

LUNAWAT BULLETIN

WHAT'S INSIDE?

Around the Globe	2
Budget 2025 Highlights	3
Compliance Due Dates	6
Income Tax	8
Goods & Services Tax	10
Lunawat Update	12

LUNAWAT & CO

MARKET WATCH

Sensex : 31/01/2025: **77565.79**
31/12/2024: **78226.47.**

Nifty : 31/01/2024: **23532.05**
31/12/2024: **23668.00**

AROUND THE GLOBE

NFRA PENALISES AUDITOR FOR LAPSES IN RELIGARE FINVEST CASE

The National Financial Reporting Authority has fined auditor Neeraj Bansal Rs 5 lakh and barred him for five years due to lapses in auditing Religare Finvest Ltd for 2017-18. Violations include failure to report fraud, assess risks, verify future taxable income, question investments, and obtain sufficient audit evidence. NFRA's actions follow their investigation and show cause notice in May 2024.

NABFID INFRA BOND CREDIT FACILITY MAY RUN INTO RBI HURDLE

The RBI's strict capital and investment norms might hinder the National Bank for Financing Infrastructure & Development from establishing a partial credit enhancement facility for infrastructure corporate bonds. Despite potential benefits in credit rating, the higher costs and demanded investor premiums make these instruments less viable compared to bank loans.

JSW INFRA PROMOTERS PLAN TO SELL STAKE TO FUND RS 39,000 CRORE CAPEX

Sajjan Jindal family plans to dilute 14% of its promoter stake in JSW Infrastructure to fund a ₹39,000-crore capex over the next five years. The company, listed in September 2023, aims to maintain a 70:30 debt-to-equity ratio and utilize internal cash accruals. JSW Infra will look at acquisitions and aims for increased revenue growth and Ebitda margins.

INDIA POST TO BE TURNED INTO LARGE LOGISTIC BODY WITH 1.5 LAKH RURAL POST OFFICES

India Post will be revamped into a major public logistics entity, enhancing its role in the rural economy with its vast network. The government plans to establish a new urea plant in Assam and will increase credit access for MSMEs to bolster exports, while supporting the National Cooperative Development Corporation's lending operations

BUDGET 2025 HIGHLIGHTS

The Budget proposes a structured direct tax reform, offering significant relief to the middle class.

The revised tax structure under the New Tax Regime includes:

TOTAL INCOME	TAX RATE
Upto Rs. 4 lakhs	NIL
Rs. 4 Lakhs to Rs. 8 lakhs	5%
Rs. 8 Lakhs to Rs. 12 lakhs	10%
Rs. 12 Lakhs to Rs. 16 lakhs	15%
Rs. 16 Lakhs to Rs. 20 lakhs	20%
Rs. 20 Lakhs to Rs. 24 lakhs	25%
Above Rs. 24 lakhs	30%

Changes in rates of TDS

Nature of Payment	Existing Threshold Upto 31.03.2025	Proposed Threshold From 01.04.2025
193-Interest on Securities	5000	10000
194- Dividends	5000	10000
194B-Winnings from lottery or crossword puzzle	10000 (Aggregate of amounts during the FY)	10000 (Limit per Transaction)
194BB-Winnings from horse race	10000 (Aggregate of amounts during the FY)	10000 (Limit per Transaction)
194D- Insurance Commission	15000	20000
194G-Commission, etc., on sale of lottery tickets	15000	20000

BUDGET 2025 HIGHLIGHTS

Changes in rates of TDS

Nature of Payment	Existing Threshold Upto 31.03.2025	Proposed Threshold From 01.04.2025
194H-Commission or brokerage	15000	20000
194I-Rent	240000 (For FY)	50000 (Per month or part of month)
194J- Fees for professional or technical services	30000	50000
194K- Income in respect of units	5000	10000
194LA- Payment of compensation on acquisition of certain immovable property	250000	500000

Section 194A - Interest other than interest on securities (w.e.f 01.04.2025)

Payer	For Other Persons		For Senior Citizens	
	Current threshold	Proposed threshold	Current threshold	Proposed threshold
Banking Companies	40000	50000	50000	100000
A co-operative society engaged in carrying on the business of banking	40000	50000	50000	100000
Any Deposit with Post office	40000	50000	50000	100000
Any Other Case	5000	10000	5000	10000
A cooperative society referred to in clause (v) and clause (viiia) of sub-section (3) of section 194A	40000	50000	50000	100000

