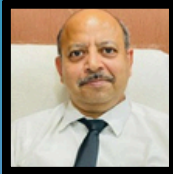


NEWSLETTER

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NEWSLETTER FOR MARCH 25 **VOLUME 15, ISSUE 3**

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COMPLIANCE

MARCH 2025 DUE DATES

GST

DATE	COMPLIANCE DETAIL	APPLICABLE TO
10th	<ul style="list-style-type: none">GSTR-7 (TDS return under GST)	<ul style="list-style-type: none">Person required to deduct TDS under GST
	<ul style="list-style-type: none">GSTR-8 (TCS return under GST)	<ul style="list-style-type: none">Person required to collect TCS under GST
11th	GSTR-1 (Outward supply return)	<ul style="list-style-type: none">Taxable persons having annual turnover > Rs. 5 crore in FY 2023-24Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2023-24 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
13th	<ul style="list-style-type: none">GSTR-6 [Return by input service distributor (ISD)]	<ul style="list-style-type: none">Person registered as ISD
	<ul style="list-style-type: none">Invoice Furnishing Facility - IFF (Details of outward supplies of goods or services)	<ul style="list-style-type: none">Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2023-24 and opted for QRMP Scheme
	<ul style="list-style-type: none">GSTR-5 (Return by Non-resident)	<ul style="list-style-type: none">Non-resident taxable person (NRTP)
20th	<ul style="list-style-type: none">GSTR-3B (Summary return)	<ul style="list-style-type: none">Taxable persons having annual turnover > Rs. 5 crore in FY 2023-24Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2023-24 and not opted for QRMP scheme
	<ul style="list-style-type: none">GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return]	<ul style="list-style-type: none">OIDAR services provider

25th	<ul style="list-style-type: none"> Form GST PMT-06 (payment of tax for QRMP filers) 	<ul style="list-style-type: none"> Taxable persons having annual turnover \leq Rs. 5 crore in FY 2023-24 and opted for QRMP scheme
31st	<ul style="list-style-type: none"> Form CMP-02 (Application to opt for composition levy) 	<ul style="list-style-type: none"> Taxable person opting for composition scheme under GST
	<ul style="list-style-type: none"> Form RFD-11 (Letter of Undertaking) 	<ul style="list-style-type: none"> Taxable person availing the option to supply goods or services for export / SEZs without payment of integrated tax

INCOME TAX

DATE	COMPLIANCE DETAIL	APPLICABLE TO
7th	<ul style="list-style-type: none"> TDS / TCS deposit 	<ul style="list-style-type: none"> Non-Government Deductors
	<ul style="list-style-type: none"> Equalization Levy deposit 	<ul style="list-style-type: none"> All Deductors
31st	<ul style="list-style-type: none"> Filing of updated Income-tax return u/s 139(8A) of Income-tax Act 	<ul style="list-style-type: none"> Taxpayers willing to file updated tax return on payment of additional charges

OTHER

DATE	COMPLIANCE DETAIL	APPLICABLE TO
15th	<ul style="list-style-type: none"> Deposit of PF & ESI contribution 	<ul style="list-style-type: none"> All Deductors
	<ul style="list-style-type: none"> Deposit of 100% (4th Instalment) of Advance Tax for FY 2024-25 	<ul style="list-style-type: none"> Taxpayers liable to pay advance tax



CBIC ISSUED NOTIFICATION, CIRCULAR AND INSTRUCTION ISSUED FOR THE MONTH OF FEBRUARY 2025

NOTIFICATION NO-09/2025 – CENTRAL TAX, DATED 11.02.2025

In line with the recommendations made by the GST Council in its 53rd meeting, the effective date of following amendments made in the CGST Rules, 2017 vide Notification no. 12/2024-Central Tax is given below:

S. No.	Amendment	Effective Date
1.	a) Rule 8(4A) of CGST Rules providing for verification of GST registration applicants who have not opted for Aadhaar authentication. b) Introduction of the functionality to submit Form GST ENR-03 by an unregistered person opting to generate EWB, post which a unique enrolment number shall be generated and communicated. c) Changes to Form GSTR-3B (summary return) and Form GST ENR-03.	11 February 2025 Onwards
2.	a) Rule 39 of CGST Rules prescribing the procedure for distribution of Input Tax Credit (ITC) by an Input Service Distributor. b) Changes have also been made to Form GSTR-7 (TDS return under GST) and Form GSTR-8 (TCS Return under GST)	1 April 2025 Onward

INSTRUCTION :-

1. INSTRUCTION NO-02/2025, DATED 07.02.2025

Procedure to be followed in departmental appeal filed against interest & / or penalty only, related to section 128A of the CGST Act, 2017

CBIC introduced amnesty scheme u/s 128A of the CGST Act. Clarifications were issued vide Circular no. 238/32/2024-GST dated 15 October 2024. Further, references have been received from field offices seeking additional clarification from CBIC in relation to the amnesty scheme.

CBIC has provided the following clarification vide Instruction no. 02/2025-GST dated 7 February 2025.

- Where the tax due is already paid and the notice / demand orders u/s 73 of CGST Act only pertains to interest and / or penalty, the same shall be eligible for the amnesty scheme
- Similarly, merely because the tax authorities have filed an appeal or are in the process of filing an appeal (only on account of wrong interest calculation and / or wrong imposition or non-imposition of penalty), a taxpayer who is otherwise eligible for obtaining the benefit under the amnesty scheme should not be denied the benefit. Accordingly, in such a scenario, the proper officer may withdraw such appeal filed (if any) and in case where the order u/s 73 is under review stage only, the proper officer must accept such order
- It has also been clarified that the intention of the amnesty scheme is to reduce litigation, and the taxpayer should not be denied the benefit under the amnesty scheme on mere technicalities.

CIRCULARS :-

1. CIRCULAR NO-247/04/2025- GST, DATED 14.02.2025

The Ministry of Finance, Department of Revenue (Tax Research Unit) has issued Circular No. 247/04/2025-GST, dated 14th February 2025, to clarify GST Rates and product classifications. These updates stem from the 55th GST Council Meeting held on 21st December 2024 in Jaisalmer. The goal is to ensure consistent tax implementation across different regions. Below are the important clarifications:

1. GST Rate and Classification for Pepper (Genus Piper)

Key Points: -

- Concerns were raised regarding the GST rate for pepper under the genus Piper and whether agriculturists are exempt.
- It has now been clarified that green (fresh), white, or black pepper falls under HS Code 0904 and attracts 5% GST, as per S. No. 38 of Schedule I of Notification No. 1/2017-Central Tax (Rate), dated 28th June 2017.
- Dried pepper supplied directly by an agriculturist is exempt from GST, in accordance with Section 23(1)(b) of the CGST Act.

2. GST Applicability on Raisins Supplied by Agriculturists

Key Points: -

- Queries were raised about GST on raisins sold by agriculturists.
- The Council has clarified that agriculturists supplying raisins do not have to register under Section 23(1) of the CGST Act, making their sales GST-exempt.

3. GST Rate on Ready-to-Eat Popcorn

Key Points: -

- The GST classification and rates for ready-to-eat popcorn needed clarification.
- Popcorn mixed with salt and spices is categorized under HS Code 2106 90 99, with a 5% GST rate if unpackaged and 12% GST if sold as packaged and labeled, as per S. No. 46 of Schedule II.

- Caramel or sugar-coated popcorn is classified under HS Code 1704 90 90, attracting 18% GST, in accordance with S. No. 12 of Schedule III.
- To resolve prior confusion, transactions up to 14th February 2025 have been regularized on an 'as is where is' basis.

4. GST on Fly Ash-Based Autoclaved Aerated Concrete (AAC) Blocks

- Key Points: Clarifications were needed regarding the GST rate for AAC blocks with at least 50% fly ash content.
- The Council has confirmed that fly ash-based AAC blocks fall under HS Code 6815 and attract 12% GST, as per S. No. 176B of Schedule II.
- Other cement-based products classified under HS Code 6810 attract 18% GST, in accordance with S. No. 181 of Schedule III.

