

MONTHLY UPDATE CAPSULE

**SEPTEMBER
2025**



R R D AND ASSOCIATES
Chartered Accountants
CA Rakesh Daftary

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Income Tax

CBDT extends due date for filing income tax audit report for FY 2024-25 to October 31, 2025 from September 30, 2025

The Central Board of Direct Taxes (CBDT) has decided to extend the specified date for filing various audit reports for the Previous Year 2024–25 (Assessment Year 2025–26), from September 30, 2025 to October 31, 2025, for assessees referred to in clause (a) of Explanation 2 to sub-section (1) of section 139 of the Income Tax Act, 1961.

Income Tax Audit due date extended for AY 2025-26

CBDT extends specified date for filing of various reports of audit for the Assessment Year 2025-26

The 'specified date' of furnishing of the report of audit under any provision of the Income-tax Act, 1961, for the Previous Year 2024-25 (Assessment Year 2025-26), in the case of assessees referred to in clause (a) of Explanation 2 to sub-section (1) of section 139 of the

Read more at: [CBDT extends due date for filing income tax audit report for FY 2024-25 to October 31, 2025 from September 30, 2025](#)

Income tax: New TDS/TCS statement correction deadline; do it now to avoid tax notice later

The Income Tax Department has issued an advisory saying that you can only file TDS and TCS correction statements for Q4 of FY 2018-19 to Q3 of FY 2023-24, until March 31, 2026. So, if your bank, employer, property buyer, or anyone else deducted the wrong TDS or deposited the right TDS amount with incorrect details in the challan, you need to ask for a correction by March 31, 2026. After that date, you will lose your TDS credit and will have to pay tax again. If you don't settle your tax liability, you may end up receiving a tax notice.

These are the details as per the official Income Tax Advisory:

The Income Tax Act 1961 stands repealed w.e.f 01.04.2026 by virtue of section 536 of Income Tax Act 2025. Further, as per Section 397(3)(f) of Income Tax Act, 2025, deductor/collector may deliver a correction statement in such form and verified in such manner as may be prescribed, to the prescribed authority within two years from the end of the tax year in which such statement is required to be delivered under the said clauses or under section 200 of the Income-tax Act, 1961.

Consequent to the above, correction statements for FY 2018-19 (Qtr. 4), FY 2019-20 to 2022-23 (Qtr. 1 to Qtr. 4) and FY 2023-24 (Qtr. 1 to Qtr. 3) shall be accepted only up-to 31st March 2026. The same are time barred by limitation on 31.03.2026 and would not be accepted from 01.04.2026 onwards. Deductors /Collectors and other Stakeholders may kindly take note of the same and they are advised to take necessary steps to ensure all corrections for the above period, if any, are carried out in time as filing of the same for above period would be barred by limitation on 31.03.2026.

Read more at: [Income tax: New TDS/TCS statement correction deadline; do it now to avoid tax notice later](#)

CBDT Issues New Digital Evidence Manual Empowering Tax Officials to Trace Offshore Servers and AI Data

The Central Board of Direct Taxes (CBDT) has released a revised Digital Evidence Investigation Manual, its first major update in nearly a decade. The manual has been brought in to address challenges arising from the increasing use of digital and cloud-based systems, offshore servers, AI platforms, and emerging assets such as virtual digital assets. It is designed as an internal guidance document for tax investigators, enabling them to more effectively collect, preserve, and analyse electronic evidence in the context of income tax investigations.

One of the most important features of the manual is the direction to leverage provisions of the Companies Act, which require companies to maintain daily backups of their books of account and records on servers located in India. Even if the primary data is stored abroad, companies must disclose to the Registrar of Companies (ROC) the name and address of the person

responsible for maintaining that data. This ensures that tax officials have a domestic legal route to access information otherwise held on offshore servers.

The manual also expands the scope of digital evidence collection techniques. Tax officials are instructed to rely on digital trails such as server logs, user access records, email trails, and metadata to reconstruct the movement and use of data. It specifically recognises AI-powered communication platforms, cloud-based services, and virtual asset systems as potential sources of information. Where data cannot be immediately accessed (for example, on foreign servers), the manual emphasises the importance of preserving the evidence until retrieval becomes possible.

