrade HR and payroll systems to align with new definitions and timelines.
- Conduct regular audits and risk assessments.
- Train managers and HR personnel on new obligations.

The Bottom Line

The new labour codes are more than a legal mandate—they represent an opportunity to embed compliance into governance, enhance workforce trust, and future-proof organizational practices. Businesses that act now will be better positioned to manage risk and build a resilient work force.

ARTICLE

Impact of New Wage Code on Corporates:

Challenges and Way Forward

- CA Hemang Daru



Introduction

On 21 November 2025, through official Gazette notifications, Government of India implemented the Code on Wages, 2019, alongside three other labour codes—rationalizing 29 legacy laws and fundamentally revamping remuneration, social security, industrial relations, and workplace compliance.

The objective: Unify definitions, enforce national minimum wage, guarantee equal pay, extend benefits to gig & contract workers, and deploy One Registration–One Return via digitalization.

Key Reforms in the Code on Wages

Reform Area	Details
Universal Minimum Wage & National Floor Wage	Statutory minimum for all workers—organised & unorganised; no State can go below this
Definition of “Wages”	Standardised nationally. Basic Must be \geq 50% of CTC which includes, Basic, DA and retaining allowances—other allowances reclassified, impacting PF, gratuity, retrenchment.
Timely Payment & Overtime	Mandatory pay timeline; overtime at twice normal rate for extra hours. Updated formation date for eligibility. i.e. The formation date for eligibility now starts from the commencement of the contract.
Equal Pay & Expanded Coverage	Gender neutral; now applies to managerial/supervisory levels. Includes gig/platform workers.
Gratuity, Fixed-Term & Contract Workers	Eligibility after 1 year (not 5). Full benefits on par with permanent. Contract thresholds revised (e.g., 50 \rightarrow 300 employees).
Digital Compliance & Single Window	Common definitions, platforms, inspector-cum-facilitator, ‘One License, One Return’ framework.

Corporate Impact & Challenges

- Financial & Payroll Disruption: Higher statutory costs due to increased PF, gratuity, and overtime liabilities.
- Compliance Rainfall: Education gap and ambiguity in rules; multi-state firms face legal uncertainty.
- HR & Contractual Complexities: Model contracts need overhaul— fixed-term parity, unified appointment letters.
- Sector & MSME Disparities: States vary in minimum wages \rightarrow operational headaches and mobility concerns.

Suggested Corporate Solutions

- Comprehensive Diagnostic Review: Analyze CTC structure, impact of uniform wage definition, overtime, PF, gratuity.
- Redrawn Contracts & Policies: Implement uniform appointment letters and tailor policies for fixed-term, gig, contract labour.
- Upgraded Systems & Digital Compliance: Deploy Human Resource Information System (HRIS) with built-in validations and automate filings.
- Skilling & Stakeholder Awareness: Organize internal training and leverage government-led initiatives.
- Robust Governance & Internal Controls: Institute periodic internal audits and grievance redressal committees.
- Collaborate with Government, Stay Updated: Monitor Central and state rule notifications and participate in consultations.
- Strategic Financial Planning: Provision for cost increases and consider phased implementation reliefs. As the new wage code impacts multiple cost components for corporates, such as PF contributions, gratuity, overtime, and compliance systems.

Conclusion

The Code on Wages reforms represent a watershed moment—moving India toward equitable, transparent remuneration while simplifying the legal framework. For businesses, this is a strategic pivot—not just a compliance task. By embracing digitization, training, policy overhaul, and active engagement, corporates can not only comply but also transform challenges into competitive advantage—unlocking a future-ready workforce aligned with India's Viksit Bharat journey.

We wish Government may allow phased compliance for MSMEs or multi-state corporates to ease transition, so that companies can strategically plan rollouts.

Sources: *Government Press Releases and Code on Wages, 2019*

DUE DATES



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

Due Date	Act/Authority	Compliance Description
07-12-25	Income Tax	Deposit of Tax Deducted at Source (TDS) / Tax Collected at source (TCS) during the month of November – 2025
10-12-25	Income Tax	Due date for filing of return of income for the assessment year 2025-26 if the assessee (not having any international or specified domestic transaction) is (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 apply
10-12-25	Income tax	Extended due date for filing of Income Tax Return for the assessment year 2025-2026 by a fund or trust or institution or any university or other educational institution or any hospital or other medical institution
10-12-25	GST	Return (GSTR-7) to be furnished by the registered persons who are required to deduct tax at source for the month of November-2025
10-12-25	GST	Return (GSTR-8) to be furnished by the registered electronic commerce operators who are required to collect tax at source on the net value of taxable supplies made through it for the month of November-2025
11-12-25	GST	Statement of outward supplies (GSTR-1) by the taxpayers having an aggregate turnover of more than Rs. 5 crore or the taxpayers who have opted for monthly return filing for the month of November-2025
13-12-25	GST	Statement of outward supplies (IFF) by the taxpayers having an aggregate turnover up to Rs. 5 crore and who have opted for the QRMP scheme for the month of November-2025
13-12-25	GST	Return (GSTR-5) to be furnished by the non-resident taxable persons containing details of outward supplies and inward supplies. for the month of November-2025
13-12-25	GST	Return (GSTR-6) to be furnished by every Input Service Distributor (ISD) containing details of the input tax credit received and its distribution for the month of November-2025
15-12-25	PF/ESIC	Payment of PF / ESIC for the month of November - 2025

15-12-25	Income Tax	Third instalment of advance tax for the assessment year 2026-27
20-12-25	GST	Return (GSTR-5A) to be furnished by Online Information and Data base Access or Retrieval (OIDAR) services provider for providing services from a place outside India to non-taxable online recipient (as defined in Integrated Goods and Services Tax Act, 2017) and to registered persons in India and details of supplies of online money gaming by a person outside India to a person in India for the month of November-2025
20-12-25	GST	Return (GSTR-3B) to be furnished by all the taxpayers other than who have opted for QRMP scheme comprising consolidated summary of outward and inward supplies for the month of November-2025
25-12-25	GST	PMT-06 Monthly tax payment for the month of November - 2025 under QRMP Scheme
30-12-25	Income Tax	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA,194-IB,194M and 194S in the month of November, 2025
31-12-25	Income Tax	Filing of belated/revised return of income for the assessment year 2025-26 for all assessee (provided assessment has not been completed before December 31, 2025)
31-12-25	MCA	Extended Date for filing Form AOC-4 (financial statements) for the financial year 2024-25
31-12-25	MCA	Extended Date for filing Form MGT-7/7A for the financial year 2024-25
31-12-25	MCA	Form CRA-4 (Cost Audit Report) for the financial year 2024-25
31-12-25	MCA	eForm FC-3 for a foreign company for the financial year 2024-25
31-12-25	GST	FORM GSTR-9 (Annual Return) and GSTR-9C (Reconciliation Statement) for the assessee whose turnover exceeds Rs. 2 Crore and 5 Crore respectively for F.Y. 2024-25

“
BELIEVE IN YOURSELF AND ALL THAT YOU ARE.
KNOW THAT THERE IS SOMETHING INSIDE YOU
THAT IS GREATER THAN ANY OBSTACLE.
”

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