CHARTERED SCANNER

MAGNIFYING LAW & COMPLIANCE

“

KEEP GOING!!!

Inside the Issue

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Dear Readers,

Greetings from ***DLS & Associates LLP.***

As ***February begins, it offers a brief but significant opportunity to pause and reflect on the progress we have made in the early part of the year.*** January may have been about setting resolutions and planting seeds for new beginnings, but February calls us to go deeper, pushing forward with the changes we have started to embrace—whether personal, professional, or societal.

Purpose fuels progress and as we face new challenges this month, it's essential to stay grounded in our greater mission.

As we move into the second month of 2025, we are reminded of the importance of resilience. Challenges are a given, yet they often serve as the very triggers for growth. Whether in business, education, or our everyday lives, resilience helps us navigate setbacks, adjust to unexpected shifts, and ultimately emerge stronger and wiser.

As we step into February, let's adopt a proactive mindset in tackling challenges, stay focused on our purpose and be deliberate in nurturing meaningful connections. This month is an opportunity to deepen the transformations we have started and to make purposeful progress toward the future we are building.

Here's to a productive and prosperous February. Let's make it count!

Happy Reading!

Sumit Dhadda

With Regards
Sumit Dhadda
Managing Partner

Income Tax Notification on IFSC Units and Tax Collection (TCS) Rules

Notification No. 6/2025-Income Tax; [S.O. 99(E)] Dated : January 06, 2025

The Ministry of Finance has issued Notification No. 6/2025, granting exemptions to International Financial Services Centre (IFSC) units from being classified as buyers under Section 206C(1H) of the Income-tax Act, 1961. As per the notification, IFSC units purchasing goods will not be subject to tax collection at source (TCS), provided they meet specific conditions.

To qualify for this exemption, buyers must submit a statement-cum-declaration in Form 1A, confirming their eligibility for deductions under Section 80LA for ten consecutive assessment years. Upon receiving this form, sellers are exempt from collecting TCS for the specified period but must continue to report such transactions in their TCS statements. The exemption strictly applies during the declared ten-year deduction period under Section 80LA, beyond which sellers must resume TCS collection.

The notification also defines key terms such as IFSC and Unit in accordance with the Special Economic Zones Act, 2005. Additionally, it outlines procedural responsibilities for the secure handling of data by the Principal Director General of Income-tax (Systems). Effective from January 1, 2025, this measure aims to simplify compliance for eligible IFSC units engaged in financial activities under applicable laws.

Click here for original Notification

CBDT Removes Discrimination in Vivad Se Vishwas Scheme

Notification No. 8/2025-Income Tax; [S.O. 348(E) Dated : January 20, 2025

The Central Board of Direct Taxes (CBDT) has issued Notification No. 8/2025-Income Tax on January 20, 2025, addressing concerns regarding the eligibility criteria under the Vivad se Vishwas Scheme. Originally, the scheme permitted declarations for cases where an appeal was pending as of July 22, 2024. However, appeals filed after this date but within the prescribed time frame were initially deemed ineligible, leading to an inconsistency.

This discrepancy resulted in a writ petition before the Delhi High Court, which directed the CBDT to review the matter. In response, the CBDT has now issued a notification to rectify the anomaly. The revised provision ensures that appeals filed after July 22, 2024, but within the permissible filing period, will be treated as pending as of the specified date, making them eligible under the scheme.

However, the eligibility remains contingent on appeals being filed within the prescribed time limit. Cases where appeals were not filed within the allowable period after July 22 will continue to be ineligible for the scheme. This amendment aligns the scheme's application with its intended purpose, providing relief to taxpayers facing procedural disparities.

Click here for original Notification

Amendments in Rules Impacting Venture Capital Funds & IFSC Finance Companies

Notification No. 10/2025 Dated : January 27, 2025

The Central Board of Direct Taxes (CBDT), under the Ministry of Finance, has issued Notification No. 10/2025 on January 27, 2025, bringing significant amendments to the Income-tax Rules, 1962. These changes primarily impact venture capital funds, finance companies in International Financial Services Centres (IFSCs), and specified fund structures under the Income-tax Act, 1961. Below are the key takeaways from the notification:

1. Conditions for Venture Capital Funds

A new Rule 2DAA has been inserted, specifying that a Venture Capital Fund (VCF) under clause (23FB) of section 10 of the Income-tax Act shall be classified as a Category I Alternative Investment Fund (AIF) regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022. This ensures regulatory clarity for VCFs operating within IFSCs.

2. Finance Companies in IFSCs: Permitted Activities & Debt Issuance

The newly introduced Rule 21ACA outlines the permitted activities for finance companies in IFSCs under section 94B of the Act. These include:

- Lending through loans, guarantees, and securitization.
- Factoring and forfaiting of receivables.
- Treasury functions such as intra-group financing, risk hedging, and cash management. Additionally, any interest paid by these finance companies on debts issued by non-residents must be in foreign currency.

3. Specified Fund Structures and Investment Limits

Amendments to Rule 21AIA introduce conditions for retail investment schemes and Exchange Traded Funds (ETFs) under clause (4D) of section 10. Key stipulations include:

- Retail schemes must have at least 20 investors, with no single investor holding more than 25%.
- Investment in associates is capped at 25% of total assets under management (AUM).
- Unlisted securities investment cannot exceed 15% of AUM, while investment in a single company is restricted to 10%.
- ETFs must be mandatorily listed on a recognized stock exchange and comply with IFSC regulations.

Implications for Taxpayers and Financial Institutions

These amendments reinforce the government's intent to facilitate global financial activities in IFSCs while ensuring compliance with structured investment norms. Stakeholders, including fund managers and finance companies, should review their investment strategies to align with the updated provisions.

Click here for original Notification

Guidance the Application of the Principal Purpose Test (PPT) under India's DTAAs

Circular No. 01/2025 **Dated : January 21, 2025**

On January 21, 2025, the Central Board of Direct Taxes (CBDT) issued Circular No. 01/2025, offering crucial guidance on the application of the Principal Purpose Test (PPT) under India's Double Taxation Avoidance Agreements (DTAAs). The introduction of the PPT, which forms part of India's commitment to the OECD's Base Erosion and Profit Shifting (BEPS) initiative, aims to curb the misuse of tax treaties and ensure that benefits are only granted when the principal purpose of a transaction is legitimate.

