

A Monthly E-Newsletter

Vol 06 Issue 3  
March 2025

# The Bottom Line

## WHAT'S INSIDE

Direct Taxes **2**

Indirect Taxes **3**

Corporate & Allied Laws **4**

CFO Watch & M&A **5**

In the News **6**

Glossary **7**

About Us **8**

## KEY METRICS

### Indices

BSE SENSEX	73,198	-5.55%	▼
NSE NIFTY50	22,125	-5.89%	▼
NASDAQ Composite	18,847	-3.97%	▼
NIKKEI 225	37,156	-6.11%	▼

### Currency

USD/INR	87.47	-1.07%	▼
Euro/INR	90.75	-1.20%	▼
GBP/INR	110.01	-2.60%	▼
JPY/INR	0.58	-3.97%	▼

Note: The month-on-month movement as on February 28, 2025, is represented in percentages  
Source: NSE.com, BSE.com, NASDAQ.com, NIKKEI.com, Investing.com



# DIRECT TAX

## Circulars/Notifications

### New Income tax bill introduced in Lok Sabha

The new Income-tax Bill was introduced in Lok Sabha to replace the Income Tax Act, 1961, with a focus on simplification, clarity, and efficiency. Notably, there is a significant reduction in the volume of tax laws in the new Bill i.e. 23 chapters in place of 47 containing 536 provisions as against 819 presently. The Bill seeks to address several issues with its focus on digitization, faster / effective dispute resolution mechanism, strategy to tackle global tax challenges like BEPS, digital taxation, etc. Further, the changes include introduction of the 'tax year' concept, grouping of exempt income provisions under schedules for ease of reference, which were earlier spread across different sections and consolidation of tax rates into structured tables providing clarity and ease of understanding.

*Bill No. 24 of 2025 introduced in Budget Session dated February 13, 2025*

### Due date for filing Form 56F certifying eligibility of the investments by a unit in SEZ, extended

The deadline for filing the accountant's report required under sections 10AA and 10A of the Income Tax Act for AY 2024-25 has been extended to March 31, 2025, from the originally specified tax audit report filing date. This extension was granted in response to difficulties reported by taxpayers and stakeholders in filing these reports on time and to avoid genuine hardship.

*Circular No. 02 of 2025 dated February 18, 2025*

### Compliances requirements for liaison offices in India amended

Changes have been notified in the compliance requirements for liaison offices in India. This includes introduction of a more detailed disclosure format and establishing a specific submission timeline, to enhance transparency and improve the tracking of non-resident business activities in India. The updated form mandates the inclusion of comprehensive financial and operational information, thereby emphasizing the need for liaison offices to ensure robust documentation and fulfil their reporting obligations.

*Notification No. 14 of 2025 dated February 14, 2025*

## Judicial Rulings

### Payment for advertisement and rent to non-resident companies without transfer of copyright not liable to TDS

The Court upheld decision of the Tribunal, ruling that payments made to non-resident companies like Facebook, Amazon Web Services, and Rocket Science Group for advertisement and rent do not constitute royalty under the India-USA tax treaty. The Court agreed with Tribunal's view that these companies merely provided enabling facilities for advertising and information technology services, where the payment depended on usage, and the copyright remained with the non-resident entities. The Court relied on the Apex Court's judgment in

### New Income tax Bill introduced in Lok Sabha

### Compliances requirements for liaison offices in India amended

### Freight logistics and customs assistance services not considered as FTS

M/s Engineering Analysis Centre of Excellence, concluding that the assessee was not required to deduct TDS for these payments.

*Urban Ladder Home Décor Solutions Pvt Ltd (Karnataka High Court)*

### Freight logistics and customs assistance services not considered as FTS

The Court ruled that freight logistics support services provided by the assessee did not qualify as FTS under the India-US tax treaty, as they did not satisfy the "make available" condition. It was held that assistance with customs documentation, brokerage, and developing a global culture did not involve transfer of specialized knowledge that would enable the recipient to perform these functions independently. It further emphasized that sharing information about publicly available customs regulations and creating a common workplace culture cannot be classified as technical services.

*Expeditors International of Washington Inc. (Delhi High Court)*



# INDIRECT TAX

## Circulars / Notifications / Press Releases

### Amnesty Scheme under GST

In cases where the tax amount has been fully paid by the taxpayer on demands made under section 73 of the CGST Act, 2017 and the department is in appeal or under the process of filing an appeal only on account of wrong interest calculation and/or wrong imposition or non-imposition of penalty, the proper officer may proceed towards withdrawing such appeal. Just because the department has gone in appeal or is in the process of filing an appeal, a taxpayer who is otherwise eligible for availing the benefit of Amnesty Scheme, should not be denied the benefits.

