

Monthly Update Capsule May 2025



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Income Tax

ITR filing last date extended from July 31, 2025, for FY 2024-25 (AY 2025-26)

The Income Tax Department has extended the due date to file income tax return for FY 2024-25 (AY 2025-26) from July 31, 2025, to September 15, 2025. The decision was made after a delay in issuing the notification of income tax return forms. Further, the income tax department is yet to issue the utilities to file the income tax return. This extension will provide more time due to significant revisions in ITR forms, system development needs, and TDS credit reflections. This ensures a smoother and more accurate filing experience for everyone. Formal notification will follow."

Read more at: [ITR filing last date extended from July 31, 2025, for FY 2024-25 \(AY 2025-26\)](#)

Taxpayers should avoid filing ITR before June 15

The income tax department recently notified the income tax return (ITR) forms to be used for filing tax returns for FY 2024-25 (AY 2025-26). However, unlike previous years, when the ITR forms were notified well in advance, this year they were notified by the end of April 2025. Further, the income tax department has yet to release the utilities, i.e. the online software/forms necessary for filing ITRs. Tax experts advise postponing the filing of ITRs until June 15, 2025, even though the ITR forms are available now.

TDS Certificates such as Form 16, Form 16A are issued latest by June 15

The payer of income might be the taxpayer's employer (i.e., for salary), bank (i.e., for interest on deposit), company in which the taxpayer holds the shares (i.e., for dividends), buyer of property in the case of a non-resident (i.e. for capital gains), tenant of a non-resident (i.e., for rent), customer/client of a contractor/professional (i.e., for contract payments/professional fees), etc.

If taxpayers have these TDS certificates, ITR filing becomes easier. Due to technological advancements, the information from the TDS certificates is auto-populated in the ITR forms. A taxpayer can cross-check the information in TDS certificates, ITR forms, and the Annual Information Statement (AIS) to ensure that the correct information is given to the income tax department while filing the ITR.

Read More at: [Taxpayers should avoid filing ITR before June 15](#)

CBDT Notification 41/2025 dated 30/04/2025

ITR-3 notified for the A.Y. 2025-26 | Key updates

Schedule-Capital Gain split for gains before/ after 23.07.2024 (post changes in Finance Act, 2024)

Capital loss on share buyback allowed if corresponding dividend income is shown as income from other sources (post 01.10.2024)

Asset & liability reporting limit raised to ₹1 crore of total income

Reference of sec 44BBC (cruise biz) added

Enhanced reporting for deductions [80C, 10(13A)] etc.

TDS section code to be reported in Schedule-TDS

Read More at: [CBDT Notification 41/2025 dated 30/04/2025](#)

Taxman invokes benami law to get data from payment gateways

The Income-Tax (I-T) Department has invoked the benami law to fish out information from few payment gateway (PG) companies. At least two firms have been told to disclose the identities of persons linked to a string of United Payment Interface (UPI) IDs, the entities who received money, and details like transaction date, amounts, and bank account numbers.

Gateways offer a network for customers to send money to businesses and merchants. Shell companies posing as merchants sometimes register themselves with PGs to move money.

The tax office, probably based on feedback it has received, would verify whether some merchants are holding money on behalf of others; or, if sham merchants are helping fund remitters book bogus expenses to evade tax. Here, the receiver later returns the funds in cash to the sender. The notices were issued under Section 23 of the Benami Transactions (Prohibition) Act, 1988.

Read more at: [Taxman invokes benami law to get data from payment gateways](#)

GST & Customs

Reporting of HSN codes in Table 12 of GSTR-1/1A

Vide Notification No. 78/2020 – Central Tax dated 15th October 2020, it is mandatory for the taxpayers to report minimum 4 digits or 6 digits of HSN Code in table-12 of GSTR-1 on the basis of Aggregate Annual Turnover (AATO) in the preceding Financial Year. To facilitate the taxpayers, these changes are being implemented in a phase-wise manner on GST Portal wherein Phase 2 was implemented on GST Portal effective from 01st November 2022.

In continuation of the phase wise implementation, Phase-3 of reporting of HSN codes in Table 12 of GSTR-1 & 1A is being implemented from May 2025 return period. The changes implemented are detailed in the table below.

