

# MONTHLY UPDATE CAPSULE

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**R R D AND ASSOCIATES**

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## Contents

<b>GST &amp; CUSTOMS</b> .....	3
1. Multi-factor authentication to be made mandatory for all GST assesses from April 1, 2025 .....	3
2. GST clarity on gift vouchers spurs industry optimism .....	3
<b>SEBI</b> .....	5
3. Sebi announces interoperability for stock exchanges from 1 April 2025.....	5
4. Sebi expands optional T+0 settlement to top 500 stocks .....	6
5. Sebi board meeting: 10 key changes approved by the regulator that you need to know.....	7
6. Sebi expands insider trading net .....	9
<b>COMPANY LAW</b> .....	11
7. Corporate affairs ministry introduces e-adjudication to boost stakeholder confidence: Official .....	11
<b>MISCELLANEOUS</b> .....	12
8. EPFO 3.0 coming soon? Flexible savings, ATM PF withdrawals in the pipeline.....	12
9. Wage ceiling under EPFO to be raised steeply to Rs 30,000/month.....	13
10. Think beyond masked Aadhaar: Mandatory masking of all KYC identifiers to prevent CKYC data fraud, check details.....	14
<b>R R D AND ASSOCIATES</b> .....	15
<b>WHAT WE SERVE</b> .....	16
<b>OTHER SPECIALIZED SERVICES:</b> .....	17
<b>DISCLAIMER:</b> .....	18

## **GST & CUSTOMS**

### **Multi-factor authentication to be made mandatory for all GST assesses from April 1, 2025**

The Multi-Factor Authentication (MFA) for Goods and Services Tax (GST) will be mandatory for traders with an annual turnover of more than ₹20 crore from April 1, 2025.

The updated versions of the e-Way Bill and e-Invoice Systems will be effective from January 1, 2025. One of the major key changes includes the implementation of [Multi-Factor Authentication](#) (MFA). Currently, MFA is mandatory for taxpayers with an annual aggregate turnover (AATO) exceeding ₹100 crore and optional for those with an AATO exceeding ₹20 crores. Additionally, it will apply to businesses with a turnover of more than ₹5 crore from February 1, 2025 and to all other taxpayers and users from April 1, 2025. This move aims to prevent fake billing and tighten security in the GST system.

As part of this update, the [Electronic Way Bill](#) (e-Way Bill) system will also change. From 2025, e-Way Bills will not be generated within 180 days of the challan date and extensions will be limited to 360 days from the challan date. The e-Way Bill is a digital document required for the transportation of goods worth ₹50,000 or more. It is a unique 12-digit number generated online on the [GST](#) portal or e-Way Bill portal. . The e-Way Bill is mandatory for the movement of goods through road, rail, air, or waterways.

Vehicles and goods can be seized in the absence of an [e-Way Bill](#), also a fine of 10% of the value of the goods or ₹10,000, whichever is higher, will be imposed. If the e-way bill is not available, then this can lead to delays in transporting goods.

Read more at: [Multi-factor authentication to be made mandatory for all GST assesses from April 1, 2025](#)

### **GST clarity on gift vouchers spurs industry optimism**

The GST Council's decision to exempt gift vouchers from indirect taxation has brought much-needed clarity to the retail and corporate sectors, with industry leaders lauding it as a significant step forward.

The council recently clarified that vouchers will not attract [GST](#), as they are neither a supply of goods nor services. This resolves a long-standing ambiguity stemming from a Karnataka Authority for Advance Rulings verdict that deemed vouchers taxable as goods.

Widely used for corporate gifting and promotional activities, gift vouchers had faced uncertainty regarding their taxability. The GST Council's recommendation to omit Sections 12(4) and 13(4) of the CGST Act and Rule 32(6) of the CGST Rules is a welcome resolution to this challenge.

According to an industry body official, one of the core reasons behind the decision was the impracticality of applying GST on vouchers, especially on e-commerce platforms.

"On platforms like [Amazon](#), a gift voucher can be used to purchase any product, each attracting different GST rates. Additionally, determining the applicable [tax](#) rate on expired vouchers was nearly impossible," the official explained.