Understanding the Principal Purpose Test (PPT)

The PPT serves as a safeguard against tax treaty abuse by allowing tax authorities to deny treaty benefits if the principal purpose of a transaction or arrangement is to obtain tax benefits rather than for substantial business or economic purposes. The test is intended to be a broad, objective evaluation of the facts surrounding a particular case, ensuring that tax treaty provisions are used appropriately.

Key Points from CBDT Circular No. 01/2025

1. Application of the PPT

The Circular highlights that the PPT provisions will be applied prospectively, meaning that transactions or arrangements entered into before the implementation of the relevant tax treaty or amending protocol will not be impacted. This ensures that pre-existing contracts are not retroactively affected by the PPT.

2. Grandfathering Provisions

A significant part of the Circular is the mention of grandfathering provisions. The CBDT has clarified that certain tax treaty benefits, particularly those under India's treaties with Mauritius, Singapore, and Cyprus, will continue to be available under the original terms. These provisions include specific exemptions, such as those related to capital gains, and will remain unaffected by the PPT.

3. Objective Assessment and Guidance

In applying the PPT, authorities are expected to conduct an objective and thorough assessment of the facts and circumstances surrounding the transaction. The Circular emphasizes that the focus should remain on the substance of the transaction rather than its form, aligning with the global standards laid out by the OECD.

4. OECD and UN Model Reference

The Circular references the OECD's BEPS Action Plan 6 and the UN Model Tax Convention as supplementary guidance to assist in the consistent application of the PPT. These frameworks are valuable tools to ensure that India's application of the PPT aligns with international standards.

5. Transparency and Compliance

The CBDT encourages tax authorities to apply the PPT with transparency and consistency, ensuring that taxpayers are given a fair opportunity to demonstrate the legitimate business purposes of their transactions.

Implications for Businesses and Taxpayers

The CBDT Circular offers much-needed clarity on the practical application of the PPT and reassures businesses that their existing tax treaty benefits will not be disrupted, provided the transactions are not primarily aimed at tax avoidance. This is particularly important for multinational companies and investors operating under India's tax treaties with jurisdictions like Mauritius and Singapore, where capital gains exemptions have been historically significant.

Businesses must ensure that their transactions are structured with clear economic substance, especially when engaging in cross-border arrangements. Proper documentation to substantiate the legitimate purpose of a transaction is critical in the face of increasing scrutiny under the PPT.

Conclusion

CBDT Circular No. 01/2025 provides essential guidance for businesses and tax professionals to navigate the complexities of the Principal Purpose Test in India's DTAAs. By clarifying the application process, grandfathering existing provisions, and aligning with global standards, the Circular promotes transparency and reduces uncertainty regarding the future of tax treaty benefits in India.

Tax professionals and businesses should now pay closer attention to the substance of their cross-border transactions and ensure they are structured in compliance with the PPT's requirements. This will not only help in mitigating risks but also ensure continued access to treaty benefits in a transparent and lawful manner.

Click here for original Notification

CLARIFICATIONS REGARDING APPLICABILITY OF GST ON CERTAIN SERVICES – REG.

Circular No. 245/02/2025-GST Dated: January 28 , 2025

The Ministry of Finance has issued Circular No. 245/02/2025-GST, providing crucial clarifications on various aspects of the Goods and Services Tax (GST) framework. These updates aim to streamline tax compliance, resolve ambiguities, and ensure uniformity in interpretation. Here are the key takeaways from the notification:

1. Clarification on Input Tax Credit (ITC) Eligibility

The circular addresses concerns related to ITC eligibility, particularly in cases involving partial tax payment by suppliers. It reiterates that ITC can only be claimed when tax has been duly paid to the government and the invoice is reflected in the recipient's GSTR-2B.

2. GST Applicability on Employee-Employer Transactions

New guidance has been issued regarding the taxability of transactions between employers and employees, including perquisites and reimbursements. The circular provides further clarity on cases where GST is applicable, reducing the scope for disputes.

3. Compliance Relaxations for Small Businesses

Recognizing the challenges faced by MSMEs, the circular extends certain procedural relaxations, particularly in return filing and reconciliation processes, to enhance ease of doing business.

4. Export-Related Clarifications

Exporters will benefit from the updated guidance on refund claims and documentation requirements. The circular simplifies procedures for claiming Input Tax Credit refunds and ensures faster processing of export-related transactions.

5. Treatment of E-commerce Transactions

The circular provides additional clarity on the GST obligations of e-commerce operators and their suppliers, particularly regarding liability under Section 9(5) of the CGST Act.

These clarifications reflect the government's ongoing commitment to simplifying GST compliance and ensuring a more transparent tax regime. Businesses and tax professionals should carefully review the details to align their practices with the latest guidelines.

For further insights and a complete breakdown of the notification, consult your tax advisor or visit the official GST portal.

Click here for original Circular

GST Late Fee Waiver: Relief for Pending Annual Returns (FY 2017-18 to 2022-23)

Notification No. 08/2025 Dated: January 23 , 2025

The Central Board of Indirect Taxes and Customs (CBIC), under the Ministry of Finance, has issued Notification No. 08/2025 – Central Tax on January 23, 2025. This notification provides a significant waiver of late fees for delayed filing of the reconciliation statement in FORM GSTR-9C for specified financial years. Key Provisions of the Notification

1. Waiver of Late Fees:

The notification waives the excess late fee under Section 47 of the Central Goods and Services Tax Act, 2017 (CGST Act) for filing FORM GSTR-9C for the financial years 2017-18 to 2022-23.

This waiver applies to registered taxpayers who were required to submit FORM GSTR-9C along with their annual return in FORM GSTR-9 but failed to do so initially.

2. **Extended Deadline for Filing:**
   - Taxpayers can now furnish their pending FORM GSTR-9C by March 31, 2025, without incurring additional late fees beyond the prescribed limits.
3. **No Refund for Previously Paid Late Fees:**
   - The notification explicitly states that any late fees already paid for delayed filing of FORM GSTR-9C will not be refunded.