Phases	Taxpayers with AATO of up-to 5 cr.	Taxpayers with AATO of more than 5 cr.
Phase 2	Taxpayers are required to mandatorily report 4-digit HSN codes for goods & services. Manual user entry is allowed for entering HSN or description and warning or alert message shall be shown in case of manual HSN. However, taxpayers will be able to file GSTR-1 after manual entry	Taxpayers are required to mandatorily report 6-digit HSN codes for goods & services. Manual user entry is allowed for entering HSN or description and warning or alert message shall be shown in case of incorrect HSN code. However, taxpayers will be able to file GSTR1 after manual entry
Phase 3	Mandatorily reporting 4-digit HSN codes for goods & services.	Mandatorily reporting 6-digit HSN codes for goods & services.
<ul style="list-style-type: none">i. Manual user entry of HSN will not be allowed.ii. HSN code can be selected from drop down only.iii. A customized description mentioned in HSN master will auto-populate in a new field called “Description as per HSN Code”.		
In Table-12 validation with regards to value of the supplies have also been introduced.		

i. These validations will validate the value of B2B supplies shown in different Tables viz: 4A, 4B, 6B, 6C, 8 (recipient registered), 9A, 9B (registered), 9C (registered), 15 (recipient registered), 15A (recipient registered) with the value of B2B supplies shown in table-12.

ii. Similarly, validations will validate the value of B2C supplies shown in different tables viz: 5A, 6A, 7A, 7B, 8 (recipient unregistered), 9A (export), 9A (B2CL), 9B (unregistered), 9C (unregistered), 10, 15 (recipient unregistered), 15A (recipient unregistered) with the value of B2C supplies shown in Table-12.

iii. In case of amendments, only the differential value will be taken for the purpose of validation.

*However, initially these validations have been kept in warning mode only, that means warning or alert message shall be shown in case of mismatch in values, whereas taxpayers will be able to file GSTR-1 in such cases. Further, in case B2B supplies are reported in other tables of GSTR-1, in that case B2B tab of Table-12 cannot be left empty.

Phase 4	To be communicated in due course.	
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Apart from above, the following additional enhancement have been made in Table-12 of GSTR1/1A:

i. Table 12 of GSTR-1/1A is now bifurcated into two tabs, namely, “B2B Supplies” & “B2C Supplies”. Taxpayers need to enter HSN summary details of B2B Supplies and B2C Supplies separately under respective tab.

ii. A new button has been introduced in Table 12, “Download HSN Codes List”. Upon clicking of this button, taxpayer would be able to download an excel file with the updated list of HSN & SAC codes for goods and services along with their description.

iii. The button for “Product Name as in My Master” has now been made searchable. Taxpayer can search the description provided by them in My HSN Master and upon selection of the

same, the HSN code, Description as per HSN Code, UQC & Quantity shall be auto-populated. This is an optional functionality.

Reporting in Table 13 of GSTR-1/1A

In Table 13 of GSTR 1/1A, which requires taxpayers to provide details of documents issued, is now mandatory from May 2025 return period. Taxpayers will no longer be able to leave this table blank and proceed with filing their return. If B2B or B2C supplies are reported in any table of GSTR-1 or GSTR-1A, an error message will appear if Table 13 has not been filled.

Read More at: [Reporting of HSN codes in Table 12 of GSTR-1/1A](#)

Set up grievance redress system for registration cases: CBIC to CGST staff

The CBIC has asked central GST officers to institutionalise a mechanism for redressal of grievances relating to GST registration applications.

In an instruction to principal chief commissioners of central tax, the Central Board of Indirect Taxes and Customs (CBIC) said a monthly report on the status of grievance redressal will have to be sent to the Directorate General (DG) GST who would compile the same and put up before the board.

The CBIC said applicants whose application reference number (ARN) has been assigned to central jurisdiction can approach the jurisdictional zonal principal chief commissioner/chief commissioner if they have any grievance with respect to any query raised by the tax officer before granting GST registration.

The applicants may send grievances containing ARN details, jurisdiction details (centre/state) and issue in brief on that email address.