*Instruction No. 02/2025-GST dated February 07, 2025*

CBIC directed the GST department to withdraw appeals filed for wrong calculation of interest and penalty if taxpayer has already paid tax under the Amnesty Scheme as per Section 128A of the CGST Act, 2017.

*Instruction No. 02/2025-GST dated February 07, 2025*

## Judicial Rulings

### ITC ledger is a unified source

Technical error in claiming IGST credit as CGST/SGST does not constitute wrongful avilment of ITC warranting penalty under Section 73 of the CGST Act, 2017. The electronic credit ledger is treated as unified source.

*Kalleppuram Metals (Kerala High Court)*

### Recovery from employees for canteen supplies

If the employment agreement does not explicitly mention about canteen supplies, this facility cannot be classified as a perquisite. Consequently, any recovery from employees for these supplies will be subject to tax under GST.

*Federal Mogul Ignition Products India Ltd (AAR Rajasthan)*

### Separate Order for each financial year

High Court directed department to issue separate Order for each financial year. Clubbing of Order for different financial years should be refrained.

*Lakshmi Mobile Accessories (Kerala High Court)*

### Service of notice

Assessment Orders set aside where notices were uploaded on the GST portal without physical service.

*Maipper Precision Plastics (Madras High Court)*

### Instructions issued for GST Amnesty Scheme

ITC Ledger is a unified source

Separate Order for each financial year



# CORPORATE & ALLIED LAWS

## Circulars / Notifications

### Issue of securities in dematerialised form by private companies

In terms of Companies (Prospectus and Allotment of Securities) Amendment Rules, 2025, a private company, other than a Producer company which is not a small company as on March 31, 2023, can now issue securities in dematerialised form and facilitate dematerialisation of all securities by June 30, 2025.

*Ministry of Corporate Affairs Notification dated February 12, 2025*

### Disclosure of Industry Standards

LODR Regulations require mandatory disclosure of material events and information by listed entities. To implement this requirement, industry standards

have been formulated by ISF in consultation with SEBI and hosted on the website of industry associations and stock exchanges. Listed entities must mandatorily follow these standards to comply with LODR Regulations. The ISF has also formulated industry standards for listed entities on minimum information to be provided for review by audit committee and shareholders for approval of related party transactions to comply with LODR Regulations. Further, all listed and proposed to be listed entities, must mandatorily disclose industry standard KPIs formulated by ISF in consultation with SEBI in their offer documents as per ICDR Regulations, effective April 1, 2025.

*SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18, 25 & 28 dated February 14, 25 & 28, 2025*

**Issue of securities in dematerialised form by private companies**

**Disclosure of Industry Standards**



## CFO WATCH

### IRDAI expands scope of regulatory sandbox framework

### Exposure Draft of Ind AS 118 has key updates in Financial Reporting

#### IRDAI further strengthens the regulatory framework

To drive sustainable growth, enhance operational efficiency, and ensure policyholder protection in the evolving insurance sector, IRDAI issued key regulations. The Regulatory Sandbox Regulations, 2025 strengthens the framework for innovation and efficiency, adopting a principle-based approach with operational guidelines, while expanding its scope to include inter-regulatory sandbox proposals across multiple financial sectors. The information maintenance & sharing regulation mandate secure electronic record-keeping, requiring regulated entities to implement a data governance framework and board-approved policies for record maintenance.

#### Exposure Draft of Ind AS 118 has key updates in Financial Reporting

ICAI has released the exposure draft of Ind AS 118 Presentation and Disclosure in Financial Statements, set to replace Ind AS 1. Aligned with IFRS 18, issued by the IASB in April 2024, the new standard enhances financial statement clarity, particularly in profit or loss reporting. Key updates include new subtotals in the statement of profit and loss, classification of income and expenses into categories, and enhanced disclosure requirements. Effective from April 1, 2027, it also amends related standards.



## MERGERS & ACQUISITIONS

### Merger & Acquisition rules for small companies may be relaxed to ease compliance

India's MSME sector, a critical driver of economic growth, stands at the edge of significant regulatory transformation following the Union Budget 2025. The government's recent policy interventions are poised to mitigate bureaucratic inefficiencies, enhance credit accessibility, and boost M&A within the sector. These strategic measures are designed to empower MSMEs, enabling them to scale operations, attract investments, and strengthen their market competitiveness.

A pivotal reform under consideration is the liberalization of M&A regulations specifically tailored for MSMEs. The Ministry of MSME, in collaboration with the Ministry of Corporate Affairs, is spearheading amendments to the Companies Act to ease corporate governance complexities. Key initiatives include streamlining compliance requirements, exempting micro-enterprises from statutory audits, and reducing the frequency of mandatory board meetings for small enterprises. Furthermore, the proposed abolition of filing fees for MSMEs is expected to encourage businesses to register officially, bolster investor confidence, and drive higher valuations in M&A transactions.

