

MONTHLY UPDATE CAPSULE

March 2025



R R D AND ASSOCIATES
Chartered Accountants

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Contents

Income Tax	3
1. Missed Filing ITR Over The Last Few Years? Income Tax Department Targets Non-Filers, Issues Notices Under Section 148A.....	3
2. CBDT makes all Income Tax offences compoundable, eases rules for defaulters.....	4
3. Social media accounts accessed only in search, survey ops: I-T official.....	4
4. Form 16 and 24Q formats revised! New tax deduction rules you must know	5
GST & Customs	7
5. GST registration new rules: These taxpayers can complete biometric authentication in their home state	7
RBI.....	9
6. Avoid calling customers repeatedly to submit KYC docs: RBI Governor Sanjay Malhotra to banks.....	9
7. UPI services won't work on some mobile numbers from April 1 – Here's why .	10
Company law.....	11
8. Govt notifies MSME Payment Delay Reporting Rule for Companies.....	11
SEBI	12
9. Sebi modifies guidelines on nomination facilities in securities market.....	12
10. SEBI cuts timeline to complete rights issues to just 23 days	13
11. SEBI tweaks disclosure requirements for shareholding patterns to improve clarity.....	13
12. Investors can soon store, access their Demat, MF holdings via DigiLocker	14
MISCELLANEOUS.....	16
13. EPFO retains 8.25% interest rate on employees' PF deposits for 2024-25	16
R R D AND ASSOCIATES	17
.....	17
WHAT WE SERVE	18
OTHER SPECIALIZED SERVICES:	19
DISCLAIMER:	20

Income Tax

Missed Filing ITR Over The Last Few Years? Income Tax Department Targets Non-Filers, Issues Notices Under Section 148A

The income tax department has listed such individuals with undisclosed income subject to income tax and accordingly, the Income Tax Assessing Officers (AO) will send tax notices under Section 148A and other appropriate measures to tackle them.

If your income falls into the taxable income bracket and yet you have not filed your Income tax Return (ITR) in previous years, you might land yourself in trouble as the Income tax department has identified individuals who fall under this category of non-filers.

The department has listed such individuals with undisclosed income subject to income tax and accordingly, the Income Tax Assessing Officers (AO) will send tax notices under Section 148A and other appropriate measures to tackle them.

How did the tax department retrieve information?

As per sources, the income tax department has obtained information from various sources, including the annual information statement (AIS), TDS/TCS records, statement of financial transactions (SFT), along with import and export data. With this information, the department has pinpointed individuals who had taxable income yet did not submit their ITR.

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Read more at: [Missed Filing ITR over the Last Few Years? Income Tax Department Targets Non-Filers, Issues Notices Under Section 148A](#)

CBDT makes all Income Tax offences compoundable, eases rules for defaulters

All offences under the income-tax law, including cases that involve agencies such as the Enforcement Directorate and the Central Bureau of Investigation, have been made compoundable by competent tax authorities if the applicant is not found to be involved in any anti-national or terrorist activity, the central board of direct taxes (CBDT).

However, if the applicant is found involved in such activities, the offence shall be compounded only with the approval of the CBDT chairman.

As a measure to help taxpayers who want to apply for the compounding of offences, the CBDT issued a detailed frequently asked questions (FAQ).

Compounding of an offence is a mechanism whereby the defaulter is reprieved of major legal consequences by allowing him or her an opportunity to pay a certain sum of money to escape prosecution.

According to the FAQ, taxpayers can apply multiple times for the compounding of offences as the Centre allows fresh applications upon curing of defects, and removes the existing time limit for filing applications, which was previously set at 36 months from the date of filing of the complaint.

The compounding application may be filed even after launch of the prosecution.

Read more at: [CBDT makes all Income Tax offences compoundable, eases rules for defaulters](#)

Social media accounts accessed only in search, survey ops: I-T official

The new Income Tax Bill prescribes the existing process for tax authorities to gain access to the digital space or a computer device only during search and survey operations, and it is not aimed to breach the online privacy of common taxpayers even if their case lands into scrutiny.

The official rejected claims made in some reports and opinion pieces that the tax authorities have been granted "additional" powers to breach the passwords of electronic records, including email, social media handles and Cloud storage space of the taxpayers.

These powers are only to be executed during the course of a search or survey operation, and that too when the assessee being searched or surveyed refuses to share the passwords for digital storage drives, emails, Clouds and communication platforms such as WhatsApp and Telegram, etc.