The manual also advises tax officers on handling common challenges. For instance, in cases where taxpayers deny ownership of digital evidence—such as claiming that a pen drive was planted—officers are instructed to verify USB logs, device history logs, or forensic backups to prove prior use. It further highlights the possibility of international cooperation, including through the G-8 24/7 INTERPOL Network, to preserve or recover data located in foreign jurisdictions.

Overall, the updated manual represents a paradigm shift in India's tax enforcement approach. It signals a stronger focus on digital evidence, cross-border data access, and technologically advanced investigative techniques. While the manual provides clarity and direction to investigators, the expanded powers could also raise concerns around privacy, data sovereignty, and the balance between enforcement and individual rights.

Read more at: [CBDT Issues New Digital Evidence Manual Empowering Tax Officials to Trace Offshore Servers and AI Data](#)

GST & Customs

GST 2.0: Key changes effective September 22

The 56th GST Council on September 3, 2025, announced a major overhaul to India's Goods and Services Tax (GST) regime.

These changes, effective September 22, 2025, are expected to directly impact household budgets and business operations, making certain daily-use items more affordable while maintaining standard taxation for most goods and services.

Key Clarifications: Read more at: [GST 2.0: Key changes effective September 22; explained in FAQs](#)

New GST rate and HSN code list: FinMin notifies latest slab rates in seven schedules

The Ministry of Finance issued a Gazette notification revising the Goods and Services Tax (GST) rate framework under the Central Goods and Services Tax Act, 2017.

The new rate schedule supersedes the notification of June 28, 2017, replacing the earlier rules and introduces a simplified rate structure across seven schedules.

The new rates will come into effect on September 22.

Under the revised structure, goods are grouped into seven schedules, each with a different central tax rate:

| | |
|-------------------------------|-------------------------------|
| 2.5% on goods in Schedule I | 9% on goods in Schedule II |
| 20% on goods in Schedule III | 1.5% on goods in Schedule IV |
| 0.125% on goods in Schedule V | 0.75% on goods in Schedule VI |
| 14% on goods in Schedule VII | |

Read more at: [New GST rate and HSN code list: FinMin notifies latest slab rates in seven schedules](#)

Relief from GST annual return filing for these taxpayers

Government announced an exemption for certain small businesses and professionals, allowing them full exemption from filing Goods and Services Tax (GST) annual return, which is due on December 31, 2025 for FY 2024-25.

The Notification dated September 17, 2025 said: "In exercise of the powers conferred by the first proviso to sub-section (1) of Section 44 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Commissioner, on the recommendation of the Council, in respect of filing of annual return for the financial year 2024-25 onwards, hereby exempts the registered person whose aggregate turnover in any financial year is up to two crore rupees, from filing annual return that said financial year."

Government had been relaxing the criteria and giving exemption to small tax payers having turnover up to Rs 2 crore from filing this annual return. The recent introduction of Table 6A1 in GSTR-9 marks a significant step forward in improving clarity and transparency.

Read more at: [Relief from GST annual return filing for these taxpayers; Know its impact](#)

New Changes in Invoice Management System (IMS)

This is to bring to your notice that several new changes have been introduced in the Invoice Management System (IMS) to simplify the taxation system and reduce the compliance burden on the taxpayers. The following are the key updates

Pending action for specified records: Taxpayers can keep specified records pending for a limited time period. For monthly taxpayers, this period is one tax period (months), for quarterly taxpayers also it is one tax period (quarter) only. The specified records which can be kept pending in the system are mentioned below

- a) Credit notes, or upward amendment of Credit note
- b) Downward amendment of CN where original CN rejected
- c) Downward amendment of Invoice / DN only where original Invoice already accepted and 3B has been filed

- d) ECO-Document downward amendment only where original accepted, and 3B has been filed

Declaring ITC reduction amount:

It is clarified that, in cases where the recipient has not availed Input Tax Credit (ITC) in respect of the relevant invoice or document, no reversal of ITC shall be warranted. Further, in cases where ITC has been availed only partially, the obligation to reverse ITC shall be limited to the extent of such availment.

