

A Monthly E-Newsletter

Vol 06 Issue 7  
July 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 **6-7**

Glossary **8**

About Us **9**

## KEY METRICS

### Indices

BSE SENSEX	83,606	2.65%	▲
NSE NIFTY50	25,517	3.10%	▲
NASDAQ Composite	20,370	6.57%	▲
NIKKEI 225	40,487	6.64%	▲

### Currency

USD/INR	85.70	-0.20%	▼
Euro/INR	101.01	-4.07%	▼
GBP/INR	117.68	-2.22%	▼
JPY/INR	0.60	-0.26%	▼

Note: The month-on-month movement as on June 30, 2025, is represented in percentages  
Source: NSE.com, BSE.com, NASDAQ.com, NIKKEI.com, Investing.com

# DIRECT TAX

## Circulars/Notifications

### PE redefined, lower tax on FTS & Royalty under India-Oman DTAA

India and Oman signed a protocol on January 27, 2025, amending their 1997 agreement to prevent double taxation and fiscal evasion, bringing it into effect from May 28, 2025. The protocol amended certain definitions such as competent authority and tax year, reduced tax rates for royalties and technical fees from 15 to 10 per cent and introduced provisions for non-discrimination, enhancing Mutual Agreement Procedure and denial of treaty benefits if obtaining them was one of the principal purposes of any transaction unless justified, that is, the Principle Purpose Test.

*Notification No. 69 of 2025 dated June 25, 2025*

## Judicial Rulings

### Date of setting up of business governs expense deductibility

The Assessee Company was incorporated on 14-6-2006 and got certificate of commencement of business on 11-8-2006. During the relevant previous year the Assessee claimed expenditure for set up of business which was eventually disallowed by the AO. The AO held that there were no business activities during the relevant previous year. On appeal, the Commissioner held that the date of setting up of business is material and expenses incurred thereafter only to be considered. The Tribunal upheld the decision of Commissioner.

*Aricent Technologies (Holding) (P.) Ltd. (Delhi ITAT)*



### TDS credit allowable only to the person whose income is actually taxable

Assessee, a Qatar-based shipping company, earned freight income from Indian voyages which was exempt from tax under the India-Qatar DTAA. Further, few of its Indian customers deducted TDS on its own PAN and a few deducted TDS on its agent's PAN, for the income earned by Assessee. Accordingly, the assessee reported Nil income but claimed entire TDS credit on its own name which was denied by the AO. In this regard, the Tribunal held that since the TDS was deducted against the income of the Assessee, full TDS credit shall be granted to the Assessee, despite partial TDS was deducted on his agent's PAN, even though the declaration required by law to this effect was not filed.

*Milaha Integrated Maritime and Logistics (Mumbai ITAT)*

### Compensation for loss in value of stock options is a capital receipt not liable to tax

The High Court ruled that a one-time voluntary payment received by the assessee from employer's parent company towards loss in value of stock options due to

### PE redefined, lower tax on FTS & Royalty under India-Oman DTAA

### TDS credit allowable only to the person whose income is actually taxable

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disinvestment of a subsidiary was a capital receipt and shall not be taxable under the Act. The Court further held that since the assessee neither exercised the stock options nor received any shares, the payment could not be treated as a perquisite. The Court directed the issuance of a Nil Tax Deduction Certificate and this judgment reinforces that unexercised ESOP-related compensation, without share allotment, is not income liable to tax.

*Manjeet Singh Chawla (Karnataka High Court)*



# INDIRECT TAX

## Circulars / Notifications / Press Releases

### Liability to be auto-populated in GSTR-3B

July 2025 tax period onwards, the auto-populated liability in GSTR-3B, flowing from GSTR-1, will become non-editable. Any changes to this auto-populated liability must be made through Form GSTR-1A.

*Advisory dated June 07, 2025*

### Time limit for filing returns

From July 2025 tax period, taxpayers shall not be allowed to file their GST returns after the expiry of a period of three years from the due date of furnishing of said return.