5. Effective Date of Amended Entry for Ground Clearance in Motor Vehicles

Key Points: -

- There was confusion regarding the effective date of amended entry 52B in Notification No. 1/2017-Compensation Cess (Rate), dated 28th June 2017.
- Initially, SUVs and utility vehicles with engines over 1500cc were subject to a 22% Compensation Cess.\
- Following the 50th GST Council Meeting, Notification No. 03/2023 dated 26th July 2023 amended entry 52B, extending the 22% Cess to all utility vehicles meeting these criteria:
 - Engine capacity exceeding 1500cc
 - Length over 4000mm
 - Ground clearance of at least 170mm (in an unladen condition)
- The amendment is effective from 26th July 2023.

Conclusion

These clarifications in Circular No. 247/04/2025-GST provide clear tax guidelines for various products, including pepper, raisins, popcorn, AAC blocks, and utility vehicles. Businesses should align their tax practices accordingly to stay compliant.

NEWS & UPDATES

Advisory for Biometric-Based Aadhaar Authentication and Document Verification for GST Registration (Applicants of Maharashtra, Lakshadweep, Jharkhand, Andaman and Nicobar Island)

1. Rule 8 of the CGST Rules, 2017 has been amended to provide that an applicant can be identified on the common portal, based on data analysis and risk parameters for Biometric-based Aadhaar Authentication and taking a photograph of the applicant along with the verification of the original copy of the documents uploaded with the application.
2. The above-said functionality has been developed by GSTN. It has been rolled out in Maharashtra, Lakshadweep, Jharkhand, Andaman and Nicobar Island.
3. The said functionality also provides for the document verification and appointment booking process. After the submission of the application in Form GST REG-01, the applicant will receive either of the following links in the e-mail,
 - A Link for OTP-based Aadhaar Authentication OR
 - A link for booking an appointment with a message to visit a GST Suvidha Kendra (GSK) along with the details of the GSK and jurisdiction, for Biometric-based Aadhaar Authentication and document verification (the intimation e-mail)
4. If the applicant receives the link for OTP-based Aadhaar Authentication as mentioned in point 3(a), she/he can proceed with the application as per the existing process.
5. However, if the applicant receives the link as mentioned in point 3(b), she/he will be required to book the appointment to visit the designated GSK, using the link provided in the e-mail.
6. The feature of booking an appointment to visit a designated GSK is now available for the applicants of Maharashtra, Lakshadweep, Jharkhand, Andaman and Nicobar Island.
7. After booking the appointment, the applicant gets the confirmation of appointment through e-mail (the appointment confirmation e-mail), she/he will be able to visit the designated GSK as per the chosen schedule.
8. At the time of the visit of GSK, the applicant is required to carry the following details/documents
 - a copy (hard/soft) of the appointment confirmation e-mail
 - the details of jurisdiction as mentioned in the intimation e-mail
 - Aadhaar Card and PAN Card (Original Copies)
 - the original documents that were uploaded with the application, as communicated by the intimation e-mail.
9. The biometric authentication and document verification will be done at the GSK, for all the required individuals as per the GST application Form REG-01.
10. The applicant is required to choose an appointment for the biometric verification during the maximum permissible period for the application as indicated in the intimation e-mail. In such cases, ARNs will be generated once the Biometric-based Aadhaar Authentication process and document verification are completed.

Advisory for GST Registration Process (Rule 8 of CGST Rules, 2017)

In line with recent developments in the GST registration process, applicants must adhere to the following steps for GST registration process as per Rule 8 of the CGST Rules, 2017:

1. Applicants not opting for Aadhaar authentication:

- If the applicant chooses not to authenticate via Aadhaar, he must visit the designated GST Suvidha Kendra (GSK) for photo capturing and document verification.
- Upon selecting 'No' for Aadhaar authentication, an email will be sent with GSK details and required documents
- Applicant can schedule an appointment via a link in the email. An appointment confirmation will follow through mail
- Applicant needs to visit the GSK at the scheduled time for photo capturing, document verification