Experts believe the exemption will not only simplify compliance but also encourage greater use of vouchers across retail and hospitality.

The jewellery sector, where gift vouchers are already popular, expects the change to further drive digitisation.

Industry stakeholders are optimistic that the GST exemption will streamline operations, reduce costs, and drive broader adoption of gift vouchers, ultimately benefiting both businesses and consumers.

Read more at: [GST clarity on gift vouchers spurs industry optimism](#)

### **Sebi announces interoperability for stock exchanges from 1 April 2025**

The Securities and Exchange Board of India (Sebi) announced the interoperability of stock exchanges to ensure business continuity in the face of a technical glitch or an outage. The interoperability for cash, derivatives, currency derivatives, and interest rate derivatives will be effective from April 1, 2025.

“Upon discussion with exchanges, it has been decided that, to begin with, the NSE would act as an alternative trading venue for the BSE and vice-versa,” said Sebi.

Stock exchanges have been directed to issue a standard operating procedure (SOP) regarding it in the next two months.

Traders would be able to hedge their open positions by taking offsetting positions in identical or correlated indices on other exchanges, said Sebi.

For scrips that are exclusively listed on one exchange, the other exchanges may create reserve contracts to be invoked at the time of an outage on the other exchange.

In case the exchange does not have a highly correlated index derivatives product available on the other index, then the exchange may consider creating such an index and introducing derivatives contracts on the same. This would provide an avenue to hedge positions in index derivatives products in case of an outage.

For instance, the NSE has derivatives contracts of Nifty Financial, Nifty Midcap Select, and Nifty Next 50, while the BSE does not have correlated index derivatives for the same.

According to the mandate, in case of an outage, the exchanges would have to intimate Sebi within 75 minutes of the occurrence and invoke the business continuity plan. The alternative trading venue would be invoked within 15 minutes of such intimation.

Read more at: [Sebi announces interoperability for stock exchanges from 1 April 2025](#)

## **Sebi expands optional T+0 settlement to top 500 stocks**

Sebi expanded the optional T+0 settlement cycle to the top 500 stocks by market cap, rolling out in phases starting January 2025. All brokers can now participate and charge differential brokerage. A dedicated block deal window for T+0 settlements will operate from 8:45 AM to 9:00 AM. Participation is optional, and trades here will settle on the T+0 cycle. The move aims to enhance market liquidity and efficiency. Markets regulator Sebi on Tuesday expanded the optional T+0 (same day) settlement in the equity cash market to the top 500 scrips by market capitalisation as of December 31, 2024. Also, Sebi said that all stock brokers can participate in the optional T+0 settlement cycle. Further, they have been permitted to charge differential brokerage for T+0 and T+1 settlement cycles, within the regulatory limit. The Securities and Exchange Board of India (Sebi) introduced an optional T+0 settlement cycle for 25 scrips in March 2024. Initially, it was available only to non-custodian clients. Based on feedback, Sebi has decided to expand the scope of the optional T+0 settlement cycle.

The rollout will start with the bottom 100 companies from this list in January 2025, adding the next 100 each month until all 500 are included. This is in addition to the existing 25 scrips. The regulator asked Qualified Stock Brokers (QSBs) with a minimum number of active clients as of December 31, 2024, must implement systems for seamless T+0 participation. Further, new QSBs have three months to adopt these systems after any list updates.

The regulator asked stock exchanges, clearing corporations, depositories and custodians to establish systems to enable institutional investor participation in T+0 settlements. Market Infrastructure Institutions (MIIs) must publish guidelines, FAQs and lists of eligible scrips and QSBs on their websites. They must submit fortnightly reports on T+0 activities. Sebi said that provisions for expanded scrips, broker participation and operational guidelines will take effect from January 31, 2025, while those related to QSBs, custodians, and block deal windows take effect from May 31, 2025.