*Advisory dated June 07, 2025*

### E-way bill Portal 2.0

National Informatics Centre shall be launching new E-Way Bill 2.0 portal on July 01, 2025 with enhanced features. This will enable cross-portal access between E-Way Bill portal 2.0 and 1.0, with critical E-Way bill functionalities to ensure continuity of services during exigencies.

*Advisory dated June 16, 2025*

## Judicial Rulings

### Taxability of discounts

Discounts given by manufacturers to retailers, cannot be considered as consideration for services rendered by retailer to promote goods of manufacturer.

*Vardhman Electronics  
(Delhi High Court)*

### Wrong availment of ITC

Mere availing Integrated GST credit under head Central GST and State GST does not constitute wrong availment of ITC.

*Grand Hyundai (Kerala High Court)*

### Attachment of cash credit account not permissible

Cash credit account is a liability which an account holder owes to bank for availing loan facility and it cannot be construed as property belonging to account holder which can be subject to attachment under GST law.

*Skytech Rolling Mill Pvt Ltd (Bombay High Court)*

### No interest due if tax amount credited to ECL

Where tax amount was credited in ECL before due date, no interest liability would arise even if said tax amount is debited later while filing return after due date.

*Tamilnadu State Transport Corporation  
(Villupuram) Ltd (Madras High Court)*



### Liability to be auto-populated in GSTR-3B

### Attachment of cash credit account not permissible

### SCN date and date of personal hearing cannot be the same



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Demand Order set aside, as the date of filing reply against the SCN and date of personal hearing was same and the assessee was not provided proper hearing opportunity.

*Kahna Barta Bhandar (Allahabad High Court)*

# CORPORATE & ALLIED LAWS

## Circulars / Notifications

### Transition from V2 to V3 in MCA21 portal

Final set of 38 company e-forms will be launched in the upgraded MCA21 V3 portal on July 14, 2025. This will ensure full migration of statutory filings from the erstwhile V2 system to the enhanced V3 platform. Rollout will include forms for annual filings, annual audit, cost audit, related party, CSR disclosures and XBRL filings. The V3 portal allows linkage of forms, auto pre-filling of common fields across forms and removal of duplicate or redundant fields, thereby improving user experience.

MCA has extended the filing date to August 15, 2025, for 13 specified e-forms without payment of additional filing fee where the filing due date or resubmission date falls between June 18 and July 31, 2025.

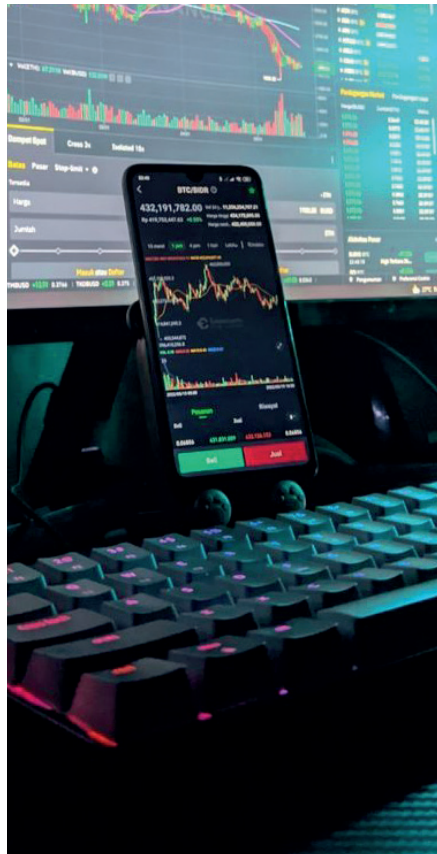
*MCA announcement dated June 16, 2025*

*MCA General Circular No. 01/2025 dated June 16, 2025*

### Companies Amendment Rules, 2025

Companies who are statutorily required to file their financial statements and other documents in XBRL format have to mandatorily attach a copy of the signed financial statements duly authenticated viz., approved and signed by the Board of Directors of the Company, including auditors' report, Board's report and other documents as prescribed, in PDF format in e-Form AOC-4 XBRL. This will be effective July 14, 2025

*Ministry of Corporate Affairs Notification dated June 6, 2025*



### Electronic Trading Platforms framework introduced

To regulate the money market instruments and to put in place a framework that will deter market abuse and unfair trading practices, RBI has introduced ETP Directions. ETP means any electronic system, other than a recognised stock exchange, on which transactions in eligible instruments, viz., securities, money market instruments, foreign exchange instruments, derivatives or any other RBI specified instruments are contracted. Detailed guidelines have been prescribed on eligibility criteria for authorisation of ETP operators by the RBI.