2. Applicants opting for Aadhaar authentication and application identified for biometric authentication

- Promoters / Partners opting for Aadhaar authentication should first visit the GSK for biometric authentication and photo capturing, followed by the Primary Authorized Signatory (PAS)
- The PAS is required to carry the documents listed in the intimation email for verification at the GSK. Additionally, the PAS must undergo photo capturing and biometric authentication at the GSK as part of the process
- If a Promoter / Partner has already been biometric verified in any State/UT during a previous registration, they will not need to visit the GSK again for photo capturing, biometric authentication, or document verification for any other entity where they act as Promoter/Partner. However, if she/he becomes the PAS of the entity, only document verification at the GSK will be required
- In case PAS has already been biometric verified in any state / union territory during a previous registration, she / he will need to visit the GSK only for document verification
- If the Promoter / Partner and PAS are the same individual, she / he must visit the GSK for photo capturing, biometric authentication and document verification. If already biometric verified in the past, only document verification at the GSK is required

3. Non-generation of Application Reference Number (ARN):

- For applicants opted Aadhaar-authentication and application identified for biometric authentication - If any of the Promoter / Partner or PAS fails to visit the GSK or biometric authentication fails or document verification is not completed within 15 days of submitting Part B of REG-01, the ARN will not be generated. The applicant needs to ensure that his / her Aadhaar details (name, date of birth, gender) are accurate to avoid authentication failures. If any discrepancies occur, the applicant is required to update Aadhaar and visit the GSK within 15 days
- For non-Aadhaar applicants - If photo capturing or document verification is not completed within 15 days, the ARN will not be generated

Taxpayers have been advised to follow the above advisory to ensure smooth processing of their GST registration applications.

Advisory on introduction of Form ENR-03 for enrolment of unregistered dealers / persons in E-Way Bill (EWB) portal for generation of EWB

A new feature has been introduced in the EWB system to facilitate the enrolment of unregistered dealers supplying goods, with effect from 11 February 2025 onwards. In accordance with Notification no. 12 dated 10 July 2024, Form ENR-03 has been introduced for the enrolment of unregistered dealers.

Unregistered dealers engaged in the movement or transportation of goods can now generate EWBs by enrolling themselves on the EWB portal and obtaining a unique Enrolment ID. This ID will serve as an alternative to the Supplier GSTIN or Recipient GSTIN for generation of EWBs.

User Guide for ENR-03 Enrolment

1. Accessing ENR-03

- As per the notification, an unregistered person can enroll using Form ENR-03
- The option is available under the 'Registration' tab in the main menu of the EWB portal

2. Filling Out the ENR-03 Form

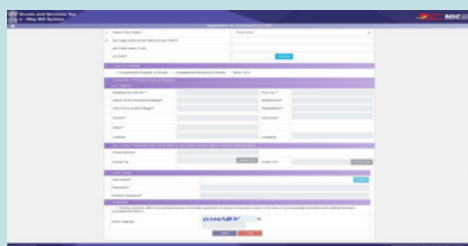
- Upon selecting the option, the enrolment screen will be displayed
- The applicant must select their State and enter their PAN details, which will be verified
- The type of enrolment must be selected, and address details must be provided
- A mobile number must be entered, which will be verified via one time password

3. Creating Login Credentials

- The user must create a username, check its availability and set a password before submitting the details
- Upon successful submission, a 15-character Enrolment ID will be generated, and an acknowledgment will be displayed
- This Enrolment ID can be used for generating EWBs in place of a GSTIN

4. Generating an EWB

- The enrolled unregistered person can log in to the EWB portal using the registered credentials
- By selecting the 'Generate New' option, the Enrolment ID will be auto-populated as the Supplier / Recipient
- Other relevant details must be entered before proceeding with EWB generation

A screenshot of the ENR-03 enrolment form. The form is divided into several sections: 'Enrolment No.', 'Trade Name', 'PAN No.', 'Legal Name', 'Address' (with fields for Building No./Flat No./Floor No./Name of the Premises/Building, Road/Street, District, Taluka/Block, Place, Pincode, State, and City), 'Mobile No.', 'Email ID', and 'Login ID'. There are 'Previous' and 'Next' buttons at the bottom.