Another transformative initiative involves revising MSME classification parameters by doubling the turnover thresholds to ₹10 crore, ₹100 crore, and ₹500 crore for micro, small, and medium enterprises, respectively. This update will broaden eligibility for institutional credit, government-backed incentives, and alternative financing mechanisms. Additionally, new corporate bond market rules aim to reduce the ₹20-25 lakh crore credit gap, making it easier for MSMEs to get funding and improve their financial stability.

These regulatory advancements are set to redefine India's M&A landscape by fostering a more dynamic deal-making environment, attracting strategic investment, and cultivating an ecosystem conducive to sustainable MSME growth. By removing compliance hurdles and improving financial access, the government is strengthening MSMEs' role in India's economy and global markets.





# IN THE NEWS

## 5th India-Japan Intellectual Conclave

February 01, 2025

Ajay Sethi, Baker Tilly ASA India, chaired a key discussion at the 5th India-Japan Intellectual Conclave by Asian Confluence at Guwahati inaugurated by the Hon'ble Chief Minister of Assam, Dr. Himanta Biswa Sarma. The panel of experts highlighted the upcoming TATA Semiconductor OSAT project as a pivotal enabler for a robust hi-tech ecosystem, emphasizing the importance of policy and infrastructure collaboration between India and Japan.

## PSU Summit

February 19, 2025

Gaurav Bhatia, Baker Tilly ASA India, moderated a panel discussion on the evolving role of internal audit in public sector undertakings at the PSU Summit organized by the IIA India Delhi Branch. Joined by esteemed panelists Ajay Kumar Mohanty, Deepika Sharma, Gita Rani, and Aniruddha Banerjee, they explored key challenges and forward-looking strategies shaping the future of internal audit. Discussions like these highlight the pivotal role of internal auditors in strengthening transparency, efficiency, and governance in PSUs.

## Post-Budget Conversations Across India

### CII Mysore

February 03, 2025

Ashwath Pai, ASA, shared analysis and insights on the Economic Survey and key policy measures, focusing on crucial amendments in Direct and Indirect Tax that impact the industry and MSME sectors in India. The session, organized by the Confederation of Indian Industry Mysuru, engaged key industry stakeholders in a Post-Budget Analysis.

### DD India

February 03, 2025

Sunil Arora, ASA, shared his insights on the Union Budget 2025 on DD India's expert panel, analyzing key policy measures and their impact on businesses and the economy.

### Indo-French Chamber of Commerce & Industry

February 04, 2025

Sunil Arora and Viswanathan G, ASA, discussed crucial insights on the impact of the Indian Budget 2025, key budgetary changes, their implications, and the future outlook with French businesses in India. This roundtable, organised by Indo-French Chamber of Commerce &

Industry and Baker Tilly ASA in Chennai, is part of our efforts to help French companies succeed in India.

### Indo-German Chamber of Commerce

February 05, 2025

Sunil Arora and Viswanathan G, ASA, shared crucial insights on the India Budget 2025's impact with German businesses in India. A collaboration between Baker Tilly ASA India and Indo-German Chamber of Commerce, this knowledge session in Chennai is one of several to help German companies in the country navigate the Indian opportunity.

### Dentons Webinar

February 06, 2025

Lea Parmentier, Baker Tilly ASA India & Amair Farooqui, Dentons, discussed key tax and legal updates from India's Union Budget and their impact on French businesses.

### FICCI Webinar

February 07, 2025

Ashwath S Pai, ASA, spoke at FICCI's post-Budget webinar, breaking down the key taxation impacts and what they mean for businesses

# GLOSSARY

## **BEPS**

Base Erosion & Profit Shifting

## **CBIC**

Central Board of Indirect Taxes and Customs

## **CGST**

Central GST

## **FTS**

Fee for Technical Services

## **GST**

Goods & Services Tax

## **IASB**

International Accounting Standards Board

## **ICAI**

Institute of Chartered Accountants of India

## **ICDR**

Issue of Capital and Disclosure Requirements Regulations

## **IFRS**

International Financial Reporting Standards

## **IGST**

Integrated GST

## **IIA**

Institute of Internal Auditors

## **Ind AS**

Indian Accounting Standards

## **IRDAI**

Insurance Regulatory and Development Authority of India

## **ISF**

Industry Standards Forums

## **ITC**

Input Tax Credit

## **KPI**

Key Performance Indicator

## **LODR**

Listing Obligations and Disclosure Requirements

## **M&A**

Mergers & Acquisitions

## **MSME**

Micro, Small, and Medium Enterprise

## **PSU**

Public Sector Unit

## **SEZ**

Special Economic Zone

## **SGST**

State GST

## **TDS**

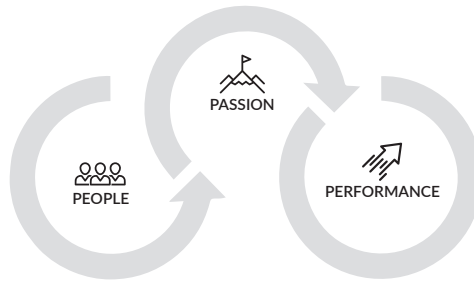
Tax Deducted at Source

We value your feedback.