Option to save remarks: Taxpayers can now save remarks while taking reject or pending action on records. This optional facility allows taxpayers to add remarks (will be rolled out shortly). Such remarks will be visible in GSTR-2B for future reference and to suppliers in the Outward Supplies view dashboard, to take corrective measures.

Important Dates:

The changes of keeping credit notes pending and declaring the ITC amount, as mentioned above shall be made effective on the portal from October tax period.

Due date for keeping records pending: The due date for keeping records pending is calculated based on the date/ tax period in which such documents has been communicated by the supplier

Read more at: [New Changes in Invoice Management System \(IMS\)](#)

Sitharaman launches GSTAT, cases to be heard December onwards

Finance Minister Nirmala Sitharaman launched the GST Appellate Tribunal (GSTAT) to expedite resolution of disputes between businesses and the tax department and ensure fairness in delivering justice. With the operationalisation of GSTAT, businesses will be able to file their cases on the portal and these will be taken up for hearing December onwards.

The limitation period for filing appeals has been extended to June 30, 2026. As part of the staggering approach in filing of appeals before the GSTAT, old disputes will be given priority for filing for the initial period. As many as 4.83 lakh cases are pending before the appellate authority and all these cases are expected to be filed before the GSTAT.

Separately, GSTAT will also start functioning as the authority for advance ruling (AAR) for GST. This makes GSTAT not just a tribunal but a one-stop comprehensive forum for GST disputes for both before initiation and after initiation of proceedings.

Last month, the government appointed technical and judicial members for various benches of the tribunal. The government had in May 2024 appointed Justice (Retd.) Sanjaya Kumar Mishra as the President of the Principal Bench of GSTAT. The government appointed Mayank Kumar Jain, retired judge of the Allahabad High Court, as a judicial member of the bench.

Retired IAS officer A Venu Prasad and retired IRS officer Anil Kumar Gupta will be the Technical Member (State) and Technical Member (Centre), respectively, of GSTAT, Principal Bench, New Delhi.

Read more at: [Sitharaman launches GSTAT, cases to be heard December onwards](#)

No mandatory price change stickers on unsold goods made before Sept 22, says govt

The Ministry of Consumer Affairs on Thursday clarified that manufacturers, packers and importers will not be required to affix revised price stickers on unsold pre-packaged goods manufactured before September 22, 2025, following the revision in Goods and Services Tax (GST) rates.

In supersession of its September 9 advisory, the ministry said companies may, if they wish, voluntarily affix additional revised price stickers on unsold packages manufactured before September 22, provided the original price declaration is not obscured.

The government further clarified that any unused packaging material or wrappers printed with old MRPs may be used until March 31, 2026, or until stocks are exhausted, whichever is earlier, provided corrections to the retail sale price are made using stamping, stickers or online printing.

It also stated that declaring revised unit sale prices on such unsold pre-packaged commodities or unused packaging materials is not mandatory, though companies may do so voluntarily if they wish.

The government has also relaxed Rule 18(3) of the Legal Metrology (Packaged Commodities) Rules, 2011, which earlier required companies to issue advertisements in two newspapers announcing revised prices. Instead, manufacturers and importers will now only need to circulate price change notifications to wholesalers and retailers, with copies sent to the Director of Legal Metrology at the Centre and Controllers of Legal Metrology in all states and union territories.

At the same time, companies have been directed to take immediate steps to inform dealers, retailers and consumers of revised GST-linked prices through all available communication channels, including electronic, print and social media.

Read more at: [No mandatory price change stickers on unsold goods made before Sept 22, says govt](#)

GST Council eases rules on credit notes, relief for FMCG players

The GST Council has given relief to businesses, particularly fast-moving consumer goods companies, by removing the rule that required credit notes to be linked with invoices. The earlier requirement had complicated matters for manufacturers, wholesalers, dealers and retailers across the supply chain.