→ Advisory on EWB generation for Goods under Chapter 71 of the Customs Tariff Act, 1975

Background

Rule 138(14) of the CGST Rules, 2017, along with its Annexure, says that goods listed under Chapter 71 of the Customs Tariff Act, 1975 (like natural or cultured pearls, precious stones, precious metals, jewellery and goldsmiths' items) are usually exempt from generation of EWB. The only exception is imitation jewellery (HSN 7117).

Pursuant to the introduction of the EWB for goods classified under Chapter 71, excluding HSN 7117 (imitation jewellery), in the state of Kerala for intra-state movement, the National Informatics Centre (NIC) has provided an option to generate EWBs for goods covered under Chapter 71 except 7117 under the category 'EWB for Gold' on the EWB portal.

Advisory on EWB generation for Goods under Chapter 71

GSTN observed that various industry stakeholders have voluntarily been generating EWBs for goods under Chapter 71 due to the availability of this option in the EWB system. In this regard, it has been clarified that while the system previously allowed EWB generation for goods under Chapter 71, this facility has now been withdrawn.

Accordingly, taxpayers and transporters engaged in the movement of goods under Chapter 71 (except HSN 7117) have been advised that EWB generation is not required. However, it may be noted that for the intrastate movement of such goods within the state of Kerala, the generation of an EWB has been mandated vide Notification no.10/24-State Tax dated 27 December 2024 issued by the state of Kerala. An advisory dated 27 January 2025 has already been issued in this regard.

Industry stakeholders have been requested to take note of this clarification and ensure compliance with the applicable regulatory provisions.



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

1. 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.
2. In continuation of the phase wise implementation, Phase-3 of reporting of HSN codes in Table 12 of GSTR-1 & 1A will be implemented soon. The changes implemented are detailed in the table below

Phases	Taxpayer with AATO of upto 5 cr.	Taxpayer with AATO of upto 5 cr.
Phase 2	<p>Taxpayers are required to mandatorily report 4-digit HSN codes for goods & services.</p> <p>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- I after manual entry</p>	<p>Taxpayers are required to mandatorily report 6-digit HSN codes for goods & services.</p> <p>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 GSTR-I after manual entry</p>
	<p>Mandatorily reporting 4-digit HSN codes for goods & services.</p>	<p>Mandatorily reporting 6-digit HSN codes for goods & services.</p>
	<ol style="list-style-type: none"> 1. Manual user entry of HSN will not be allowed. 2. HSN code can be selected from drop down only 3. A customized description mentioned in HSN master will auto populate in a new field called "Description as per HSN Code" 	
Phase 3	<p>In Table 12 validation with regards to value of the supplies have also been introduced.</p> <ol style="list-style-type: none"> 1. These validations will validate the value of B2B supplies shown in different Tables viz 4A, 48, 68, 60, 8 (recipient registered), 9A, 9B (registered), 9C (registered), 15 (recipient registered), 15A (recipient registered) with the value of B2B supplies shown in table-12. 2. Similarly, validations will validate the value of B2C supplies shown in different tables viz 5A 6A 7A, 78, 8 (recipient unregistered), 9A (export), 9A (B2C1) 98 (unregistered), 9C (unregistered), 10, 15 (recipient unregistered), 15A (recipient unregistered) with the value of B2C supplies shown in Table 12. 3. In case of amendments, only the differential value will be taken for the purpose of validation. <p>*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-I in such cases. Further, in case B2B supplies are reported in other tables of GSTR-I, in that case B2B tab of Table-12 cannot be left empty.</p>	
Phase 4	To be communicated in due course.	

Year End Checklist: -

As we approach the end of FY 2024-25, businesses need to wrap up key GST compliance activities to ensure a smooth transition into the new financial year. Here's a quick self-check to help you stay on track:

Preparation For FY 2025-26:

- Have you checked your E-invoice applicability for FY 2025-26? (Turnover >₹5Cr)
- Have you renewed your LUT for zero-rated supplies?
- Have you implemented a new document series for invoices and GST records?