Please send us your comments and suggestions at [editorial@asa.in](mailto:editorial@asa.in)

# ABOUT US

A full services firm of corporate strategists, accountants, tax advisory experts and financial and marketing analysts.



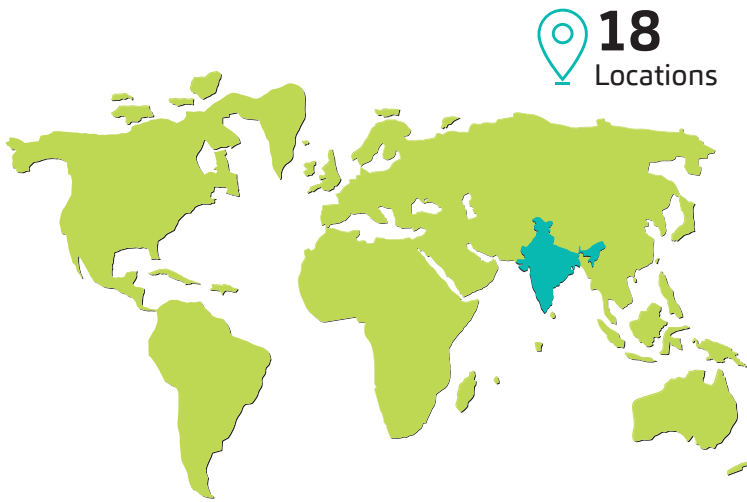
## SERVICES

- Accounting and Business Support
- Assurance
- Business Advisory
- Digital Automation and Transformation
- Risk Advisory
- Taxation
- Transaction Advisory

Well structured teams with domain specialization are guided by leaders who possess expertise and experience and are present PAN India to ensure excellent client service.

PRESENTLY POSITIONED IN THE

TOP 10 ACCOUNTING & CONSULTING FIRMS



**70** Partners/  
Directors

**6000+**  
Clients

**1200+**  
In-house  
Professionals

## GLOBAL PRESENCE



**43,000**  
Staff



**658**  
Offices



**141**  
Territories



**\$5.2bn**  
Turnover



## Baker Tilly ASA India LLP

### New Delhi (Corporate Office)

Aurobindo Tower  
81/1 Third Floor Adchini  
Aurobindo Marg  
New Delhi 110 017, INDIA  
T +91 11 4100 9999

### Ahmedabad

306 - B, Pinnacle Business Park  
Corporate Road, Prahlad Nagar  
Ahmedabad, 380 015, INDIA  
T + 91 79 4891 5409

### Bengaluru

53/B, LOLS Citadel Level 2 & 3  
1st Main Road, 3rd Phase  
Sarakki Industrial Layout  
J P Nagar, Bengaluru 560078, INDIA  
T +91 80 4907 9600

### Chennai

Unit No. 709 & 710,  
7th Floor 'Beta Wing'  
Raheja Towers, New Number 177  
Anna Salai, Chennai 600 002, INDIA  
T +91 44 4904 8200

### Gurgaon

Time Square Fourth Floor  
Block B, Sushant Lok 1  
Gurgaon 122 002, INDIA  
T +91 124 4333 100

### Hyderabad

Vasavi's MPM Grand  
11th Floor, Unit No 1204  
Yella Reddy Guda Road, Ameerpet  
Hyderabad Telangana 500 073, INDIA  
T +91 40 2776 0423

### Kochi

Pioneer Tower  
207-208 Second Floor, Marine Drive  
Kochi 682 031, INDIA  
T +91 484 410 9999

### Mumbai

Lotus Corporate Park  
G-1801 CTS No.185/A  
Graham Firth Compound  
Western Express Highway, Goregaon East  
Mumbai 400 063, INDIA  
T +91 22 4921 4000

## National Affiliates

Bhubaneswar, Chandigarh, Pune and  
Vishakhapatnam

*Disclaimer: We have taken all steps to ensure that the information in this document has been obtained from reliable sources and is accurate. However, this document is not intended to give legal, tax, accounting or other professional guidance. We recommend appropriate advice be taken prior to initiating action on specific issues.*