BUDGET 2025 HIGHLIGHTS

Other Changes

- Reference of Section 206AB is completely removed from Section 194S. This means that higher TDS rates for non-filers of tax returns will no longer be applicable to transactions involving VDA.
- Section 206C(1):
 - The amendment reduces the TCS rate from 2.5% to 2% on
 - Timber or any other forest produce (excluding tendu leaves) obtained under a forest lease
 - Timber obtained by any mode other than under a forest lease
 - Earlier the term "forest produce" was not defined in the Income Tax Act. Now, "forest produce" shall have the same meaning as defined in:
 - Any State Act in force, Or
 - the Indian Forest Act, 1927
 - Under the current law, TCS is applied to all sellers, including traders of forest produce

Now, Traders (who buy and resell forest produce) will no longer be required to collect TCS unless the goods are sourced under a forest lease (excluding timber and tendu leaves)

- Amendment u/s 206C(7A), previously that no order can be passed against a person as an assessee in default for non-collection of TCS after:
 - 6 years from the end of the financial year in which the tax was collectible, OR
 - 2 years from the end of the financial year in which a correction statement is filed under sub-section (3B) of Section 206C, whichever is later

Now, while computing such time limits, period of stay by an order of any court shall be excluded means tax authorities get sufficient time to complete proceedings after the stay is lifted

- Section 206C(1H) is being omitted. Hence, TCS will no longer be applicable on the sale of goods exceeding ₹50 lakh and Only TDS under Section 194Q will apply
- Sections 206AB and 206CCA have been omitted hence, TDS and TCS will no longer be applied at higher rates for non-filers of ITR

COMPLIANCE DUE DATES

Due Date	Relates to	Particulars
07.02.2025 (Friday)	TDS/TCS/ Income Tax	<ul style="list-style-type: none"> • Deposit tax deducted (TDS) / tax collected (TCS) for the month of January 2025. [except TDS u/s 194-IA, 194-IB, 194M, or 194S (by specified person)] • Submission of declaration in Form-27C for no TCS as obtained from manufacturer to the CIT/ CCIT
07.02.2025 (Friday)	FEMA	<ul style="list-style-type: none"> • Report actual ECB transactions through Form ECB-2 return.
07.02.2025 (Friday)	Equalisation Levy	<ul style="list-style-type: none"> • Deposit of equalization levy deducted on specified services during the month of January 2025
10.02.2025 (Monday)	GST	<ul style="list-style-type: none"> • GSTR -7 by TDS Deductor for the period of January, 2025. • GSTR -8 by TCS Collector(E-Commerce Operator) for the period of January 2025.
11.02.2024 (Tuesday)	GST	<ul style="list-style-type: none"> • GSTR -1 (Statement for furnishing details of outward supplies) for month of January 2025 by taxpayers whose aggregate turnover exceeds Rs. 5 crores in the previous FY or those who have not opted for QRMP.
13.02.2024 (Thursday)	GST	<ul style="list-style-type: none"> • GSTR-5 by Non-Resident Taxpayers (13th of the next month or within 7 days after the expiry of the registration, whichever is earlier) • GSTR-6 by Input Service Distributor for month of January 2025. • GSTR-IFF: to furnish B2B Supplies (Optional) for the month of January 2025 by taxpayers who opted for QRMP Scheme

COMPLIANCE DUE DATES

Due Date	Relates to	Particulars
14.02.2025 (Friday)	Income Tax	<ul style="list-style-type: none"> Issue TDS Certificate for tax deducted u/s. 194-IA, 194-IB, 194S and 194M in the month of December 2024
15.02.2025 (Saturday)	Income Tax	<ul style="list-style-type: none"> Furnish Form 24G by an office of the Government where TDS/TCS for the month of January 2025 has been paid without the production of a challan Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2024.
15.02.2025 (Saturday)	PF/ESI	<ul style="list-style-type: none"> Filing of ECR & challan deposit of ESI & PF collected during January 2025..
20.02.2024 (Thursday)	GST	<ul style="list-style-type: none"> GSTR-3B for the month of January 2025 by taxpayers whose aggregate turnover exceeding 5 Crore in the previous FY or those who have not opted for QRMP GSTR-5A by OIDAR services provided for month of January 2025 GSTR-1A: To add or amend particulars, other than GSTIN, furnished in GSTR- 1 of the current tax period. <i>(Available after filing of GSTR-1 & upto due date/actual filing of GSTR-3B, whichever is earlier).</i>
25.02.2025 (Tuesday)	GST	<ul style="list-style-type: none"> PMT-06 for monthly tax payment for Jan 2025 under QRMP Scheme
28.02.2025 (Friday)	Income Tax	<ul style="list-style-type: none"> Furnish Challan cum statement for TDS u/s 194-IA, 194-IB, 194-S, 194-M in the month of January 2025