Read more at: [Set up grievance redress system for registration cases: CBIC to CGST staff](#)

Updates in Refund Filing Process for various refund categories-Reg

1. GSTN has been made important changes in the refund filing process under the following categories:

- a. Export of Services with payment of tax
- b. Supplies made to SEZ Unit/SEZ Developer with payment of tax
- c. On account of Refund by Supplier of Deemed export

2. For the above refund categories, the requirement to select a specific tax period ('From' and 'To') while filing refund applications has been removed. The taxpayers can now directly proceed with selecting the refund category as above and clicking on "Create Refund Application."

3. Taxpayers must ensure that all the returns (GSTR-1, GSTR-3B etc) due till the date of refund application, are filed.

4. The said refund categories are changed from 'Tax Period based filing' to 'Invoice based filing'. The taxpayers can upload eligible invoices and claim refund in the following statements:

- a. Export of Services with payment of Tax (Statement 2)
- b. SEZ Supplies with payment of Tax (Statement 4)
- c. In case of Deemed Exports, the application by Supplier (Statement 5B)

The invoices once uploaded with a refund application will be locked for any further amendment and will not be available for any subsequent refund claims. The said invoices will be unlocked only if the refund application is withdrawn or a deficiency memo is issued.

Read more at: [Updates in Refund Filing Process for various refund categories-Reg](#)

SC upholds use of input tax credit for mandatory GST appeal deposit

The Supreme Court ruled that taxpayers could use their electronic credit ledger (ECrL), a digital record of tax credits earned from purchases, to make advance deposits needed in the case of disputes on goods and services tax (GST).

While the Revenue's circular said taxpayers could use ECrL for output tax liabilities, it did not define whether pre-deposits for appeals fell in this category.

The term “output tax” typically refers to tax on outward supplies, not procedural deposits. This ambiguity allowed tax authorities to insist on ECL payments for disputes, arguing that pre-deposits were not tax liabilities but procedural mandates.

While Circular No. 172/2022 clarified that taxpayers could use the ECrL for output tax liabilities, it did not explicitly define whether pre-deposits for appeals fell under this category. The term “output tax” typically refers to taxes on outward supplies, not procedural deposits. This ambiguity allowed tax authorities to insist on payments for disputes, arguing that pre-deposits were not “tax liabilities” but procedural mandates. The Gujarat High Court and Supreme Court, however, ruled that under the circular pre-deposits qualified as compliance with tax obligations, closing this interpretational gap.

Read more at: [SC upholds use of input tax credit for mandatory GST appeal deposit](#)

GST is applicable on joint development of properties in this condition, rules Patna High Court; buyers must check this

The Patna High Court on May 5, 2025 ruled that Goods and Service Tax (GST) is payable on transfer of development rights received by a builder from a landlord prior to issuance of completion certificate (CC) and as per a joint development agreement (JDA) with the landowner. In simple terms this means a builder has to pay GST on the house apartment units on reverse charge mechanism (RCM) basis given by it to the landowner under the terms of JDA.

To give you a clear idea, in a JDA the landowner usually does a barter trade with the builder by telling him to build house apartments on the land in exchange for some money and house units in return. The builders in such JDAs usually keep a substantial portion of the house units which he himself sells to homebuyers. The landowner has a choice to either sell off his share of the house units or use it for his family. This judgement impacts the landlord's share of the jointly developed house property.

The government contended that this transaction would attract GST and that too under RCM basis and the builder has to pay this. With this dispute the builder and government reached the doors of Patna High Court.

The government's primary point of contention was they deemed that in this property joint development transaction there is an element of supply of service and receipt of consideration under development agreement which is liable to tax under the GST Act. Ultimately, the high court gave a verdict in the government's favour.

Read More at: [GST is applicable on joint development of properties in this condition, rules Patna High Court; buyers must check this](#)

RBI

RBI instructs all banks, financial companies, and other regulated entities to use PRAVAAH portal from 1st May

The Reserve Bank of India (RBI) has given clear instructions that from May 1, 2025, all banks, financial companies, and other regulated entities must use the PRAVAAH portal to submit any applications for authorisations, licenses, and approvals.

PRAVAAH stands for Platform for Regulatory Application, Validation and Authorization. It is a secure, web-based portal launched by the RBI on May 28, 2024.

