Monthly Update Capsule

June 2025

R R D AND ASSOCIATES

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Contents

Income Tax

New income tax rules 2025: Your ITR to face mandatory investigation in these 5 cases

The Income Tax Department has now issued new guidelines related to mandatory scrutiny of Income Tax Returns for the FY 2025-26 (AY 2026-27). These guidelines were issued by the Central Board of Direct Taxes (CBDT) on June 14, 2025. It clearly identifies the cases in which income tax officers will do 'complete scrutiny' to ensure income tax returns are investigated in depth.

What is 'complete scrutiny' of tax returns?

Complete scrutiny means that the Income Tax Department examines the ITR filed by the taxpayer in full depth — in which income, deductions, exemptions, investments and all other financial information are confirmed.

In which cases will there be mandatory scrutiny?

Survey cases (CS01):

If a survey has been conducted under section 133A (except 2A) at a taxpayer's place after April 1, 2023, then scrutiny of ITR will be mandatory in such cases. This selection will be made by the Systems Directorate after the approval of DGIT (Systems).

Search and seizure cases (CS02 and CS03):

If a raid or document seizure has been done at a taxpayer's place under section 132 or 132A between April 1, 2023 and March 31, 2025, then that case will also come under scrutiny.

Claim of exemption despite cancellation of registration (CS04):

If a trust or institution whose 12A, 12AB, 10(23C), or 35(1)(ii)/(iii) registration has been cancelled till March 31, 2024, has still claimed exemption, such cases will come under scrutiny.

Recurring Additions (CS05):

Cases where additions exceeding ₹50 lakh (metro) or ₹20 lakh (other places) have been made in the first assessment and the same have either not been appealed or have survived in appeal.

Information received from law enforcement agencies (CS06):
If a taxpayer has received concrete information from CBI, ED or other agencies regarding tax evasion and has filed ITR, then that case will also be automatically selected for scrutiny.

In which cases will there be no mandatory scrutiny?

- If a taxpayer files ITR in response to a notice received under section 142(1), and the information has come from AIS, TDS-CPC or SFT system, then this guideline will not apply to him. Such cases will be taken up under CASS (Computer Assisted Scrutiny Selection).
- If limited third party information is found in a search, it will not be mandatory to send it to the central circle, unless a senior officer of the department directs so.

Important points:

- If any of these conditions apply on filing of income tax return, scrutiny notice will be issued by 30 June 2025.
- Permission of Principal CIT (PCIT) is mandatory to exclude a case from scrutiny.
- NaFAC process will not be applicable in cases of International Taxation and Central Circles.

Read More at: [New income tax rules 2025: Your ITR to face mandatory investigation in these 5 cases]

Waiting for pending old ITR? You may soon get ITR refund or income tax demand notice as CBDT extends the deadline till November 30, 2025

The Income Tax Department has said unprocessed ITRs for AY 2023-24 (FY 2022-23) will now be processed by them by November 30, 2025. This announcement of AY 2023-24 pending ITR processing deadline extension by the tax department can mean either of these three things:

- Tax refund: Once the said ITRs are processed, eligible taxpayers can get their due tax refunds with interest if any.
- Tax demand notice: Some taxpayers may get a tax demand notice depending on what information the tax department finds out after processing the said ITR.
- No refund no tax demand: The ITR is simply processed as it is i.e. without any tax refund or tax demand.

Which ITRs are not eligible for this extended deadline?

The relaxation in deadline as mentioned above is not applicable to the following ITRs:

- Returns selected in scrutiny;
- Returns remain unprocessed for any reason attributable to the assessee.

In cases where PAN-Aadhaar is not linked, refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made as laid down in Circular No.03/2023 dated 28.03.2023 vide F.No.370142/14/2022-TPL," said the Income Tax Department in the order dated June 9, 2025.

Read more at: [Waiting for pending old ITR? You may soon get ITR refund or income tax demand notice as CBDT extends the deadline till November 30, 2025]

Aadhaar must for new PAN card

The Central Board of Direct Taxes plans to make Aadhaar authentication compulsory for a new Permanent Account Number (PAN) card from July 1, officials said.

Currently, an application for a PAN can be made using name, proof of date of birth or any other identification, although existing PAN owners have been asked to link it with Aadhaar. For existing PAN card holders, the last date to link Aadhaar with PAN is December 31, 2025, without penalty. PAN not linked with Aadhaar will become inoperative from next year.

The income-tax portal will activate the new requirement for applications from July.

Read more at: [Aadhaar must for new PAN card]

New ITR rules: Penalty up to 200% on claiming false deductions

All set to file your income tax return? Well, be extra careful this time. Under the new ITR rules, claiming false deductions or hiding income can cost you big. The Income Tax Department has said that if you are caught giving wrong information in your return, you could face a penalty of up to 200% of the tax due, 24% annual interest, and even prosecution under Section 276C.

Read More at: [New ITR rules: Penalty up to 200% on claiming false deductions]

GST & Customs

GST filing gets tougher: No room for error in GSTR-3B from July

From July onwards, taxpayers will no longer be able to edit auto-populated tax liability in their GSTR-3B returns — a major change in the Goods and Services Tax (GST) framework. Taxation experts say that to address discrepancies in GSTR-1 filings, a new form—GSTR-1A—has been introduced but it isn't real-time. This means any corrections made through GSTR-1A could delay Input Tax Credit (ITC) for buyers, potentially leading to working capital issues.

From July, if a supplier makes a mistake in GSTR-1, the only way to correct it is by filing GSTR-1A—before the GSTR3B deadline, which is the 20th of every month. However, since GSTR-2B (used by buyers to file GSTR-3B) is generated on the 14th, late corrections may only reflect in the next month's ITC cycle, delaying credit and tying up funds.