INCOME TAX

INCOME-TAX TDS DEDUCTION EXEMPTION FOR NCGTCL

The Ministry of Finance, exempting income-tax deduction on payments made to the National Credit Guarantee Trustee Company Limited (NCGTCL). This exemption, effective from the publication date in the Official Gazette, streamlines tax compliance and supports NCGTCL's operations by ensuring no TDS on amounts received by the company

TDS DEDUCTION EXEMPTION U/S 194Q FOR IFSC UNITS' GOODS PURCHASES

The Ministry of Finance has, exempting tax deduction u/s 194Q for goods purchased from International Financial Services Centre (IFSC) Units, provided the seller submits a verified declaration (Form No. 1) specifying the ten assessment years for which deductions u/s 80LA are claimed. Buyers must report these transactions in their tax statements but are not required to deduct tax for the specified assessment years. The exemption is effective from January 1, 2025.

INCOME TAX NOTIFICATION ON IFSC UNITS AND TAX COLLECTION (TCS) RULES

The Ministry of Finance's, exempting International Financial Services Centre (IFSC) units from tax collection at source (TCS) u/s 206C(1H) for goods purchased, provided they submit a declaration in Form 1A confirming eligibility for deductions u/s 80LA for ten consecutive years. This exemption applies only during the specified period, with sellers required to report transactions in their TCS statement. The notification, effective from January 1, 2025, clarifies the TCS exemptions for IFSC units and outlines procedural requirements for data security.

CBDT REMOVES DISCRIMINATION IN VIVAD SE VISHWAS SCHEME

The CBDT Clarifies Eligibility for Vivad Se Vishwas Scheme. The scheme initially allowed declarations only for appeals pending as of July 22, 2024, excluding those filed after that date but within the allowable timeframe. Following a writ petition by the Delhi High Court, the CBDT revised the provision, now including appeals filed after July 22, 2024, but within the prescribed filing period. This change ensures fairer treatment of taxpayers and aligns with the scheme's original intent. Appeals not filed within the allowed timeframe remain ineligible. The notification also clarifies the process for calculating disputed taxes for eligible cases.

INCOME TAX

RULE 6GB: CONDITIONS FOR NON-RESIDENTS IN CRUISE SHIP BUSINESS U/S 44BBC

The Ministry of Finance, through Notification, inserting Rule 6GB into the Income-tax Rules, 1962. This rule outlines special provisions u/s 44BBC for non-residents operating cruise ships, requiring them to meet specific criteria such as carrying over 200 passengers, offering leisure services, and adhering to guidelines from the Ministry of Tourism or Shipping. These provisions standardize tax computation for non-resident cruise operators under specified conditions.

INCOME-TAX RULES AMENDED FOR VENTURE FUNDS & FINANCE COMPANIES

The Ministry of Finance introduced amendments to the Income-Tax Rules, 1962, effective from January 27, 2025, to align with Sections 10 and 94B of the Act. Key changes include the addition of Rule 2DAA, which classifies venture capital funds u/s 10(23FB) as Category I Alternative Investment Funds in IFSCs, and Rule 21ACA, which outlines permitted activities for finance companies in IFSCs, including lending and treasury management. Rule 21AIA introduces conditions for retail schemes and ETFs u/s 10(4D), such as diversification limits for retail schemes and listing requirements for ETFs. These amendments provide clarity and promote compliance for financial entities in IFSCs.

GUIDANCE ON PRINCIPAL PURPOSE TEST (PPT) IN INDIA'S DTAAs

The CBDT provides guidance on applying the Principal Purpose Test (PPT) under India's Double Taxation Avoidance Agreements (DTAAs). The PPT, aimed at preventing treaty abuse, applies prospectively from October 1, 2019, for India, or from the effective dates of bilateral agreements. Special provisions exist for treaties with Cyprus, Mauritius, and Singapore, which are exempt from the PPT. The circular emphasizes that PPT application requires a case-specific, fact-based assessment, referencing resources like the BEPS Action Plan 6 Report and the UN Model Tax Convention Commentary. The measures ensure DTAAs support genuine cross-border transactions and prevent tax abuse.

GOODS & SERVICES TAX

WAIVER OF LATE FEES FOR DELAYED FILING OF GSTR 9C:

The government has decided to forgive the extra late fees for certain taxpayers who missed submitting their required annual returns (FORM GSTR-9) and reconciliation statements (FORM GSTR-9C) for the years 2017-18 to 2022-23. These taxpayers can now submit their missing forms without having to pay the extra late fees, as long as they do so by March 31, 2025. The late fee forgiveness only applies to those who were supposed to submit both the GSTR-9 and GSTR-9C but didn't do so on time.

Provided that no refund of late fee already paid in respect of delayed furnishing of FORM GSTR-9C for the said financial years shall be available.