Implications for Businesses

- **Compliance Opportunity:** Businesses that have missed filing FORM GSTR-9C along with GSTR-9 for the specified financial years now have an opportunity to comply without bearing excessive penalties.
- **Encouragement for Timely Filing:** This waiver provides relief to businesses while reinforcing the importance of timely compliance with GST regulations.
- **Cost Savings:** Taxpayers can avoid high late fees, thereby reducing the financial burden associated with non-compliance.

Action Required

Businesses that have not yet filed their GSTR-9C for the relevant financial years should take advantage of this waiver and ensure compliance before the March 31, 2025 deadline.

Click here for original Circular

NEW GST NOTIFICATION: CONCESSIONAL COMPENSATION CESS FOR EXPORTS

Notification No. 01/2025 Dated: January 16 , 2025

The Ministry of Finance has issued Notification No. 01/2025-Compensation Cess (Rate) on January 16, 2025, introducing significant relief for exporters by reducing the compensation cess on certain taxable goods to 0.1%. This measure is aimed at boosting exports and enhancing ease of doing business for registered suppliers and recipients engaged in international trade.

Key Provisions of the Notification

The notification provides a concessional compensation cess rate, subject to the following conditions:

1. Eligibility & Compliance Requirements

- The supply must be made by a registered supplier to a registered recipient for export purposes.
- A tax invoice must be issued by the supplier for the transaction.

2. Time-Bound Export Obligation

- The registered recipient must export the goods within 90 days from the date of the supplier's tax invoice.
- The recipient must mention the supplier's GSTIN and tax invoice number in the shipping bill or bill of export.

3. Registration with Export Promotion Council

- The recipient must be registered with an Export Promotion Council or Commodity Board recognized by the Department of Commerce.

4. Order Documentation & Compliance

- The recipient must place an order at the concessional rate with the supplier and furnish a copy to the jurisdictional tax officer.
- The movement of goods must be directly to the port, airport, Inland Container Depot, or Land Customs Station for export.

5. Aggregation & Warehouse Provisions

- If the recipient aggregates supplies from multiple suppliers, the goods must first be moved to a registered warehouse before export.
- The recipient must endorse receipt of goods on the supplier's tax invoice and obtain warehouse acknowledgment.
- These documents must be submitted to the supplier and the jurisdictional tax officer.

6. Proof of Export Requirement

Once exported, the recipient must submit:

- Shipping bill or bill of export containing GSTIN and tax invoice details.
- Export general manifest or export report proof to both the supplier and the tax officer.

Implications for Exporters

- **Cost Reduction:** A lower compensation cess (0.1%) significantly reduces tax costs for exporters.
- **Simplified Compliance:** Clear guidelines streamline the documentation process for tax authorities and businesses.
- **Boost to Export Sector:** Encourages greater participation of businesses in export-oriented trade.

Important Considerations

- The concessional cess benefit will be revoked if the goods are not exported within the stipulated 90-day period.
- The notification is effective immediately, requiring immediate compliance from exporters and suppliers.

This development is a welcome move to enhance competitiveness for Indian exporters and promote international trade efficiency. Businesses engaged in exports should align their processes with these new provisions to leverage the benefits of the concessional compensation cess.

Click here for original Circular

CBIC Notification No. 05/2025-Central Tax (Rate): Amendments to Hotel Accommodation Taxation

Notification No. 05/2025 Dated: January 16 , 2025

The Central Board of Indirect Taxes and Customs (CBIC) has issued Notification No. 05/2025-Central Tax (Rate) on January 16, 2025, introducing significant amendments to the Central Goods and Services Tax (CGST) Act, 2017. These changes are set to impact the taxation of hotel accommodation services, particularly concerning the classification of 'specified premises.'

Key Amendments:

1.Definition of 'Specified Premises':

The notification revises the definition of 'specified premises' for a financial year. A premises qualifies as 'specified' if:

- In the preceding financial year, it provided hotel accommodation services with a value exceeding ₹7,500 per unit per day.
- The registered person declares the premises as 'specified' between January 1 and March 31 of the preceding financial year.
- A person applying for registration declares the premises as 'specified' within 15 days of receiving the registration acknowledgment.

2.Introduction of New Annexures:

The notification introduces three new annexures to facilitate the declaration process:

- Annexure VII: Opt-In Declaration for Registered Persons
- Annexure VIII: Opt-In Declaration for Applicants for Registration
- Annexure IX: Opt-Out Declaration

Implications for Taxpayers:

These amendments aim to streamline the classification of hotel accommodation services and ensure accurate tax assessments. Taxpayers are advised to:

- **Review the Full Notification:** Access the complete text of Notification No. 05/2025-Central Tax (Rate) on the CBIC's official tax portal to understand all the amendments in detail.
- **Consult with Tax Professionals:** Engage with tax advisors to assess the impact of these changes on your business operations and ensure compliance.
- **Update Internal Processes:** Modify your accounting and GST filing procedures to align with the new rules and maintain accurate records.

Click here for original Circular

SEBI Revises ESG Rating Review Timeline for BRSR Publication

No. SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2025/007 Dated: January 20, 2025

In a significant move aimed at enhancing ease of doing business, the **Securities and Exchange Board of India (SEBI)** has revised the timeline for ESG Rating Providers (ERPs) to review ESG ratings following the publication of Business Responsibility and Sustainability Reporting (BRSR) by listed entities.

As per Para 10.1 of the Master Circular **SEBI/HO/DDHS/DDHS-POD3/P/CIR/2024/45 dated May 16, 2024,** ERPs are required to monitor material developments impacting a company's environmental, social, and governance (ESG) profile and update ratings accordingly. Previously, all material events—including BRSR publication—had to be reviewed within **10 days.**

However, ERPs raised concerns regarding the operational challenges of reviewing a large number of ESG ratings within such a short period post-BRSR publication. Acknowledging these concerns, SEBI has **now extended the review deadline for ESG ratings post-BRSR publication to 45 days**, while retaining the 10-day timeline for all other material events.

This change takes immediate effect and is expected to facilitate a more comprehensive and efficient review process for ESG ratings. The revised regulation ensures a balanced approach between maintaining the integrity of ESG ratings and addressing the practical challenges faced by ERPs.