*RBI/FMRD/2025-26/137 FMRD.MIOD. No.02/14.03.027/2025-26 dated June 16, 2025*

### Transition from V2 to V3 in MCA21 portal

### Electronic Trading Platforms framework introduced

### Revised Industry Standards issued for approval of RPTs

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Industry Standards Forum has come out with mandatory revised industry standards for all listed entities specifying the information to be placed before the audit committee and shareholders for consideration of RPTs to ensure compliance with SEBI regulations.

*SEBI/HO/CFD/CFD-PoD-2/P/ CIR/2025/93 dated June 26, 2025 effective September 1, 2025*



# CFO WATCH

## RBI issues new project finance norms for Banks and NBFCs

### Comprehensive Framework for ESG Debt Securities issued

#### RBI issues new project finance norms for Banks and NBFCs

New directions for project finance have been issued to harmonize and rationalize regulatory norms for all Regulated Entities involved in infrastructure and non-infrastructure project lending. They establish a principle-based framework for early recognition and resolution of stress, with clear provisions for sanction, disbursement, monitoring, and resolution of project finance accounts. The directions mandate robust prudential norms, detailed provisioning requirements, and strict criteria for asset classification and income recognition. Additionally, they emphasize the importance of maintaining a centralized project database and ensure consistency in reporting and disclosures by lenders.

#### Framework for ESG debt securities

SEBI has introduced a comprehensive framework for the issuance and listing of ESG debt securities specifically, social bonds, sustainability bonds, and sustainability-linked bonds, effective from June 5, 2025. This framework mandates issuers to adhere to recognized international standards, ensure robust disclosure of project objectives and impacts and appoint independent third-party reviewers for certification and monitoring. The initiative aims to enhance transparency, prevent purpose-washing, and promote genuine social and sustainable outcomes, while aligning India's debt market with global best practices in responsible finance.

#### Temporary exemption from sending physical copies of financial documents

SEBI has granted temporary relief from sending physical copies of financial documents to holders of Non-Convertible Securities who have not registered their email addresses, in line with relaxations provided by the MCA. For entities complying with the MCA Circular No. 09/2024, no penalties will be imposed for non-compliance with Regulation 58(1)(b) of the LODR Regulations from October 1, 2024 to June 5, 2025. Further, from June 6, 2025 to September 30, 2025, issuers can publish a web link to financial documents instead of sending hard copies.

# MERGERS & ACQUISITIONS

## India's Venture Debt Market Reaches a New Inflection Point

India's venture debt ecosystem is rapidly shifting from a niche instrument to a mainstream component of startup financing. A recent analysis shows that the market has surged from about USD 80 million in 2018 to approximately USD 1.23 billion in 2024, an exceptional CAGR of around 58%. This momentum signals not just growth, but a maturing financial landscape where startups now routinely blend debt and equity to scale efficiently without giving up undue ownership.

Geographically, Bengaluru leads the charge, accounting for about 40% of transactions last year, followed by strong activity in Delhi NCR and Mumbai. Sector-wise, fintech, consumer tech, and cleantech have attracted the bulk of venture debt as startups with recurring revenues seek growth capital for working capital, inventory, and pre-IPO bridging.

Driving this transformation is the entrance of global banking players. HSBC has announced plans to introduce India's first commercial-bank-backed venture debt fund, expected to launch within the next six months, complementing its existing startup lending initiatives. This move is significant as it introduces larger ticket sizes, standardised lending terms and greater credibility to venture debt, deepening trust among founders, VCs, and investors. Despite its appeal, venture debt comes with obligations, including interest payments, covenants, and potential equity warrants, making it most suitable for companies with stable revenue streams. That said, with tightened equity markets, more founders are viewing structured debt as a powerful tool to reach significant milestones without dilution.