Under the existing law, Section 132 enables an authorised officer to require any person who is found in possession of books, accounts or other documents in the form of electronic record to afford facility to inspect such documents and also to seize such document (including electronic record as per Section 2(22AA) of Income Tax Act, 1961).

In this digital and e-enabled world, information is stored in servers and storage facilities abroad, which are not accessible from India and the access code is not provided by the person concerned.

In such circumstances, the entire exercise of search and seizure gets redundant and can result in the tax evader going scot-free, officials said.

Read more at: [Social media accounts accessed only in search, survey ops: I-T official](#)

Form 16 and 24Q formats revised! New tax deduction rules you must know

The Central Board of Direct Taxes (CBDT) has issued a new circular, which states the new rules for tax deduction from salary under section 192 of the Income Tax Act, 1961. It also includes the changes made in the Finance Act 2024 and 2023.

“The Form No. 16 has been amended vide the Income-tax (Fifth Amendment) Rules, 2023, w.e.f. 1-7-2023 and shall be applicable for the assessment year 2024-25 and subsequent assessment years. Form No. 16 (has been further modified vide the Income-Tax (Eighth Amendment) Rules, 2024, w.e.f. 15- 10-2024,” the CBDT circular said.

This circular has been issued on 20 February 2025 and it will be applicable to the tax returns of the financial year 2024-25 (i.e. assessment year 2025-26).

1. Changes in Form 16 – Now more details of tax deduction will be available!

Now some new changes have been made in Form 16 related to tax deduction and perquisites. In this, the information about different taxes, deductions and exemptions on salary will be more clear. If you have trouble filing taxes, the new Form 16 can make things easier.

2. New column in Form 24Q – Now TDS/TCS reporting will be better

Now a new column named 388A has been added to Form 24Q. Information about other TDS/TCS deductions will be given in this column to make tax reporting easier for both companies and employees.

Tax on salary and perquisites – what has changed?

In the new circular of CBDT, some important updates have been given regarding tax on salary and perks.

a) New update in the definition of salary

Under the Finance Act 2023, now section 17(1) of the Income Tax Act has been amended.

Now the salary will also include the contribution made by the Central Government to the “Agniveer Corpus Fund”.

This will be applicable for Agniveers enrolled under the Agneepath scheme.

Tax benefit on this contribution will be available under section 80CCH.

b) New update in the definition of perquisites

Now some benefits given by the company will also come under the purview of perquisites, which will be taxed.

Rent-free accommodation that you have received from the employer.

Residential facility provided at any concessional rate.

3. New rates of surcharge in the old tax system – who will pay how much tax?

If you pay tax under the old tax regime, the surcharge on your income will be calculated as follows:

Income between ₹50 lakh and ₹1 crore – 10%;

Income between ₹1 crore and ₹2 crore – 15%

Income between ₹2 crore and ₹5 crore (excluding dividends and certain capital gains) – 25%

Income above ₹5 crore (excluding dividends and certain capital gains) – 37%

Income above ₹2 crore (including dividends and certain capital gains), not falling in the above categories – 15%.

Read More:- [Form 16 and 24Q formats revised! New tax deduction rules you must know](#)

Monthly update capsule- March 2025

Page 6 of 20

GST & Customs

GST registration new rules: These taxpayers can complete biometric authentication in their home state

The Goods and Services Tax Network (GSTN) has introduced an enhancement in biometric authentication for new GST registration applicants. Promoters and Directors of certain businesses can now complete the mandatory biometric verification at any [GST Suvidha Kendra \(GSK\)](#) in their home state, instead of their designated jurisdictional GSK.

This facility applies to promoters and directors listed in the promoter/partner tab for the following business entities:

Public Limited Companies

Private Limited Companies

Unlimited Companies

Foreign Companies

Previously, applicants selected for biometric authentication had to visit a specific GSK mapped to their jurisdiction. Now, they can choose any [GSK](#) within their home state for added convenience.

Key highlights of the new biometric process

- Applicants selected for biometric authentication will receive an intimation email.
- Eligible promoters and directors can select a GSK within their home state using the link provided in the email.
- The GSK selection is a one-time choice and cannot be changed later.
- This facility is available in 33 states and Union Territories where biometric authentication is enabled. It will soon extend to Uttar Pradesh, Assam, and Sikkim.
- Upon selection, a confirmation email will be sent with a new slot booking link.
- Promoters and directors must complete biometric authentication before the Primary Authorised Signatory (PAS) visits the GSK.