INSERTION OF NEW RULE 16A AND AMENDMENT IN CERTAIN RULES OF CGST ACT

- **As per Rule 16A** If a person is not required to register under GST but still needs to make a payment under GST laws, the authorities can give them a temporary identification number.
- A small change in **Rule 19** says that, along with the usual FORM GST REG-10, there will also be an option to refer to the intimation form FORM GST CMP-02 submitted by **composition taxpayers**.
- In **Rule 87(4)**, a new reference to Rule 16A will be added. This means that information about payments or processes connected to temporary identification numbers will also be part of the common portal.
- Lastly, **FORM REG-12** will be replaced with a new form **FORM GST REG-12**. The same will be affected from the date yet to be notified by the government.

GOODS & SERVICES TAX

CLARIFICATIONS REGARDING APPLICABILITY OF GST ON CERTAIN SERVICES

- Penal charges levied by Regulated entities such as banks and NBFCs, in compliance with RBI directions, are essentially in the nature of charges for breach of terms of contract. It is hereby clarified that no GST is payable on the penal charges levied by Regulated Entities, in compliance with RBI directions.
- MCD is receiving the services such as housekeeping, civil maintenance, furniture maintenance from facility management agency, for the upkeep of their office. It is hereby clarified that GST is applicable on the services provided by facility management agency to MCD, Delhi HQ.
- Goethe Institute/Max Mueller Bhawan have institutes across India which provide linguistic training to Indians preparing for their stay in Germany. Now, it has been clarified that their services are not exempt from payment of GST.
- The payment of GST on certain incidental services to the distribution of electricity like testing for meters/ transformers/ capacitors etc., releasing electricity connection, shifting of meters is now brought into compliance.
- The payment of GST on the supply of research and development services by Government Entities against grants received from the Government Entities.

LUNAWAT UPDATE

Articles & Presentations

During January 2025 , CA Pramod Jain gave following presentations:

- PPT on Accounting Standards for Non-Corporates made at ICAI Bhawan Chennai hosted by ICAI - SIRC
- PPT on Formats of financial statements for Non-Corporates made at
 - ICAI - Bengaluru Branch (SIRC)
 - ITO - JPF Bengaluru South

During January 2025 , CA Rajesh Saluja gave following presentations:

- Training for Retirement Planning at BPCL



OUR SERVICES

• Audit and Assurance · International Taxation · Indian Direct Tax Laws · Goods and Service tax (GST) · Corporate Laws · Limited Liability Partnership (LLP) · Insolvency · Professionals NGOs/Societies and Trusts · Compliance Audits · Investigations · Setting up Business in India · Outsourcing Services · Consulting Services · Trainings · Valuations · XBRL · Trade Marks · Fast track Mergers & Amalgamations

CONTACT US

Paschim Vihar, New Delhi

313-315, 2nd Floor, Local Shopping Complex (LSC), A-6, Paschim Vihar, New Delhi - 110 063

Tel: +91 11 45733511 +91 11 45733512 + 91 11 45581264

Email:pvoffice@lunawat.com

Keshopur, New Delhi

WZ-339, 2nd Floor, Street No. 19, Santgarh, Keshopur, Outer Ring Road, New Delhi - 110 018

Mob: 91 9311116054 , Fax:+ 91 11 28331602

Email: manojsarda@lunawat.com

Karampura, New Delhi

109, Magnum House-1, Karampura Complex, New Delhi-110 015

Tel: + 91 11 41427356 + 91 11 42068101

Email:karampura@lunawat.com

Daryaganj, New Delhi

54, Daryaganj, New Delhi - 110 002

Tel: +91 11 23270624 + 91 11 23279414

Email: dgoffice@lunawat.com

Mumbai

No. J/ 7, First Floor, Mangal Kunj, Opp. Jain Derasar, Jambali Gali, Borivali (W) Mumbai - 400 092

Tel: + 91 93205 71421 + 91 98692 85628

Email: sethia@lunawat.com

Jammu, J&K

26-A, North Block Bahu Plaza, Jammu, J&K- 180012

Tel: +91 7889753662

Email: jammu@lunawat.com

We also have ASSOCIATES at major cities of India.

Website: www.lunawat.com

© 2025 Lunawat & Co. All Rights Reserved

Information in this document is intended to provide only a general outline of the subjects covered. We recommend that you seek professional advice prior to initiating action on specific issues. Lunawat & Co. does not take any responsibility for any loss arising from any action taken or not take by anyone using this material.

Editorial Team: CA Vikas Yadav, CA Payal Gupta, , CS Divya Khurana, Adv. Mukul Gupta, Anshika Gupta, Sakshi