As India's startup ecosystem evolves, venture debt is becoming an indispensable element of startup funding strategies. Its continued growth and institutional backing suggest a future where startups will strike an optimal balance between ownership and fuel for expansion.





# IN THE NEWS

## **Baker Tilly APAC Regional Meeting 2025**

May 27, 2025

Ajay Sethi, Baker Tilly ASA India participated in the APAC Regional Conference in Manila with leaders from 20 countries. The agenda focused on future-ready strategies, people and AI, and enhancing service value across the region.

## **M&A Conclave & Awards**

June 05, 2025

At the 6th M&A Conclave & Awards, Naveen Sharma, Baker Tilly ASA India, shared insights on identifying high-potential M&A targets and ensuring long-term synergy, backed by real-world case studies.

Bhupendra Bijlani, Baker Tilly ASA India, co-chaired a roundtable on the strategic role of Private Equity in M&A, focusing on collaboration beyond capital.

## **SIRC Ernakulam Branch Seminar on Corporate Laws**

June 19, 2025

Ramaswami G.N., ASA, was a resource person at the one day Seminar on Corporate Laws, organised by the Ernakulam Branch of SIRC of ICAI, where he spoke on Sections 185, 186, 188 & 189 of the Companies Act,

2013. The session was well-received by over 350 chartered accountants from practice and industry.

## **UK Export Webinar: Should India be your next future destination**

June 06, 2025

In this webinar, Sunil Arora, ASA and Kim Collaco, Baker Tilly ASA India shared insights on India's evolving trade landscape and business potential. The session covered market entry strategies, regulatory frameworks, and growth opportunities. It brought together industry leaders to discuss why India is a key destination for global expansion.

## **SIRC Company Law Enclave**

June 21, 2025

Ramaswami G.N., ASA, was invited as a speaker for a technical session on CARO 2020 at the two days Company Law Enclave, organized by SIRC of ICAI at the MMA Management Center. The session saw participation from over 250 chartered accountants across practice and industry. Lively discussions and active engagement marked the success of the program.

## **Delhi-NCR Emerging as a Global Financial Services Hub**

June 04, 2025

The Times of India features Ajay Sethi, Baker Tilly ASA India, in a story on how Delhi-NCR is fast transforming into a global destination for financial services, powered by talent, technology, and infrastructure.

## **Leader Speak on Proposed 3.5% US Tax on Remittances**

June 02, 2025

Bikramjit Singh Bedi, ASA, shared his views on the proposed US remittance tax, stating it could reduce transfers by Indian NRIs and impact India's foreign exchange inflow. He spoke on its potential effect on H-1B holders and students in a News18 article.

## **Domestic Consulting Firms Seek Removal of Entry Barriers in Govt Projects That Favour Big 4**

June 11, 2025

Nitin Arora, ASA, highlighted the need for a level playing field in government consulting tenders, emphasizing that criteria should focus on capability, not just global affiliation. His views were featured in a recent article published by Moneycontrol.

# IN THE NEWS

## Challenges and opportunities for auditors in enhancing control reviews, special audits, and fraud detection mechanisms under tightened norms

June 13, 2025

Author: Parveen Kumar, ASA

In this article, rising corporate fraud cases highlight the urgent need for stronger financial governance. With organizations globally losing about 5% of revenue to fraud annually, the impact is alarming. The data, from ACFE's Report to the Nations, underscores the growing risk across asset misappropriation, corruption, and financial statement fraud.

## Recharacterization of 'guarantee commission': Apex Court settles the debate, but whether entirely?

June 03, 2025

Author: Harshit Mehta, Chandandeep Kaur & Vijay Krishna, ASA

In this article, the taxability of guarantee commissions paid by Indian subsidiaries to foreign parent companies is examined in the context of cross-border financial arrangements. It highlights ongoing disputes around the characterization and source of such payments, reflecting broader complexities in India's evolving international tax landscape.