Review of FY 2024-25:

- Input Tax Credit (ITC) & Reverse Charge Mechanism (RCM):
- Have you reconciled ITC claims with GSTR-2B & books?
- Have you reconciled outward supplies with GSTR-1, GSTR-3B, E-way bills & books?
- Have you reviewed ITC reversals under Rule 42 & 43?
- Have you checked RCM applicability on expenses & imports?

Other Key Compliances:

- Have you claimed all GST TDS/TCS credits available on the portal?
- Are you tracking job work materials to ensure compliance?
- Are you opting for Composition Scheme or QRMP Scheme before the deadline?
- Have you reviewed export compliance under Rule 96A?

GST Compliance Checklist for FY 2025-26:-

As the new financial year approaches, staying on top of “GST compliance” is crucial for businesses to avoid penalties and ensure smooth operations. Here's a “10-point checklist” to help you stay GST-ready

1. File “ITC-03” for Composition transition by May 30, 2025
2. Choose the “QRMP Scheme” by April 30, 2025
3. Collect “GTA Declarations” to manage RCM compliance
4. Reset “Invoice Number Series” from April 1, 2025
5. Recalculate “Aggregate Turnover” for GST compliance decisions
6. Reconcile “ITC with GSTR-2B & GSTR-3B”
7. Settle “RCM Liabilities” in GSTR-3B
8. Update “HSN Codes” & comply with “Phase-III reporting” for B2B & B2C invoices
9. File LUT “for zero-rated supplies by March 31, 2025
10. Opt. for the “Composition Scheme” via CMP-02 by March 31, 2025

Direct tax



New income tax Act to replace Income Tax Act, 1961

Finance Minister Nirmala Sitharaman tabled the New Income Tax Bill with an aim to eventually replace the Income Tax Act 1961. It features 536 clauses across 622 pages, replacing the existing 823-page law that has been in force for 64 years. Expectations are that it will come into effect from April 1, 2026.

The new tax legislation aims to maintain revenue equilibrium, with its main objective being to streamline language and ease compliance processes. Tax rates are unlikely to change under the new Income Tax law, since such adjustments usually take place via the Finance Act when the annual Union Budget is presented in Parliament on February 1. The forthcoming FY26 Budget changes will be incorporated into the new Bill.

The new Income Tax legislation seeks to make tax laws more comprehensible and user-friendly for the general public. The government's initiative aims to cut down the length of the tax code by 50 per cent whilst using clearer language. This revision will help taxpayers better understand their responsibilities and obligations. The simplified structure is expected to minimise legal conflicts and decrease the number of disputed tax claims.

The proposed New Income Tax Bill, written in clearer language, eliminates the concept of "assessment year" and introduces "tax year" to align with the financial year.

It maintains existing structural elements and filing deadlines whilst focusing on improving comprehension to reduce legal disputes.

The Bill incorporates tables for TDS provisions, presumptive tax rates and assessment timelines to enhance understanding. It includes formulae and replaces complex terminology with simpler alternatives.

Revised TDC/TCS Thresholds

Section	Nature of Payment	Existing Threshold Till March 31, 2025	New Threshold W.E.F. April 1, 2025
193	Interest on Securities	NIL	Rs. 10,000
194 & 194K	Dividend Income from Mutual Funds	Rs 5,000	Rs 10,000
194A	Interest other than Interest on Securities:		
	• Senior Citizen	Rs 50,000	Rs 1,00,000
	• Bank/Coop/Post Office	Rs 40,000	Rs 50,000
	• Other Cases	Rs 5,000	Rs 10,000
194B & 194BB	Winning from Lottery / Crossword Puzzle / Horse Race	Aggregate Amount Rs 10,000	Single Transaction Rs 10,000
194D, 194G & 194H	Commission on Insurance / Brokerage / Sale of Lottery Tickets	Rs 15,000	Rs 20,000
194I	Rent	Rs 2,40,000	Rs 50,000 P.M.
194J	Fee for Professional, Technical Services and Royalty	Rs 30,000	Rs 50,000

Corporate Law & Regulatory



Extension Of Due Date Till 30 June 2025 For Dematerialization Of Securities Issued By Private Limited Companies

The Ministry of Corporate Affairs (MCA) has recently extended the due date for private limited companies to comply with the requirement of dematerialization of securities as per Rule 9B of the Companies (Prospectus and Allotment of Securities) Rules, 2014. The extension is part of the Government's effort to modernize corporate governance, enhance transparency and curb benami transactions in the securities market.