- If the PAS and Promoter/Director are the same person, they must visit the designated jurisdictional GSK.
- Opting for home-state biometric authentication is optional. Promoters and directors can still choose to visit their designated GSK.

Read More:- [GST registration new rules: These taxpayers can complete biometric authentication in their home state](#)

RBI

Avoid calling customers repeatedly to submit KYC docs: RBI Governor Sanjay Malhotra to banks

Reserve Bank of India (RBI) Governor Sanjay Malhotra asked banks to avoid calling customers repeatedly for “know your customer” (KYC) Documents. Speaking at the annual conference of RBI Ombudsmen, Malhotra made it clear that submitting the documents to an entity overseen by any financial regulator makes it possible for others to access the same from a common database, and termed the repeat requests as "avoidable inconvenience".

"We need to ensure that once a customer has submitted documents to a financial institution, we do not insist on obtaining the same documents again," the RBI governor said.

He rued that most banks and NBFCs have not enabled their branches or offices to access information from the central database due to which customers have to face the avoidable inconvenience.

"This may be facilitated early. This will be in the interest of all," Malhotra added.

The comments from the RBI governor come at a time when banking customers repeatedly complain of inconvenience due to KYC re-submission requests, especially on social media platforms.

Meanwhile, Malhotra also warned banks against misclassifying customer complaints to suppress its numbers, saying doing so amounts to a "gross regulatory violation".

Banks need to improve consumer services, not only because it is their duty to do so, but because it is in their "selfish interest", Malhotra said, reminding the audience of competition in the industry.

Other areas where the banks need to focus on from a customer service perspective are misselling, digital frauds, and aggressive recoveries practices, he said.

Read more at: [Avoid calling customers repeatedly to submit KYC docs: RBI Governor Sanjay Malhotra to banks](#)

UPI services won't work on some mobile numbers from April 1 – Here's why

In a major update for UPI users, the National Payments Corporation of India (NPCI) has said that the Unified Payments Interface (UPI) services will not work on numbers that are revoked or surrendered. The new regulations will be effective from April 1, 2025.

Banks and payment service providers (PSPs) have been asked to update their databases before March 31 to remove recycled or churned numbers utilising Mobile Number Revocation List (MNRL) available on the Digital Intelligence Platform (DIP), according to NPCI.

With this new initiative, bank accounts linked to such mobile numbers will not be able to facilitate UPI services, and as a result, transactions through popular payment apps like Google Pay, PhonePe, and Paytm will be turned down.

Read More at: [UPI services won't work on some mobile numbers from April 1 – Here's why](#)

Company law

Govt notifies MSME Payment Delay Reporting Rule for Companies

Ministry of Micro, Small, and Medium Enterprises (MSME) has issued a notification under the MSME Development Act, 2006, mandating companies to report payment delays to micro and small enterprises. As per Section 9 and Section 15 of the Act, companies that procure goods or services from MSMEs and fail to clear payments within 45 days from the date of acceptance or deemed acceptance must submit a half-yearly return to the Ministry of Corporate Affairs. The return should include the total outstanding amount and the reasons for the delay. This requirement aims to improve payment transparency and ensure timely financial support for MSMEs.

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

NOTIFICATION

New Delhi, the 25th March, 2025

S.O. 1376(E).—In exercise of powers conferred by section 9 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) and read with section 15 of the said Act, the Central Government hereby directs that all companies who get supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty five days from the date of acceptance or the date of deemed acceptance of the goods or services as per the provisions of the said Act, shall submit a half yearly return to the Ministry of Corporate Affairs stating the following:

- a. the amounts of payments due; and
- b. the reasons of the delay.

Read more at: [Govt notifies MSME Payment Delay Reporting Rule for Companies](#)

Sebi modifies guidelines on nomination facilities in securities market

Sebi has updated its guidelines to simplify nominations and transmissions in demat accounts and mutual fund folios. Key changes include transferring assets to surviving holders without additional KYC and allowing investors to designate a nominee in case of physical incapacitation. Nomination opt-out options and updated nomination forms are introduced.