For further details, stakeholders can access the circular on www.sebi.gov.in under the "Legal" section.

Click here for original Notification

Format of Due Diligence Certificate to be given by the DTs

SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2025/009 Dated: January 28, 2025

SEBI, through a notification on July 10, 2024, amended the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, to specify the due diligence certificate format for secured debt securities. Issuers must now submit these certificates from debenture trustees (DTs) at two stages: with the draft offer document (Annex-A) and the listing application (Annex-B). These certificates ensure fair disclosures, inclusion of covenants in the trust deed, and execution of necessary agreements before listing. SEBI has also updated its Master Circular for DTs to align with these changes, enhancing transparency and investor protection.

Click here for original Notification

Details/clarifications on provisions related to association of persons regulated by the Board, MIIs, and their agents with persons engaged in prohibited activities

SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/11 Dated: January 29, 2025

SEBI issued a circular on January 29, 2025, clarifying rules for stock exchanges, clearing corporations, depositories, and their agents regarding associations with unregistered advisors or entities making unauthorized performance claims. Such associations, including financial transactions, referrals, or information-sharing, are prohibited. Regulated entities must ensure compliance, except for those solely engaged in investor education. Violations may result in penalties, suspension, or debarment. The regulations took effect on August 29, 2024, and entities were required to terminate non-compliant associations by October 2024.

Click here for original Notification

Framework for Monitoring and Supervision of System Audit of Stock Brokers (SBs) through Technology based Measures

SEBI/HO/MIRSD/TPD/CIR/2025/10 Dated: January 31, 2025

SEBI has introduced a framework for monitoring system audits of stock brokers (SBs) using technology-driven measures, effective from FY 2025-26. Stock exchanges must develop web-based platforms within six months to oversee the audit lifecycle, including pre-audit, audit, and post-audit phases. Key provisions include geo-location tracking of auditor visits, standardized reporting, and third-party vendor compliance checks. Auditor eligibility will be strictly reviewed, with reappointment limited to three consecutive years to ensure independence. Exchanges will conduct surprise visits and assess compliance with technical standards like logging, monitoring, and disaster recovery. Non-compliance may result in penalties or de-empanelment. Exchanges must also submit bi-annual audit summaries to SEBI for oversight.

Click here for original Notification

RBI Directive: March 30, 2025, Designated as Working Day for Government Transactions via e-Kuber

No. RBI/2024-25/103 Dated: January 03, 2025

On January 3, 2025, the Reserve Bank of India (RBI) issued a directive (RBI/2024-25/103) concerning the status of March 30, 2025, for government transactions through its e-Kuber platform. Typically, e-Kuber, the RBI's core banking solution for government payments, does not process transactions on Sundays and other designated global holidays. However, as March 30, 2025, falls on a Sunday, the Office of the Controller General of Accounts has advised marking the day as a working day for government transactions to ensure all receipts and payments are accounted for within the 2024-25 financial year.

Key Details:

•**Operational Changes:** e-Kuber will be operational on March 30, 2025, allowing for the processing of government transactions on that day.

•**Luggage Files:** Banks are required to submit luggage files containing data related to government transactions to the e-Kuber system on March 30, 2025, up to the stipulated cut-off time, ensuring accounting on the same day.

Implications for Financial Institutions:

•**Compliance:** Financial institutions must ensure that all government transactions are processed and reported through e-Kuber on March 30, 2025, to maintain accurate financial records for the fiscal year.

•**Operational Readiness:** Banks should prepare their systems and staff to handle the additional workload on this non-working day, ensuring seamless processing of government transactions.

This initiative underscores the RBI's commitment to maintaining accurate and timely financial records for government transactions, facilitating efficient fiscal management.

Click here for original Circular

Budget 2025 Highlight

1. Macro-Fiscal Overview

GDP Growth Projection

📈 Expected real GDP growth for FY26: 6.3% - 6.8%

Revenue & Fiscal Highlights

- Gross Tax Revenue Growth: 10.8%
- Direct Tax Growth: 12.7%
- Indirect Tax Growth: 8.3%

Fiscal Deficit

Year	% Of GDP
FY25 (Revised Estimate)	4.8%
FY26 (Budget Estimate)	4.4%

📌 Capital Expenditure: INR 11.2 lakh crore (up by 10.1%)

📌 Interest-Free Loans for States: INR 1.5 lakh crore

2. Policy Announcements

Agriculture & Rural Economy 🌾

- **Agricultural District Programme** for 100 districts to improve productivity
- **Mission for Pulses Self-Reliance**
- **INR 1.71 lakh crore** allocated for agriculture and allied activities
- **INR 5 lakh loan for 7.7 crore farmers** under KCC

Urban Development & Infrastructure 🏗️

- **Urban Challenge Fund: INR 1 lakh crore** to make cities "growth hubs"
- **Greenfield Airport** planned in Bihar
- **Jal Jeevan Mission** extended till 2028
- **Maritime Development Fund: INR 0.25 lakh crore**

MSMEs & Startups 🚀

- Investment & turnover limits **increased by 2.5 times**
- **INR 20,000 crore** for R&D and innovation
- **INR 10,000 crore Fund of Funds** to support startups
- **Tax Holiday Extended for Startups till March 31, 2030**

Energy & Sustainability 🔋

- **Nuclear Energy Mission** launched with **INR 20,000 crore**
- Goal: **100 GW nuclear power by 2047**
- Clean tech manufacturing boost: Focus **on solar, wind, EV batteries**

3. Corporate & Personal Tax Updates

Corporate Tax

- **New Income Tax Bill 2025** to be introduced
- **Updated return filing period extended to 5 years** (with penalties after 3 years)
- **Presumptive Taxation for Electronics Manufacturing** (25% deemed profit rate)

Personal Tax (New Regime)

Annual Income Range	Tax Rate (%)
Up to ₹4 lakh	Exempt
₹4 lakh - ₹8 lakh	5%
₹8 lakh - ₹12 lakh	10%
₹12 lakh - ₹16 lakh	15%
₹16 lakh - ₹20 lakh	20%
₹20 lakh - ₹24 lakh	25%
Above ₹24 lakh	30%

📌 No income tax for individuals earning up to INR 12 lakh

📌 TDS thresholds increased for rental income, dividends, interest, and professional fees

•**TDS & TCS reforms:**

- The **annual limit of ₹2.40 lakh** for TDS on rent increased to 6 lakhs.
- Omitting TCS on transactions related to the sale of goods to reduce compliance difficulties.
- Increasing the threshold to collect Tax Collected at Source (TCS) on remittances under the RBI's Liberalised Remittance Scheme (LRS) from **₹7 lakhs to ₹10 lakhs.**
- Proposing to remove TCS on remittances for education purposes if funded through a loan from a specified financial institution.