INITIAL DUE DATE

Hitherto, private limited companies (excluding 'Small' companies and 'Government' companies) were required to convert their physical securities (such as shares and debentures) into dematerialized (electronic) form latest by 30 September 2024. The said date has now been extended to 30 June 2025.

WHO WILL BE AFFECTED BY THIS CHANGE?

The extension of due date applies to private limited companies that were not classified as 'Small' companies as of 31 March 2023. Small companies, with paid-up share capital < Rs. 4 crore and annual turnover < Rs. 40 crore in the preceding FY, are exempt from the requirement of dematerialization. Similarly, 'Government' companies, where the Government holds at least 51% of the paid-up share capital, are also exempt from this requirement.

After 30 June 2025, private limited companies will no longer be allowed to issue new securities, conduct buybacks or transfer securities in physical form. Securities of key stakeholders, such as promoters, directors and key managerial personnel (KMPs), must also be in dematerialized form to facilitate these actions. After 30 June 2025, transfer of securities will no longer be permissible unless they are dematerialized.

Private limited companies must obtain International Securities Identification Number (ISIN) from either National Securities Depository Limited (NSDL) or Central Depository Services Limited (CDSL) before the extended due date to ensure smooth dematerialization. Upon completion of dematerialization, private limited companies must file Form PAS-6 (half-yearly audit report on reconciliation of share capital) with the Registrar of Companies (RoC) within 60 days to confirm compliance.

PENALTIES FOR NON-COMPLIANCE

Failure to comply with the requirement to dematerialize securities by 30 June 2025, may lead to penalties for both the company and its officers. Non-compliance could result in a fine up to Rs.2,00,000 on companies and up to Rs.50,000 on every officer in default.

Please Click Here to read the Notification dated 12 February 2025.

MCA21 Portal Records 80.26 Lakh Form Filings Between April 2024 to January 2025

MCA21 is the first mission mode e-governance project under National eGovernance Plan (NeGP). MCA has been operating it from end-to-end for registry and incorporation related services of companies and limited liability partnerships since 2006. Corporates have been making filings on this portal since then.

During the period from 1 April 2024 to 27 January 2025, a total of 80.26 lakh forms have been filed on the MCA21 portal, compared to 73.29 lakh forms filed during the corresponding period last year. Also, on the newly developed MCA21 V3 platform, 53.08 lakh forms were filed from 1 April 2024 to 27 January 2025, as against 47.72 lakh forms filed during the same period preceding year.

Please Click Here to read the Press Release dated 3 February 2025.

Revised MSME Classification Criteria:

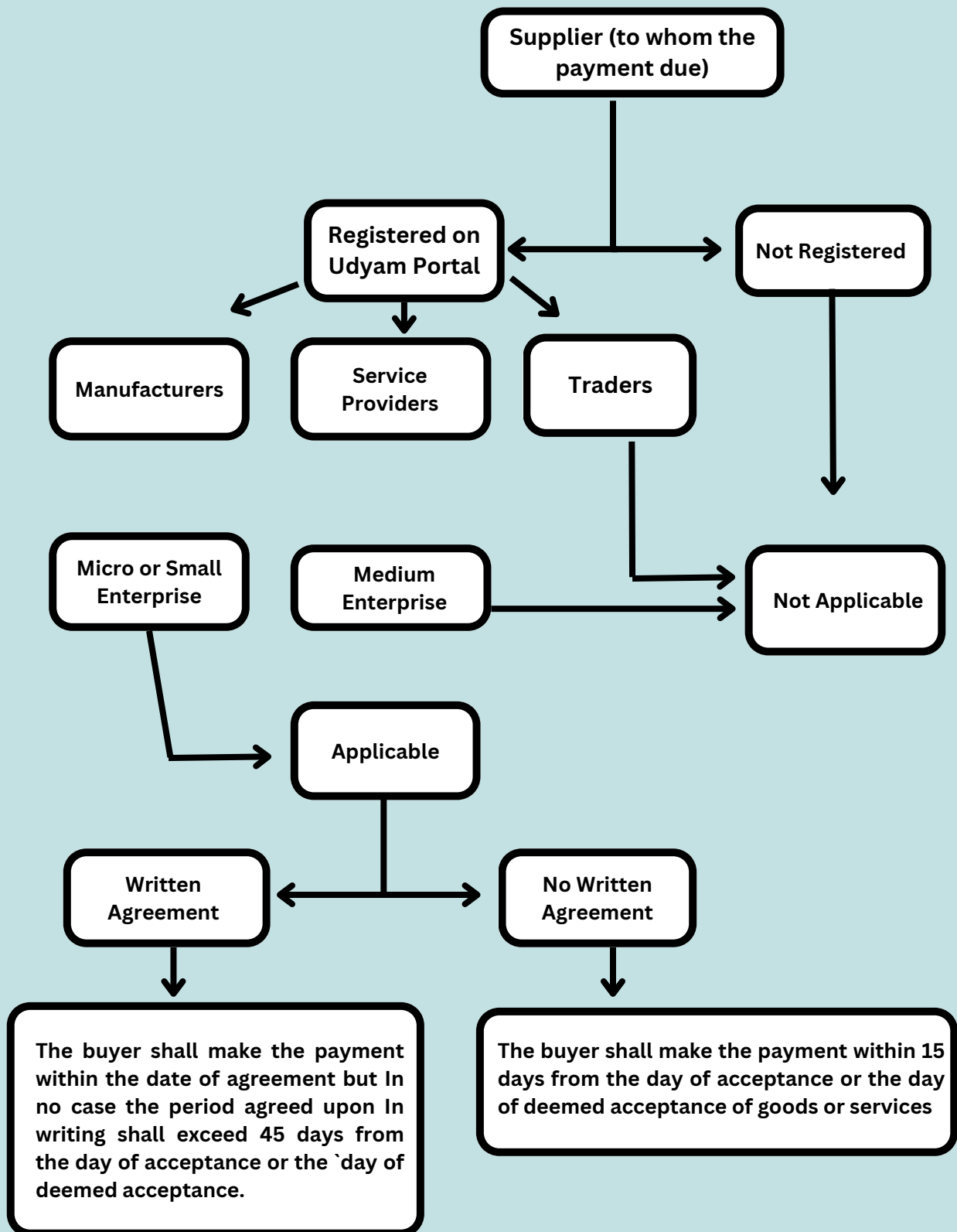
Changes in Investment Limit

- Micro Enterprises: Increased from Rs 1 crore to Rs 2.5 crore
- Small Enterprises: Increased from Rs 10 crore to Rs 25 crore
- Medium Enterprises: Increased from Rs 50 crore to Rs 125 crore

Changes in Turnover Limit

- Micro Enterprises: Increased from Rs 5 crore to Rs 10 crore
- Small Enterprises: Increased from Rs 50 crore to Rs 100 crore
- Medium Enterprises: Increased from Rs 250 crore to Rs 500 crore

APPLICABILITY OF SECTION 43B CLAUSE (H)



Note:

1. Sec 43B (h) is applicable from 1st April, 2023 onwards
2. Micro enterprise is where the investment in Plant & Machinery does not exceed 1 crore & 2 Turnover does not exceed 5 crore; Small enterprise, where the investment in Plant & Machinery does not exceed 10 crore & Turnover does not exceed 50 crore.
3. Section 43B (h) is not applicable to those enterprise who show their income u/s 44AD or 44ADA i.e. on presumptive basis.
4. If any sum payable to micro & small enterprise (supplier) is not paid within the time limit, then that expense is not allowed as deductions while computing the taxable income of a assessee. Expense will be allowed only after the payment is made.



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