Toothpaste is one example. It may carry a shelf life of a year, but if it remains unsold at the retailer for nine or ten months, it is returned to the company. In such cases, credit notes move back through the chain. The previous rules demanded that each credit note had to be matched with an invoice, leading to an enormous compliance exercise. The new rules remove this burden. “There will be no need in future to link credit notes to specific invoice numbers, removing a long-standing pain point for all businesses,

Read more at: [GST Council eases rules on credit notes, relief for FMCG players](#)

GST not applicable on post-sale discounts given by manufacturers to dealers

The CBIC has clarified the GST treatment of post-sale (secondary) discounts given by manufacturers to dealers.

When dealers receive such post-sale discounts, they may engage in promotional activities to boost sales. However, these activities ultimately enhance the sale of goods that the dealers themselves own, thereby increasing their own revenue. In this context, the discount merely reduces the sale price of the goods and is not linked to any independent service rendered to the manufacturer. Therefore, it is clarified that post-sale discounts offered by manufacturers to dealers in such cases shall not be treated as consideration for a separate transaction of supply of services.

However, GST would be leviable in cases where a dealer undertakes specific sales promotional activities, such as advertising campaigns, co-branding, customisation services, special sales drives, exhibition arrangements, or customer support services, etc., only when such services are explicitly stated in the agreement with a clearly defined consideration payable for such a supply.

Read more at: [GST not applicable on post-sale discounts given by manufacturers to dealers](#)

COMPANY LAW

MCA likely to simplify process for transfer of unclaimed shares

The corporate affairs ministry (MCA) said, it is planning to simplify the documentation process to expedite low-value transfer of old shares and dividends to investors.

Shares, dividends and matured debentures that are not claimed for seven years by investors are transferred by companies to the Investor Education and Protection Fund Authority (IEPFA) under the ministry. The IEPFA had set up a panel, with representation from the government, regulators and industry, to review existing procedures and recommend reforms for simplifying documentation in low-value claim cases. The panel has now submitted the report, the ministry said.

The panel's suggestions on simplification, once adopted, would be applicable to claims valued up to ₹5 lakh in case of physical securities and ₹15 lakh for dematerialised securities, and up to ₹10,000 for dividends.

Read more at: [MCA likely to simplify process for transfer of unclaimed shares](#)

Past employees, service providers now under IBC law ambit

IBC amendments expand resolution professionals' powers, making past employees and service providers accountable to share information during insolvency. The move aims to curb delays, ease fraud detection, and ensure timely completion of resolution processes.

Former employees and entities rendering services to a company that is undergoing insolvency process will be obligated to share information with the resolution professionals, as per the Insolvency and Bankruptcy Code (IBC) amendments approved by Parliament recently.

Earlier, RPs could seek information only from the existing "personnel" during the corporate insolvency resolution process (CIRP). But their nature of work involves getting details on past transactions or financial statements of a company, they often would not get assistance from past employees or service providers like auditors and legal advisors (of the company) that resulted in significant delays.

Experts said that the purpose of this amendment is to make the job of RPs easier. Due to the lack of cooperation from former employees and directors, the resolution processes are subjected to inordinate delays. The IBC prescribes a 180-day period for completion of the CIRP, which can be extended to 270 days. These timelines are meant to ensure timely resolution of corporate debtors but in a majority of the cases, these timelines are not adhered to resulting in more liquidations.

Read more at: [Past employees, service providers now under IBC law ambit](#)

Miscellaneous

UPI daily payment limit raised to ₹10 lakh for select transactions, fraud risks kept in check

India's UPI system has enabled high-value transactions, allowing users to pay up to ₹10 lakh a day for investments, insurance, travel, credit cards, and jewellery, effective September 15. It is simultaneously scrapping the P2P "collect request" feature from October to prevent fraud.