TCS Section	Rates	
	Previous	Proposed
206C (1) Timber or any other forest produce (not being tendu leaves)	2.5%	2%
206C (1) Timber obtained by any mode other than under a forest lease	2.5%	2%

TDS Section	Limits	
	Previous	Proposed
193 (Interest on Securities)	5,000	10,000
194 (Dividend Income)	5,000	10,000
194D (Insurance Commission)	15,000	20,000
194G (Commission on sale of lottery tickets)	15,000	20,000
194H (Commission and Brokerage)	15,000	20,000
194I(Rent)	30,000 p.m. & 2,40,000 p.a.	50,000 p.m. & 6,00,000 p.a.
194J (Fees from Professional Services)	30,000	50,000
194K (Dividend income on mutual funds or UTI)	5,000	10,000
194LA (Compulsory acquisition of Immovable Property)	2,50,000	5,00,000

4. Sectoral Impact

Automobile 🚗

- **Customs duty rationalization** for EV and auto components
- **Boost to semiconductor and electronics manufacturing**
- **Import duty exemption for lithium-ion battery components**

Defense 🛡

- Defense Budget: **INR 6.81 lakh crore** (+9.5%)
- Capital Expenditure: **INR 1.8 lakh crore**
- Increased allocation for fighter jets, helicopters, and submarines

Financial Services 💰

- **100% FDI** in insurance (up from 74%)
- Tax exemption extended for SWFs & pension funds till March 2030

Technology & Telecom 📡

- INR 2,000 crore allocated for India AI Mission

- INR 500 crore for AI Centre of Excellence in Education
- BharatNet project budget increased from INR 6,500 crore to INR 22,000 crore

Healthcare & Pharma 🏥

- INR 98,311 crore allocated for healthcare
- 200 Daycare Cancer Centers to be established
- 10,000 new medical seats over the next year
- Customs Duty Exemption on 36 new lifesaving drugs

Key Takeaways

✅ Balanced approach between fiscal consolidation and growth
✅ Boost to infrastructure and urbanization
✅ Support for startups, MSMEs, and innovation
✅ Energy transition & sustainability initiatives
✅ Simplification of tax regime

📌 A budget aimed at fueling India's long-term economic vision: Viksit Bharat 2047!

Click here for original Circular

Risk-Based Internal Audit vs. Traditional Internal Audit

Contributed By: CA Megha Gupta

Internal auditing plays a crucial role in ensuring organizational efficiency, compliance, and risk management. Over time, the approach to internal auditing has evolved from a traditional compliance-based model to a more dynamic, risk-focused methodology known as Risk-Based Internal Audit (RBIA). This shift enables organizations to proactively address risks that could impact their strategic objectives.

Traditional Internal Audit

The traditional internal audit approach primarily focuses on evaluating compliance with policies, procedures, and regulatory requirements. It involves periodic checks of financial transactions, operational processes, and internal controls to detect errors, fraud, or inefficiencies. Auditors use a standardized checklist to assess different departments, often following a cyclical audit plan.

Key Characteristics of Traditional Internal Audit:

- Checklist-based approach: Predefined audit programs and routine testing of controls.
- Focus on past transactions: Emphasis on historical data and financial accuracy.
- Compliance-driven: Ensures adherence to laws, regulations, and internal policies.

- Limited risk focus: Risks are considered, but the primary goal is control evaluation.

While this method provides assurance on compliance and control effectiveness, it may not always address emerging risks or align with an organization's strategic priorities.

Risk-Based Internal Audit (RBIA)

RBIA, on the other hand, takes a more strategic approach by aligning the audit process with an organization's risk management framework. Instead of merely verifying compliance, RBIA assesses the most significant risks that could impact business objectives and prioritizes audit efforts accordingly.

Key Characteristics of RBIA:

- Risk-focused approach: Prioritizes areas with the highest risk exposure rather than following a fixed schedule.
- Forward-looking assessment: Evaluates potential future risks along with past performance.
- Integration with risk management: Aligns with the organization's Enterprise Risk Management (ERM) framework.
- Dynamic and flexible: The audit plan evolves based on changes in the business environment.

Practical Example: Traditional Audit vs. Risk-Based Audit

Consider a manufacturing company with multiple production plants.

- **Traditional Audit Approach:** The internal audit team conducts periodic reviews of all plants, ensuring financial transactions are recorded correctly and policies are followed. The focus remains on compliance and past operational issues, regardless of whether a specific plant faces higher operational risks.

- **Risk-Based Internal Audit Approach:** The audit team first assesses risks across all plants—such as supply chain disruptions, regulatory non-compliance, or cybersecurity threats. If one plant is identified as having a high risk of equipment failure due to outdated machinery, auditors prioritize it for an in-depth review. The audit focuses on evaluating controls that mitigate these risks, such as preventive maintenance programs and safety protocols.

Conclusion

While traditional internal audit provides assurance on compliance and control effectiveness, RBIA enhances organizational resilience by proactively addressing high-impact risks. As businesses operate in an increasingly complex and uncertain environment, adopting a risk-based approach to internal audit ensures better risk mitigation, improved decision-making, and alignment with strategic goals. Organizations looking to enhance their internal audit function should gradually transition towards RBIA to drive greater value and long-term sustainability.

About Author: *The author is a student of ICAI and can be reached at megha.gupta@dlsca.in*

IVSC Makes International Valuation Standards (IVS) 2025 Freely Accessible

Contributed By: Ms. Anjali Rathi

The International Valuation Standards Council (IVSC) is an independent, not-for-profit organization that develops and maintains the International Valuation Standards (IVS). The IVSC's mission is to promote consistency, quality, and transparency in valuation practices worldwide, ultimately supporting informed decision-making by businesses and investors.