Markets regulator Sebi modified its guidelines and issued necessary clarifications on nomination facilities in the securities market in a bid to make the process of transmission and nomination easier for demat accounts and mutual fund (MF) folios. In its circular, Sebi said that if one or more joint account holders pass away, the assets will be transferred to the surviving holder(s) without the need for additional KYC unless it was requested earlier and not provided. The surviving holder(s) can update their contact details and add or change their nominee(s) at any time. Further, investors will have the option to designate a nominee (excluding minors) to manage their account in case they become physically incapacitated. This nominee can be changed as needed. On nomination opt-out, Sebi said that investors with single holdings can choose to opt out of nomination either online or offline. The nomination form has been updated with changes like specifying that any odd lot after a division will go to the first nominee and that passport numbers are acceptable for NRIs. Sebi said that nominees can claim assets in case of the investor's death and may choose to either continue jointly with other nominees or open separate accounts. The circular will be implemented in three phases, starting on March 1. Some guidelines will be enforced from June 1 and September 1. Earlier, Sebi allowed investors can nominate up to 10 persons in their demat accounts and mutual fund folios with effect from March 1. The investor can specify the exact percentage of the investment each nominee should receive, thus having the flexibility to distribute his investments among several beneficiaries according to his wishes, preventing disputes and ensuring a seamless transfer of investments to the rightful heirs upon his passing. In a separate circular, Sebi has directed issuer companies and merchant bankers to follow the industry standards when disclosing KPIs in the offer documents. This circular applies to all draft and final offer documents submitted to Sebi or stock exchanges from April 1, 2025.

Read More :- [Sebi modifies guidelines on nomination facilities in securities market](#)

SEBI cuts timeline to complete rights issues to just 23 days

The Securities and Exchange Board of India (SEBI) has reduced the timeline for completing rights issues to 23 days from 126 days. This will allow companies to raise capital faster through rights issues as compared to preferential issues, which take 40 days. The new rule would come into effect from April 7, 2025. The regulator has also provided flexibility of allotment to specific investors in the rights issue.

In a circular on Tuesday, Sebi came out with the revised timelines for completion of the various activities involved in rights issue process from the date of board of directors of the issuer approving it to the date of closure of the issue.

"...in view of the revised timelines, it is being specified that rights issues shall be kept open for subscription for a minimum period of seven days and for a maximum period of 30 days," Sebi said.

It also said validation of application bids received for subscribing to the shares in rights issue and finalisation of basis of allotment would also be carried out by the stock exchanges and depositories along with the registrar to the issue.

Read more at: [Sebi cuts timeline to complete rights issues to just 23 days](#)

SEBI tweaks disclosure requirements for shareholding patterns to improve clarity

SEBI has modified disclosure requirements for shareholding patterns to enhance clarity, effective from June 30, 2025. Listed entities must disclose details of non-disposal undertakings, other encumbrances, and fully diluted share numbers, including warrants and convertible securities, which aims to improve investor transparency in the securities market.

Additionally, a new column has been added to capture the total number of shares on a fully diluted basis, including warrants, ESOPs, and convertible securities.

Furthermore, a footnote in the revised format clarifies that promoter and promoter group entities with “nil” shareholding will also be reflected.

These new requirements, which will come into effect from the quarter ending June 30, 2025, aimed at providing further clarity and transparency in the disclosure of shareholding pattern to the investors in the securities market.

SEBI has directed stock exchanges to inform listed companies and update the relevant regulation for implementation. Depositories are also required to modify their systems to incorporate these changes.

Read more at: [Sebi tweaks disclosure requirements for shareholding patterns to improve clarity](#)==

Investors can soon store, access their Demat, MF holdings via DigiLocker

In a significant step towards investor protection and financial transparency, the Securities and Exchange Board of India (SEBI) has partnered with DigiLocker to address the issue of unclaimed financial assets in the Indian securities market.

The new initiative enables investors to securely store and access information on their demat holdings, mutual fund statements, and consolidated account statement (CAS) through DigiLocker, thereby benefiting investors and their legal heirs. The circular would come into effect from April 1, 2025, the Seb said.

Seamless access to securities holdings: DigiLocker users can now fetch and store statements of their demat accounts, including shares and mutual fund holdings, as well as their CAS. This initiative expands DigiLocker’s existing suite of services, which already includes bank account statements, insurance policy documents, and National Pension System (NPS) account statements.

Nomination facility for smooth asset transition: A major highlight of this initiative is the introduction of a nomination facility within DigiLocker. Investors can appoint Data Access Nominees, who will be granted read-only access to their DigiLocker accounts in the event of their demise. This ensures easy accessibility of essential financial information by legal heirs, simplifying the transition process.