For capital markets and insurance, the per transaction limit has doubled to ₹5 lakh from ₹2 lakh, with a daily cap raised to ₹10 lakh. Credit card bill payments can now be made up to ₹5 lakh per transaction, up from ₹2 lakh, with a daily cap of ₹6 lakh, increased from ₹5 lakh. In jewellery purchases, the per transaction limit remains at ₹2 lakh, but the daily ceiling rises to ₹6 lakh.

From 1 October, the P2P "collect request" feature on UPI will be discontinued. This means individuals will no longer be able to send or receive collect requests; payments can be made only via QR code scans or by entering UPI IDs.

Read more at: [UPI daily payment limit raised to ₹10 lakh for select transactions, fraud risks kept in check](#)

100% equity in NPS to be allowed from October 1, 2025, for these investors

Effective October 1, 2025, non-government NPS subscribers will be able to allocate up to 100% of their funds in equities within a single NPS scheme. Under the recently introduced MSF, or Multiple Scheme Framework (MSF) for Non-Government Sector Subscribers, NPS subscribers not employed with the government will be able to have multiple schemes under a single PRAN across various CRAs (recordkeeping agencies such as CAMS, Protean and KFintech). Previously, this was limited to one scheme per tier, per CRA.

Each scheme may have at least two variants, one moderate and one high-risk, with equity allocation allowed up to one hundred per cent in the high-risk category. This framework has been developed under the enabling provisions of Section 20(2) of the PFRDA Act, 2013, which permits subscribers to access multiple schemes under the NPS.

Under this framework, PFs or pension funds have also been permitted to design schemes tailored to specific subscriber personas, such as self-employed professionals, digital economy (platform-based) workers, or corporate employees, where employer co-contributions are facilitated.

How will MSF work?

The Multi-Scheme Framework (MSF) under NPS, effective from October 1, is designed to help subscribers align their investments with changing risk appetite across different life stages, all within the same PRAN. Under MSF, subscribers can choose between tailored schemes that offer both conservative and aggressive strategies. Each scheme will have at least two variants—one with moderate risk and another with high risk, which allows up to 100% equity allocation. Pension Funds (PFs) may also introduce a low-risk variant at their discretion.

MSF will be available through both Tier I and Tier II accounts. Tier I, which is retirement-focused, comes with a compulsory vesting period, while Tier II, which is voluntary, offers flexibility with an optional vesting period. However, in Tier I accounts, switching investments between different MSF schemes will require a minimum vesting period of 15 years.

Read more at: [100% equity in NPS to be allowed from October 1, 2025, for these investors](#)

R R D AND ASSOCIATES



CONTACT DETAILS & ALLIANCE WITH ABV & COMPANY

| | |
|-----------------|--|
| Name of Firm | R R D AND ASSOCIATES |
| Founder Member | Rakesh Daftary (CA, B.Com.) https://www.linkedin.com/in/ca-rakesh-daftary-a7437b122 |
| Offices | <p><u>Head Office:</u> D-401, Aaradhya Nine, Naidu Colony, Pant Nagar, Ghatkopar (E), Mumbai – 400 075</p> <p><u>Branches:</u></p> <p>1) GHATKOPAR: 12, Platinum Mall, Jawahar Road, Ghatkopar (E), Mumbai - 400 077</p> <p>2) DOMBIVLI: 3/203, Sarvodaya Galaxy CHSL, Kopar road, Dombivli (W), Thane – 421 202</p> <p>3) MUMBAI (Undergoing redevelopment): Gita Gruh, 57B, 2nd Floor, Picket Road, Kalbadevi, Mumbai- 400 002.</p> |
| Contact Details | Mobile: 99870 86483 / 90040 99423 Email: rakesh_daftary@rrdandassociates.co.in URL: https://rrdandassociates.co.in Website of Alliance Firm: http://www.abvca.com/ |

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
- ✓ 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

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

Operations & Risk Consultancy

- ✓ Internal Audit
- ✓ Review of Internal Financial Control
- ✓ Drafting and assistance in SOP's
- ✓ Fraud Investigations

Tax, Regulatory & Advisory

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

Accounting Advisory

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

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