The International Valuation Standards Council (IVSC) has announced that the latest edition of the International Valuation Standards (IVS) will be made freely accessible to the public in digital format via their website, effective 31 January 2025. This significant development is expected to promote consistency, quality, and transparency in valuation practices worldwide.

Objectives

The IVSC has identified three primary objectives for making the IVS freely accessible:

1**. Promote Consistency:** The IVSC aims to promote consistency in valuation practices worldwide. By providing a widely accepted and consistent framework for valuation, the IVSC hopes to reduce confusion and inconsistencies in valuation practices.

2. **Increase Adoption:** The IVSC hopes to encourage broader adoption and greater awareness of the IVS. By making the IVS freely accessible, the IVSC aims to increase its visibility and credibility, ultimately leading to wider adoption.

3. **Strengthen Credibility:** The IVSC aims to strengthen the credibility and effectiveness of valuation practices globally. By providing a transparent and consistent framework for valuation, the IVSC hopes to enhance the credibility of valuation professionals and promote trust in the valuation process.

Benefits

The IVSC believes that making the IVS freely accessible will have numerous benefits for various stakeholders:

1**. Global Accessibility:** The IVS will be freely accessible to anyone with an internet connection, promoting global accessibility and adoption.

2. **Consistency and Quality:** The IVS provides a framework for consistent and high-quality valuation practices, promoting transparency and reliability.

3. **Professional Development:** The IVS will be a valuable resource for valuation professionals, providing guidance and support for their work.

Implications

The IVSC's decision to make the IVS freely accessible is expected to have significant implications for various stakeholders:

1. **Valuation Professionals:** Valuation professionals will have easy access to the latest IVS edition, enabling them to stay up-to-date with the latest standards and best practices.

2. **Businesses and Investors:** Businesses and investors will benefit from the increased consistency and quality of valuation practices, promoting transparency and reliability.

3. Regulators: Regulators will have access to a widely accepted and consistent framework for valuation practices, promoting confidence in the markets.

Next Steps

The IVSC will take the following steps to implement this significant development:

1. **Public Launch:** The IVSC will provide further details on the public launch of the latest IVS edition.

2. **Transition Process:** The IVSC will ensure a smooth transition process for members and sponsors, providing support and guidance as needed.

Conclusion

The IVSC's decision to make the IVS freely accessible is a significant step towards promoting consistency, quality, and transparency in valuation practices worldwide. By providing a widely accepted and consistent framework for valuation, the IVSC aims to enhance the credibility of valuation professionals, promote trust in the valuation process, and support informed decision-making by businesses and investors.

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IFRS S1 and IFRS S2: A Comprehensive Overview of Sustainability and Climate-Related Disclosures

Contributed By: Ms. Himanshi Bansari

Sustainability and climate-related risks are gaining increasing importance in today's corporate world. Recognizing the critical need for transparency, the International Financial Reporting Standards (IFRS) Foundation has developed two key standards: IFRS S1, General Sustainability-Related Disclosures, and IFRS S2, Climate-Related Disclosures. These frameworks aim to guide entities in providing consistent, reliable, and actionable information about sustainability and climate-related matters. Below, we delve into the objectives and key disclosure topics of both standards.

IFRS S1: General Sustainability-Related Disclosures

Objective

The primary goal of IFRS S1 is to disclose significant sustainability-related risks and opportunities. These disclosures are crucial for stakeholders, especially the primary users of general-purpose financial reporting. They enable informed decision-making related to the allocation of resources to the entity. IFRS S1 emphasizes the importance of aligning financial reporting with sustainability considerations, thereby enhancing the overall value of corporate reporting.

Key Disclosure Topics

1. Governance: Entities must provide detailed information about their governance processes, controls, and procedures for monitoring and managing sustainability-related risks and opportunities. Governance disclosures focus on how organizations establish accountability and oversight for these critical aspects.

2. Strategy: This section outlines the approach organizations adopt to address sustainability-related risks and opportunities. It covers the potential impacts of these factors on the entity's business model and strategy in the short, medium, and long term. A well-articulated strategy helps stakeholders understand the entity's preparedness and adaptability.

3. Risk Management: Companies are required to disclose processes used to identify, assess, and manage sustainability-related risks. Effective risk management practices ensure organizations are proactive in addressing potential challenges, thereby safeguarding their operations and reputation.

4. Metrics and Targets: This component involves the disclosure of metrics and targets used to assess, manage, and monitor sustainability-related risks and opportunities. Transparent reporting of performance metrics enables stakeholders to track progress and evaluate the effectiveness of sustainability initiatives.

IFRS S2: Climate-Related Disclosures

Objective

The objective of IFRS S2 is to provide insights into climate-related risks and opportunities. These disclosures are designed to help users understand how entities utilize resources, evaluate strategies, adapt business models, and enhance operational capabilities in response to climate challenges.

Key Disclosure Topics

1. Governance: Similar to IFRS S1, IFRS S2 requires entities to disclose governance structures and processes. However, the focus here is specifically on managing climate-related risks and opportunities, reflecting the growing significance of climate considerations in corporate governance.

2. Strategy: Entities must disclose their strategy for addressing climate-related risks and opportunities, including their potential impact on business models and strategies over different time horizons. This information is vital for assessing an organization's resilience in the face of climate change.

3. Risk Management: IFRS S2 emphasizes the need for robust processes to identify, assess, and manage climate-related risks. By incorporating climate considerations into risk management frameworks, entities can better anticipate and respond to emerging challenges.

4. Metrics and Targets: This section expands upon the metrics and targets introduced in IFRS S1 by incorporating cross-industry and industry-specific metrics. It also emphasizes the importance of measuring progress toward climate-related targets, enabling stakeholders to evaluate the entity's commitment to sustainability goals.

Comparing IFRS S1 and IFRS S2

While both standards aim to enhance transparency and accountability, their scopes differ slightly:

IFRS S1 focuses on broader sustainability-related risks and opportunities, encompassing environmental, social, and governance (ESG) factors.