Automated notifications for nominees: Upon the investor's death, the KYC Registration Agencies (KRAs), which are registered with and regulated by SEBI, will notify DigiLocker. The system will then automatically alert the Data Access Nominees, allowing them to initiate the asset transmission process with relevant financial institutions.

Role of KYC Registration Agencies (KRAs): KRAs will serve as the primary verification entities, ensuring smooth execution of nominee notifications and facilitating seamless asset transition. Their role will be pivotal in verifying user details and triggering notifications to Data Access Nominees.

The collaboration between SEBI and DigiLocker will provide protection to investors by minimising unclaimed assets and ensuring financial information remains accessible. SEBI has directed asset management companies (AMCs), RTAs, and depositories to register with DigiLocker to allow investors to fetch their mutual fund and demat account details. KRAs will also share information on investor deaths with DigiLocker.

Through this, SEBI aims to reduce unclaimed assets in the securities market by addressing issues such as dormant accounts, lack of contact or bank details, and simplifying transmission norms.

Read more at: [Investors can soon store, access their demat, MF holdings via DigiLocker](#)

MISCELLANEOUS

EPFO retains 8.25% interest rate on employees' PF deposits for 2024-25

Retirement fund body EPFO retained an interest rate of 8.25 per cent on employees' provident fund (EPF) deposits for 2024-25, sources said.

In March 2022, EPFO had lowered the interest on EPF for 2021-22 to an over four-decade low of 8.1 per cent for its over seven crore subscribers, from 8.5 per cent in 2020-21.

The 8.10 per cent rate of interest on EPF for 2020-21 was the lowest since 1977-78, when the EPF interest rate stood at 8 per cent.

The 8.5 per cent interest rate on EPF deposits for 2020-21 was decided by CBT in March 2021.

After the CBT's decision, the interest rate on EPF deposits for 2024-25 will be sent to the Ministry of Finance for concurrence.

After the government's ratification, the interest rate on EPF for 2024-25 will be credited into accounts of over seven crore subscribers of EPFO.

EPFO provides the rate of interest only after it is ratified by the government through the finance ministry.

Read More:- [EPFO retains 8.25% interest rate on employees' PF deposits for 2024-25](#)

R R D AND ASSOCIATES



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WHAT WE SERVE



SPECIALIZED INTO

- ✓ Audit & Assurance (incl. Tax Audit, Statutory Audit etc)
- ✓ Internal audit / Management audit
- ✓ ESOP Valuation SBP (Share based payment) under Ind AS
- ✓ Valuations under various laws including Companies Act and IBBI
- ✓ Implementation of IFC, Drafting SOPs, Testing controls
- ✓ Company formation and assisting clients with Regulatory compliance for setting up business in India
- ✓ Setting up of Vigil and whistle-blower mechanism
- ✓ Developing, implementing and operationalizing Business Ethics and Code of Conduct for Employees and Directors
- ✓ Tax, Regulatory and Advisory
- ✓ Accounting advisory, Book Keeping and MIS services
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- ✓ ECB Compliances, Returns, Hedge Accounting and Certification
- ✓ Tax effective Portfolio Management / Reshuffling advisory
- ✓ Regular Attest function
- ✓ Talent pool of proficient resources to our network firms and clients

OTHER SPECIALIZED SERVICES:

Assurance

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- ⑩ Forensic Audit
- ⑩ Due Diligence
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- ⑩ Review of Internal Financial Control
- ⑩ Drafting and assistance in SOP's
- ⑩ Fraud Investigations

Tax, Regulatory & Advisory

- ⑩ Consultancy under Direct and Indirect taxation
- ⑩ GST Implementation Services
- ⑩ Assessment and Litigation Support
- ⑩ Filling of Returns under direct and indirect taxes
- ⑩ ROC Fillings Regulatory
- ⑩ compliances
- ⑩ RBI and SEBI fillings
- ⑩ Supporting in 15CA and 15CB filing

Accounting Advisory

- ⑩ Assistance in drafting and preparations of Financial statement with respect to Ind-AS, IFRS, US GAAPs
- ⑩ Accounts receivables / payable reconciliations
- ⑩ Bank Reconciliations
- ⑩ Inventory Management support
- ⑩ Fixed Asset & Inventory verification
- ⑩ MIS, Budgeting

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