Read More at: GST filing gets tougher: No room for error in GSTR-3B from July

CBIC says DIN not required for GST notices issued via portal with reference number

The Central Board of Indirect Taxes and Customs (CBIC) said that quoting a document identification number (DIN) is not required for communications generated through the common portal of GST, including showcause tax notices, if they already bear a reference number (RFN).

Read More at: CBIC says DIN not required for GST notices issued via portal with reference number

GST return filing to be blocked 3 years after original due date starting July

In an advisory, the Goods and Services Ta Network (GSTN) said taxpayers will not be able to file GSTR-1, GSTR 3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR 7, GSTR 8 and GSTR 9 on expiry of three years from the filing due date.

Read more at: GST return filing to be blocked 3 years after original due date starting July

RBI

RBI simplifies KYC rules to allow face-to-face, video and OTP-based onboarding for customers

The Reserve Bank of India (RBI) introduced a series of amendments to its Know Your Customer (KYC) norms aimed at making customer onboarding faster, more flexible, and accessible across both digital and physical channels.

Three key modes of customer onboarding:

1. Face-to-face onboarding

- Customers can open accounts using Aadhaar biometric-based e-KYC.
- If the current address differs from the Aadhaar address, a simple self-declaration is sufficient.
- Digital KYC is also permitted in in-person setups.

2. Non-face-to-face onboarding (NFTF)

- Customers can be onboarded remotely using Aadhaar OTP-based e-KYC, subject to specific conditions.
- Banks can also accept DigiLocker documents, e-documents, and certified paper copies for verification.
- Accounts opened through NFTF must complete full Customer Due Diligence (CDD) within one year.

3. Video-based Customer Identification Process (V-CIP)

- V-CIP enables live, secure, consent-based video interaction with a bank official for identity verification.
- It is considered equivalent to face-to-face onboarding and is valid for both account opening and KYC updates.

Additional measures to streamline onboarding:

- Central KYC Registry (CKYCR) integration: Banks must use the CKYCR to fetch a customer's existing KYC record with consent, avoiding the need for repeated document submissions.

- Business Correspondents (BCs): BCs are now authorised to assist in onboarding and KYC updates, increasing reach in rural and remote areas.
- Empathetic reactivation: Banks have been advised to take a lenient view while reactivating accounts opened under welfare schemes.

Read More at: RBI simplifies KYC rules to allow face-to-face, video and OTP-based onboarding for customers

Company law

MCA shifts e-filing forms totally to new portal

The ministry of corporate affairs (MCA) will shortly discontinue the version 2.0 (V2) of the MCA21 portal, a platform used by companies and limited liability partnerships (LLPs) to make statutory filings, incorporation and closure of companies.

In a notification, MCA said that it is launching a final set of 38 company forms, including 13 annual filing forms, 6 audit/cost audit forms on July 14. This launch will effectively shift the entire company filing process from V2 to the version 3.0 (V3) of the MCA portal, rendering V2 obsolete.

To begin with, the ministry said that company e-filings on V2 will be disabled from June 18 this year. The notification also said that stakeholders are advised to ensure that no service request numbers (SRNs) are under pending payment or resubmission status.

Read more at: MCA shifts e-filing forms totally to new portal

SEBI

SEBI introduced "SEBI check" tool to check validated payment handles, prevent cyber frauds

Securities and Exchange Board of India (SEBI) has announced launching 'SEBI check' tool to validate UPI handles and registered bank accounts for secured payments by investors.

Investors can verify the authenticity of UPI IDs either by scanning a QR code or by entering the UPI ID manually.

For bank details, investors can confirm the bank details such as bank account number and Indian Financial System Code (IFSC) of a registered intermediary.

SEBI Check will be available to investors for use from October 1, 2025.

Read More at: SEBI introduced "SEBI check" tool to check validated payment handles, prevent cyber frauds

MISCELLANEOUS

Supreme Court: Unregistered Property Sale Deed Is Not Valid After 4 Months

The Supreme Court of India has given an important judgment about property sale agreements (also called sale deeds). The Court clearly said that if a sale deed is not registered within four months of signing, it is not valid according to the Registration Act of 1908.

What Does the Law Say?

The Court explained that:

- A sale deed (agreement for selling property) is called an instrument of conveyance.
- According to Section 23 of the Registration Act, this sale deed must be registered within 4 months from the date it is signed.
- If multiple people are involved and they sign the document at different times, then as per Section 24, the 4-month deadline will be counted from the date the last person sign

Sometimes people miss the 4-month deadline. In that case, Section 34(1) of the law allows the registration office to still accept the sale deed — but only if the delay is within another 4 months (so a maximum of 8 months total) and the party pays a fine.

Read More at: Supreme Court: Unregistered Property Sale Deed Is Not Valid After 4 Months

FM asks regulators to expedite refund on unclaimed deposits, streamline KYC

Finance Minister asked regulators and departments to expedite the refund of unclaimed deposits to rightful owners and streamline the KYC process.

There is a need for common KYC norms, simplication and digitalisation of the KYC process including digital onboarding for Non-Resident Indians (NRIs) including PIOs and OCIs, in the Indian securities market.

The minister urged the regulators and departments to expedite the process of refund to rightful owners of unclaimed amounts by holding special district-level camps.

This drive is to be conducted in coordination with RBI, SEBI, MCA, PFRDA and IRDA along with banks, pension agencies, insurance companies etc, it said.

The unclaimed amounts comprise deposits in banks; unclaimed shares and dividends are managed by IEPFA; and unclaimed insurance and pension funds are with IRDAI and PFRDA respectively, it said.

Read More at: [FM Nirmala Sitharaman asks regulators to expedite refund on unclaimed deposits, streamline KYC]

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