The aim of PRAVAAH is to provide a single, safe, and streamlined platform where individuals and companies can apply for different permissions from the RBI.

The rule applies to Scheduled Commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks), Urban Co-operative Banks, State Co-operative Banks, Central Co-operative Banks, All-India Financial Institutions, Non-Banking Financial Companies (including Housing Finance Companies), Primary Dealers, Payment System Operators, and Credit Information Companies.

Read more at: [RBI instructs all banks, financial companies, and other regulated entities to use PRAVAAH portal from 1st May](#)

Company law

Corp Affairs Min set to strike off names of over 3,300 cos from official records following requests

The corporate affairs ministry is set to strike off the names of more than 3,300 companies from the official records after receiving applications for removal of their names. Registrar of Companies (RoC) from various states and Union Territories issued public notices regarding striking off the names of these companies in April in accordance with the provisions of the Companies Act, as per the latest data available with the ministry.

Out of the total, there are over 700 such companies in Maharashtra, nearly 500 in Delhi, more than 350 in Karnataka, over 200 each in Gujarat, Uttar Pradesh and West Bengal, among other places.

RoCs had received applications from the companies under Section 248(2) of the Companies Act on certain grounds, including that they failed to commence business within one year of their incorporation or that they are not carrying on any business or operation for a period of two immediately preceding financial years.

Read more at: [Corp Affairs Min set to strike off names of over 3,300 cos from official records following requests](#)

MCA notifies new accounting standard for foreign currency transactions

The ministry of corporate affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules 2025, bringing changes primarily to the Ind AS 21, a standard that mandates companies to estimate the spot exchange rate when the “exchangeability” between two currencies is missing.

These amendments will be applicable from annual reporting periods starting April 2025. They set the conditions for entities who can conclude that its functional currency is not exchangeable into the foreign currency. For instance, in case the “exchangeability” is lacking, the entity can translate “affected foreign currency” (monetary items and non-monetary items) at a fair value in a foreign currency using the estimated spot exchange rate.

Read more at: [MCA notifies new accounting standard for foreign currency transactions](#)

SEBI

Centralised KYC system in works

Markets regulator Sebi is actively working with the Ministry of Finance and other financial regulators on setting up a centralised KYC system, chairman Tuhin Kanta Pandey has said. The Central KYC is an online database that maintains KYC records of customers in a centralised manner, aiming to streamline compliance across financial institutions.

Read more at: [Centralised KYC system in works: Sebi chairman](#)

MISCELLANEOUS

Finance Ministry OKs 8.25% EPF interest rate

The government has ratified an interest rate of 8.25% on Employees' Provident Fund (EPF) deposits for the financial year 2024-25, benefitting over 70 million subscribers. The labour ministry has directed the Employees' Provident Fund Organisation (EPFO) to begin crediting the interest — unchanged from FY24 — to subscribers' accounts, following approval from the finance ministry.

EPF offers relatively high and stable returns compared to other fixed-income instruments, ensuring steady growth of savings for its subscribers. Besides, the interest earned on EPF deposits is tax-free up to a specified limit, making it a highly attractive investment option for salaried individuals. The central board of trustees of EPFO had proposed retaining the 8.25% rate for FY25 at its 237th meeting in February. The labour ministry then sent it to the finance ministry for final approval.

The EPFO had given an interest of 8.25% for FY24 on an income of Rs 1.07 lakh, which was the highest yet, on a total principal amount of about Rs 13 lakh crore.

Read More at: [Finance Ministry OKs 8.25% EPF interest rate](#)

R R D AND ASSOCIATES



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SPECIALIZED INTO

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- ✓ 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
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- ✓ Project Financing for Term Loan & Working Capital Loan
- ✓ ECB Compliances, Returns, Hedge Accounting and Certification
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- ✓ Regular Attest function
- ✓ Talent pool of proficient resources to our network firms and clients

OTHER SPECIALIZED SERVICES:

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- ⑩ Stock Audit
- 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

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- ⑩ Accounts receivables / payable reconciliations
- ⑩ Bank Reconciliations
- ⑩ Inventory Management support
- ⑩ Fixed Asset & Inventory verification
- ⑩ MIS, Budgeting

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