IFRS S2 narrows its focus to climate-related risks and opportunities, aligning with global efforts to address climate change.

Both standards share a common structure, with governance, strategy, risk management, and metrics forming the core pillars of disclosure.

This consistency facilitates seamless integration and comparison of sustainability and climate-related information.

The Importance of Sustainability and Climate Disclosures

The introduction of IFRS S1 and IFRS S2 marks a significant step forward in sustainability reporting. By adhering to these standards, organizations can:

- Demonstrate accountability and transparency to stakeholders.
- Align business strategies with global sustainability and climate goals.
- Build trust and credibility in the marketplace.
- Identify and mitigate risks, ensuring long-term operational resilience.

As stakeholders increasingly demand robust sustainability practices, entities that adopt IFRS S1 and IFRS S2 will be better positioned to navigate the complexities of the modern business landscape.

Conclusion

IFRS S1 and IFRS S2 represent essential tools for promoting transparency in sustainability and climate-related disclosures. By focusing on governance, strategy, risk management, and metrics, these standards provide a comprehensive framework for organizations to communicate their commitments and actions effectively. As sustainability becomes a cornerstone of business strategy, adhering to these standards is no longer optional but a necessity for long-term success.

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February 2025- Compliance Calendar

S. No	Compliance Details	Form to be filed	Due Date
1	Due date for deposit of tax deducted/collected for the month of January 2025.	Challan No. ITNS-281	07.02.2025
2	Report actual ECB transactions through Form ECB-2 return.	ECB-2	07.02.2025
3	E-Commerce operator registered under GST liable to TCS	GSTR-8	10.02.2025
4	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-5	13.02.2025
5	Input Service Distributors	GSTR-6	13.02.2025
6	Due date for issue of TDS Certificate for tax deducted under section 194-IA,IB, M ,S in December 2024	TDS Certificate	14.02.2025
7	Quarterly TCS return filing for the period October to December 2024.	Form 27Q	15.02.2025
8	Due date for furnishing of Form 24G by government offices where TDS/TCS was paid without a challan	Form-24G	15.02.2025
9	Depositing contribution towards PF/ESI for January 2025	ECR/ESI Challan	15.02.2025

S. No	Compliance Details	Form to be filed	Due Date
10	Financial Results along with Limited review report/Auditor's report Within 45 days from the end of the quarter/Within 60 days from the end of the last quarter		15.02.2025
11	Due Date of payment of GST for a taxpayer with Aggregate turnover up to INR 5 crores during the previous year and who has opted for Quarterly filing of return under QRMP	PMT-06	25.02.2025
12	Application for Refund by any specialized agency of UN or any Multilateral Financial Institution and Organization, Consulate or Embassy of foreign countries, etc	RFD-10	2 years from the last day of the quarter in which supply was received
13	Due date for furnishing of Form 24G by government offices where TDS/TCS was paid without a challan	Form-24G	15.02.2025
14	Due date for filing Form MGT-7 with the Registrar of Companies (ROC) for all Private Limited, Public Limited, and Small Companies registered in India. Form MGT-7 must be filed annually after the AGM.	MGT-7/7A	28.02.2025 (AGM held on 31.12.2024)
15	Reporting of donations received eligible for Section 80G deduction	Form-10BD	28.02.2024

"Living the Gita"

उद्धरेदात्मनाऽत्मानं नात्मानमवसादयेत्।
आत्मैव ह्यात्मनो बन्धुरात्मैव रिपुरात्मनः॥

Meaning: *"A person must uplift oneself by one's own efforts and should not degrade oneself. For the self alone is one's friend, and the self alone can also be one's enemy."*

उद्धरेदात्मनाऽत्मानं

"Uddhared ātmanā'tmānaṃ"

Translation: One should elevate or uplift oneself by one's own self.

नात्मानमवसादयेत्

"Nātmānam-avasādayet"

Translation: One should not let oneself sink or fall.

आत्मैव ह्यात्मनो बन्धुर्

"Ātmaiva hyātmano bandhur"

Translation: Truly, the self alone is the friend of the self;

आत्मैव रिपुरात्मनः

"Ātmaiva ripurātmanoḥ"

Translation: and the self alone is the enemy of the self.

The shloka carries profound life lessons and moral values that are universally applicable. Here are the key learnings from it:

1. **Self-Reliance is the Key to Success:** Lift yourself up by your own efforts.
   - No one else can ***permanently change*** your life except you. Others can support or guide you temporarily, but the real effort must come from within.
   - Many people wait for external motivation, but true progress happens when you develop ***inner motivation*** and work consistently toward your goals.

2. **Your Mind is Your Best Friend or Worst Enemy:** The self alone is one's friend, and the self alone can be one's enemy.
   - If your mind is ***positive, disciplined, and focused,*** it will support you in achieving success.
   - If your mind is ***filled with self-doubt, fear, laziness, or negativity,*** it will block your progress and pull you down.
   - A trained mind helps you stay ***calm, focused, and determined,*** while an untrained mind leads to ***procrastination, stress, and failure.***

3. **Avoid Self-Destructive Habits:** Do not degrade yourself.
   - Many people unknowingly engage in ***self-destructive behaviors*** such as procrastination, unhealthy habits, laziness, and negative thinking.
   - Complaining, making excuses, and blaming others ***weakens you*** and prevents growth.
   - This verse warns us ***not to pull ourselves down through our own bad habits and thinking patterns.***

4. **Success is a Mindset:** The right mindset leads to growth, the wrong mindset leads to failure.

- The most successful people are those who ***believe in themselves, work hard, and stay focused.***
- The biggest reason for failure is ***self-doubt and fear of failure.***
- If you develop a ***strong mindset,*** you can overcome any challenge and keep moving forward.

5. <u>Take Control of Your Thoughts and Actions:</u> Your thoughts shape your destiny.

- ***Your thoughts become your reality.*** If you think you will fail, you probably will. If you think you will succeed, you are already halfway there.
- The Bhagavad Gita teaches that ***we create our own destiny*** through our ***thoughts, actions, and attitudes.***
- Instead of letting ***external situations*** control your mood, train yourself to ***stay positive and proactive.***

6. <u>Challenges are Opportunities for Growth:</u> Lift yourself up even in difficult times.