Read more at: [Sebi expands optional T+0 settlement to top 500 stocks](#)

## **Sebi board meeting: 10 key changes approved by the regulator that you need to know**

In its latest board meeting, capital markets regulator Sebi approved a series of key measures aimed at protecting investor interest and improving various aspects of market regulations. From tightening SME IPO norms to easing certain reporting requirements, here are 10 key changes you need to know.

### **1. Stricter rules for SME IPOs**

Sebi has made it mandatory for companies planning to tap the SME IPO market to show operating profits of Rs 1 crore in at least two of the last three financial years. Further, promoters and other major stakeholders selling under the OFS have been capped up to 50% of their holdings during the IPOs.

The regulator has also reined in on the misuse of IPO proceeds by approving funds that cannot be used for repaying loans taken from promoters, directors, or related parties. Further, Sebi said that the allocation methodology for non-institutional investors (NIIs) in SME IPOs to be aligned with methodology used for NIIs in mainboard IPOs.

### **2) Review of merchant banker regulations**

Under the new norms approved by Sebi, merchant Bankers, other than banks, public financial institutions and their subsidiaries, will undertake only permitted activities. These bankers may carry out other regulated activities as a separate business unit after obtaining registration from the respective regulatory authority.

Other changes for merchant bankers include maintaining a liquid net worth of at least 25% of the minimum net worth requirement, at all times and an underwriting limit prescribed as 20 times of liquid net worth.

### **3) Relaxation in ESG reporting**

Sebi has relaxed norms related to ESG reporting where companies now have more time to comply with ESG reporting. Mandatory reporting of value chain data has been deferred by 1 year to FY26, and it will remain voluntary until then.

#### **4) Regulated entities responsible for use of AI**

During the board meeting, Sebi has also approved tweaking rules related to artificial intelligence, where it assigned the responsibility of using the AI tools to market infrastructure institutions, registered Intermediaries and other persons regulated by Sebi. Sebi said regulated entities including brokers and AMCs are responsible for the privacy and security of stakeholders' data and also the output arising from the usage of such tools.

#### **5) Simplified debt listing rules**

Sebi has eased norms for listing debt securities, making it easier and faster for companies to raise funds through bonds. The measures include mandating listed or to be listed debt instruments issuance and its transfer only in demat form.

#### **6) Strengthening corporate governance**

SEBI has introduced stricter rules to enhance corporate governance standards. Companies will need to disclose more details on related-party transactions and the use of funds, ensuring greater transparency for investors. Sebi board approves stricter rules for SME market, including financial stability before IPOs.

#### **7) Amendment to mutual funds norms**

Sebi has approved amendments to rules that specify timelines for deployment of funds collected by mutual funds in new fund offers (NFO).

The objective of the framework is to provide a timeline within which the fund manager would be required to deploy the funds garnered in an NFO as per the required asset allocation of the scheme.

The new framework is aimed at encouraging AMCs to collect only as much funds in NFOs as can be deployed in a reasonable period of time, since in the open-ended funds investors always have the option to enter the the scheme at a later date at the prevailing NAV.

The framework also provides an option to investors to exit the scheme without exit load in case the fund manager is unable to deploy the fund within the specified timeline.



## **8) Investor protection for REITs and InvITs**

Sebi approved reforms to strengthen investor protection for Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs). These include better disclosures and mechanisms for safeguarding investor money in these asset classes.

## **9) Regulations for startups**

Sebi has relaxed eligibility norms for startups listing on the innovators growth platform (IGP). Startups now need only 25% of pre-issue capital to be held by qualified investors, making it easier for them to list and raise funds.

## **10) Alternative Investment Funds (AIFs)**

AIFs will now need to provide detailed quarterly disclosures on their investments, valuations, and performance, helping investors track their money more effectively. Enhanced surveillance of trading platforms. To prevent market manipulation, Sebi has introduced stricter surveillance mechanisms for trading platforms. This includes real-time monitoring of suspicious trades and stronger penalties for entities found violating market norms.