## Virtual Service Permanent Establishment: Navigating Tax Challenges in the Digital Era

June 18, 2025

Author: Kunal Arora & Arushi Puri, ASA

In this article, the rise of the digital economy has exposed gaps in traditional international tax laws, as companies leverage technology to operate across borders while minimizing tax liabilities. It explores how digital business models challenge existing tax treaties and drive discussions around redefining taxable presence through concepts like Virtual Permanent Establishment.

## Internal Audit: A Growth Partner for Startups

June 20, 2025

Author: Sathyabama R, Baker Tilly ASA India

This article explores India's emergence as the third-largest startup ecosystem, highlighting the role of young, innovative companies driving growth and transformation. It defines startups as early-stage ventures focused on scalable models with high potential for employment and wealth creation.





# GLOSSARY

## ACFE

Association of  
Certified Fraud  
Examiner

## ESG

Environmental,  
Social and  
Governance

## ITAT

Income Tax  
Appellate  
Tribunal

## PE

Permanent  
Establishment

## SIRC

Southern India  
Regional Council

## AO

Assessing Officer

## ESOP

Employee Stock  
Option Plan

## ITC

Input Tax Credit

## RBI

Reserve Bank  
of India

## TDS

Tax Deducted  
at Source

## CAGR

Compound  
Annual Growth  
Rate

## ETP

Electronic  
Trading Platform

## LODR

Listing  
Obligations  
and Disclosure  
Requirements

## RPT

Related Party  
Transaction

## V2

Version 2

## CARO

Companies  
(Auditor's Report)  
Order

## FTS

Fee for Technical  
Services

## M&A

Mergers &  
Acquisitions

## SCN

Show Cause  
Notice

## V3

Version 3

## CSR

Corporate Social  
Responsibility

## GST

Goods & Services  
Tax

## MCA

Ministry of  
Corporate Affairs

## SEBI

Securities and  
Exchange Board  
of India

## VC

Venture Capital

## XBRL

eXtensible  
Business Reporting  
Language

## DTAA

Double Taxation  
Avoidance  
Agreement

## ICAI

Institute of  
Chartered  
Accountants of  
India

## NBFC

Non-Banking  
Financial  
Company

## ECL

Electronic Cash  
Ledger

## IPO

Initial Public  
Offer

## PAN

Permanent  
Account Number

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

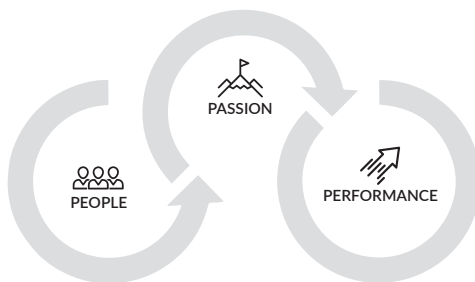


# ABOUT US

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

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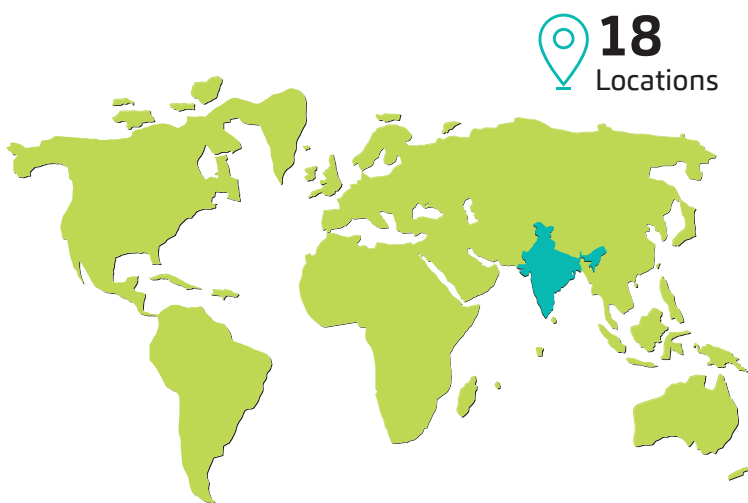
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Turnover



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### National Affiliates

Bhubaneswar, Chandigarh, Pune and  
Vishakhapatnam

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