- Life is ***full of ups and downs***. Everyone faces challenges.
- The difference between ***winners and losers*** is their ***response to challenges.***
- People who ***use struggles as learning experiences*** become stronger and more successful.

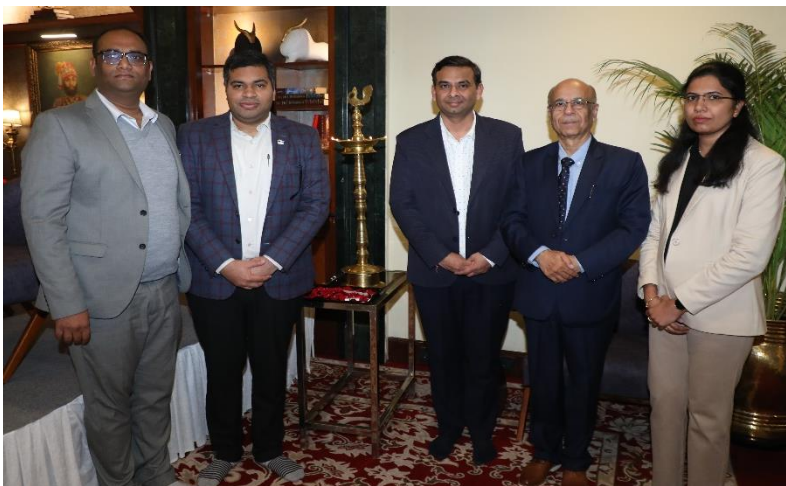
How to Apply This Shloka in Daily Life

- Believe in yourself—don't wait for someone else to uplift you.
- Train your mind to be your best friend, not your enemy.
- Eliminate self-doubt, excuses, and negative habits.
- Develop a strong mindset—failures are just stepping stones to success
- Face challenges boldly—they make you stronger.
- Take control of your destiny through positive thinking and disciplined action.

ESG Excelerate 2025

ESG Excelerate 2025, hosted by **DLS & Associates LLP** on **January 18, 2025**, in Delhi, brought together thought leaders, industry experts, and professionals to discuss emerging ESG trends, strategies, and practical applications. ***The event featured keynote sessions, panel discussions, and networking opportunities, fostering collaborations to drive sustainable growth*** and integrate ESG principles into corporate decision-making.

Here are some glimpses of the event:






IIA-CXO Conclave 2025

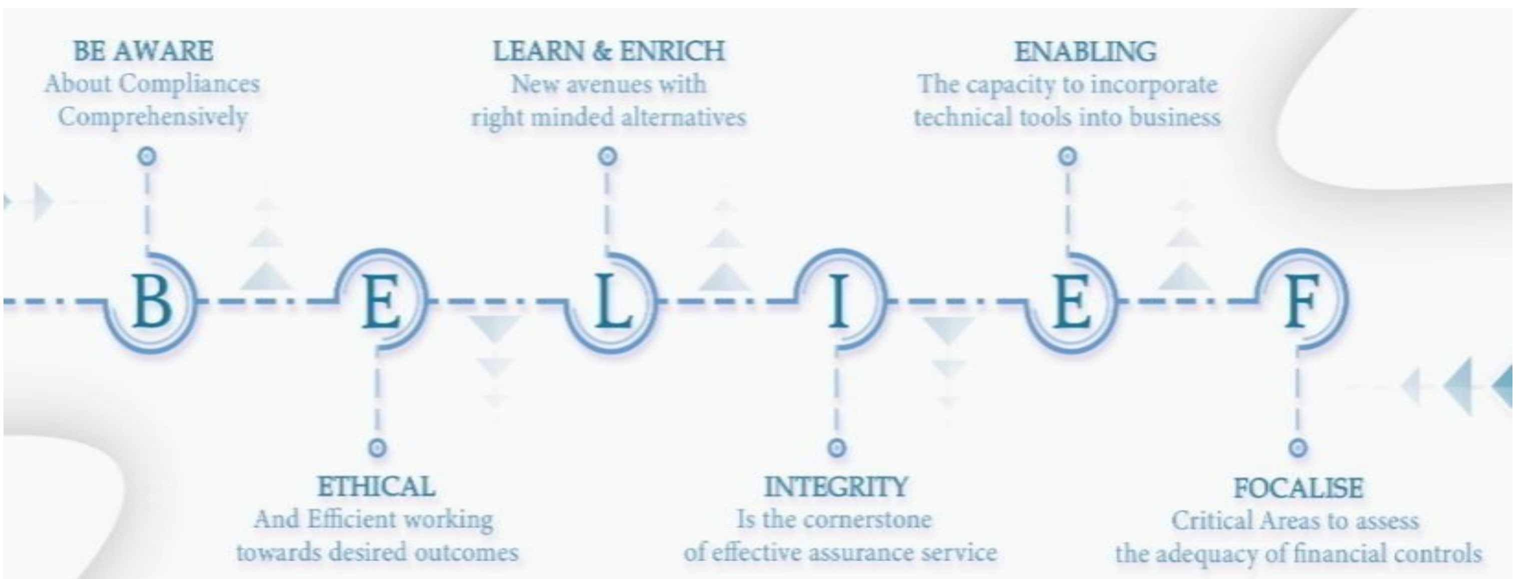
The **DLS & Associates LLP** in collaboration with IIA-Jaipur Club, as a co-host, recently organized a **CXO Conclave** focused on internal audit and emerging trends. The event served as a vital platform for senior executives and industry professionals to exchange insights, discuss best practices, and explore the evolving landscape of internal audit.

Here are some glimpses of the event:

We are leading Chartered Accountant Firm withstanding **Since 2013 and have** Strong network at **Jaipur, Bangalore, Delhi, Mumbai. International Branch in Bahrain with MGI worldwide Affiliation. We a**lso have PAN India presence through network of associates

Pioneer in Audit & Assurances, Internal Financial Control (IFC), Valuation Services, Taxation, Financial Advisory, Forensic Audits, BRSR (Business Responsibility & Sustainability Reporting), GST and IND-AS implementation across Industries

Our Core Values-Our firm DLS works for ***BELIEF*** where we are dedicated for



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