Read more at: [Sebi board meeting: 10 key changes approved by the regulator that you need to know](#)

## **Sebi expands insider trading net**

Sebi has changed 'immediate relative' to 'relative,' which now includes spouse, parents (including in-laws), brothers and sisters (and their spouses), and children (and their spouses) of the person involved.

The Securities and Exchange Board of India (Sebi) has notified the expansion of the definition of “connected persons”, who have access to price-sensitive information, with effect from December 5.

Bringing in more people under the scanner, the regulator has included relatives, related firms or partners and people living in the same household or residence as the person involved, to be a part of ‘deemed connected persons’

The regulator aims to close any regulatory loopholes and prevent potential violations. If accused of insider trading, these deemed connected persons would need to prove that they did not possess any unpublished price sensitive information (UPSI).

However, experts caution that shifting the burden of proof to the accused could lead to widespread misconceptions and wrongful suspicions, potentially implicating innocent individuals and distant relatives, while actual insider trading offenders could still avoid detection.

However, the new rules are an improvement over Sebi's initial proposals — to include persons having a material financial relationship through dependency or frequent transactions, and a Hindu Undivided Family (HUF) where the 'karta' is related to the person involved, among others. This follows dissent by [industry](#) participants regarding the increased compliance burden on listed companies and key managerial persons to keep a tab on their relatives and other company partners, according to public comments received by Sebi on its draft paper.

Read more at: [Sebi expands insider trading net](#)

### **Corporate affairs ministry introduces e-adjudication to boost stakeholder confidence: Official**

The Ministry of Corporate Affairs (MCA) has introduced e-adjudication and e-consultation platforms to streamline legal proceedings and foster a more business-friendly regulatory environment, a senior official said on Wednesday.

Addressing the ASSOCHAM-ACCA Global Summit on Responsible Corporate Governance and Sustainability Reporting, Anita Shah Akella, CEO of the Investor Education and Protection Fund Authority (IEPFA) and Joint Secretary at MCA, highlighted the government's commitment to balancing corporate integrity with economic dynamism.

The introduction of e-adjudication and e-consultation platforms aims to simplify legal procedures, improve stakeholders' experience, and bolster India's ranking in the ease of doing business.

"We are moving more towards an ease of doing business era, and an ease of exit of business doing era," she said.

The corporate affairs ministry has decriminalised various offences under the Companies Act, 2013, marking a significant shift towards a regulatory framework that encourages entrepreneurial activity.

In addition, amendments to the Competition Act, have strengthened mechanisms to deter anti-competitive practices, further ensuring fair play in the market.

Akella underscored the government's focus on creating an investment-friendly environment.

"India is being positioned as a global destination for investment and business growth. The aim is to attract global players to invest, operate, and generate sustainable profits here," she said.

Acknowledging the crucial role of the domestic industry, particularly MSMEs, Anita Shah Akella emphasised the importance of providing targeted support.

Read more at: [Corporate affairs ministry introduces e-adjudication to boost stakeholder confidence: Official](#)

## MISCELLANEOUS

### **EPFO 3.0 coming soon? Flexible savings, ATM PF withdrawals in the pipeline**

Just days after the introduction of PAN 2.0, the central government is now reportedly preparing to launch the EPFO 3.0 plan, which is expected to include several subscriber-friendly features.

In its updated version, EPFO aims to implement measures prioritising employee benefits based on personal savings goals. However, employer contributions will remain fixed, calculated based on the employee's salary, ensuring no additional financial burden for employers.

#### **ATM-based PF withdrawals by mid-2025?**

The initiative includes plans to enable subscribers to withdraw PF amounts directly via ATMs, simplifying the withdrawal process. The Labour Ministry is also reportedly working on issuing cards to facilitate PF withdrawals through ATMs. This facility is projected to be operational by May-June 2025, further improving convenience for EPFO subscribers.

The government's overarching goal with EPFO 3.0 is to empower employees with more autonomy over their savings. Additional contributions may also be converted into higher pensions, enhancing long-term benefits, the report said.

#### **EPS-95 overhaul also on the cards?**

In a related development, the central government is reportedly considering a revision of the Employees' Pension Scheme 1995 (EPS-95).

Currently, the entire 12 per cent employee contribution goes into the EPF account, while the employer's contribution is split between EPS-95 (8.33 per cent) and EPF (3.67 per cent). Under the proposed changes, employees could increase their pension benefits by directly contributing to EPS-95.

Read more at: [EPFO 3.0 coming soon? Flexible savings, ATM PF withdrawals in the pipeline](#)

## **Wage ceiling under EPFO to be raised steeply to Rs 30,000/month**

The government is likely to raise the wage ceiling for mandatory inclusion of workers under Employees' Provident Funds (EPF) and the Employees' State Insurance Corporation (ESIC) schemes soon. The move will bring nearly 10 million of more employees under the ambit of the social security net.

Currently, the wage ceiling for inclusion under [EPFO](#) is Rs 15,000 per month, and under ESIC, is Rs 21,000 per month. The thresholds for both the schemes are likely to be raised to Rs 30,000 per month.

Deliberations of raising the wage ceiling were held at the Employees' Provident Fund Organisation's (EPFO) Central Board of Trustees (CBT) meeting on Saturday. The final call is expected to be taken in the CBT's February meeting, but most members and the labour ministry are in favour of doubling the current ceiling.

Wage ceiling under EPF and ESI refers to the salary threshold up to which EPF and ESI contribution is mandatory under law. The amount of 'employee's contribution' towards EPF and ESI is required to be deducted from the salary of employees by the employer and be deposited with the EPFO and ESIC. The employers are required to match the contribution.

As per the extant rules, employees earning more than Rs 15,000 have an option to opt out of EPF coverage. In case this threshold is raised by Rs 15,000, the number of contributors will increase. Currently, the active subscribers under EPFO are around 70 million.

The current wage limit for EPFO is set at Rs 15,000 per month, revised from Rs 6,500 in 2014. Under the EPFO, both the employee and employer contribute 12% each to the EPF account for employees earning Rs 15,000 or less each month.

At present, the EPF contribution of an employee with a basic salary of Rs 15,000 comes to Rs 1,800 per month. But say, if this wage ceiling is revised to Rs 30,000, this contribution will rise to Rs 3,600 per month, on a mandatory basis. For employers too, this number will rise proportionately on a monthly basis; and as a result, the corpus of the employee will increase upon retirement, and subsequently the pension payout.

Read more at: [Wage ceiling under EPFO to be raised steeply to Rs 30,000/month](#)

## **Think beyond masked Aadhaar: Mandatory masking of all KYC identifiers to prevent CKYC data fraud, check details**

The government wants to protect the integrity and prevent misuse of Know Your Customer (KYC) data. It has proposed several measures regarding the safety of data with Central Know Your Customer (CKYC). Two of such measures are- masking KYC identifier details (PAN, Aadhaar, voter ID card, driving license etc) and unique IP address based authorised access. Earlier all your details were viewed and searched by any intermediary. Now these practices are starting to end as the government proposal of masking all KYC identifiers.

However, the industry players-banks, financial institutions essentially Regulated Entities (REs) voiced concerns about the government being very fast in implementing these measures and hence requested a deadline extension.

The Central Know Your Customer (CKYC) has listened to REs' request and has extended the deadline for masking of KYC identifier documents from December 16, 2024, to January 20, 2025.

This new system, which is now stated to be implemented from January 20, 2025, will only show the last four digits of the KYC Identifier document like Aadhaar, PAN, Voter ID Card, Driving License etc and masked the remaining details.

Read more at : [Think beyond masked Aadhaar: Mandatory masking of all KYC identifiers to prevent CKYC data fraud, check details](#)

## R R D AND ASSOCIATES



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### **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
- ✓ Project Financing for Term Loan & Working Capital Loan
- ✓ 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

- ⑩ Concurrent Audit
- ⑩ Statutory Audit
- ⑩ Stock Audit
- ⑩ Forensic Audit
- ⑩ Due Diligence
- ⑩ Tax Audit

### Operations & Risk Consultancy

- ⑩ Internal Audit
- 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 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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