

July 2025

In this Communique

INCOME TAX

- + TDS Exemption to IFSC Units
- + Processing of ITR for AY 2023-24
- + Relaxation in Processing ITR
- + Amendment in DTAA with Oman

FEMA

- + Bonus shares permitted for Foreign Investors
- + Import of Shipping Vessels

GOODS AND SERVICES TAX

- + Procedure for review, revision and appeal against orders passed by CAA
- + Generation / Quoting of DIN not mandatory for communications through GST portal
- + GST News and Advisory

Monthly Communique | July 2025

Income Tax

+ TDS Exemption to IFSC Units: Section 80LA of the Income-tax Act, 1961 ('ITA') provides that units operating in the International Financial Services Centre ('IFSC') are eligible to claim a deduction to the extent of 100% of their gross total income for any ten consecutive assessment years out of a block of fifteen years, subject to the satisfaction of specified conditions. Further, section 197A of the ITA empowers the Central Government ('CG') to grant exemption from the deduction of tax at source ('TDS') in respect of specified payments made to notified persons or classes of persons.

In this context, the Central Board of Direct Taxes ('CBDT') has notified an exemption from TDS on specified payments made to notified units located in the IFSC. The details of such exempted payments are tabulated below:

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Sl. No.	IFSC Unit (Payee)	Nature of Payment	TDS Section
1	Book-keeping, Accounting, Taxation and Financial Crime Compliance Services ('BATF') Service Providers	Professional/Consulting/Advisory fees	194J
2	Broker-Dealers	Payments made by Recognized Stock Exchanges	194J
3	ITR - 6	Commission Incentives	194C/194H
3	Finance Company	Lease Interest	194A
5	ITR - 7	Freight/Hire Charges	194C
4	Fund Management Entity	Portfolio management fees	194J
		Investment advisory fees	194J
		Management fees	194J
		Performance Fees	194J

Monthly Communique | July 2025

Sl. No.	IFSC Unit (Payee)	Nature of Payment	TDS Section
5	Recognised Clearing Corporation	Professional/Technical Services fees	194J
		Interest Income	194A
		Penalty levied on clearing members	194J
6	Recognised Depository	Professional/Technical/Contractual Fees	194J / 194C
7	Recognized Stock Exchange	Professional/Technical Services fees	194J
		Rent for Data Centres	194I
		Interest Income	194A
		Penalty levied on Members by Stock Exchanges	194J

To avail the benefit of this exemption, the IFSC unit (payee) is required to furnish a statement-cum-declaration in Form No.1 to the payer, specifying the AYs for which the deduction is claimed. The above exemption shall be available only for the AYs specified in Form No.1, implying that the payer shall be liable to deduct TDS on the aforesaid payments for any other AY.

Notification No. 67/2025, F. No. 275/38/2025-IT(B) dated 20.06.2025

- + Relaxation in time limit for processing ITRs for AY 2023-24:** The CBDT has issued an order under section 119 of the ITA, relaxing the time limit for processing valid ITRs filed electronically under section 139 for the AY 2023-24. The time limit for processing such ITRs and issuing intimations under section 143 had already lapsed. Nevertheless, these ITRs shall now be processed without further delay, and the corresponding intimations under section 143 shall be issued to the concerned taxpayers on or before November 30, 2025.

This relaxation, however, shall not apply to ITRs selected for scrutiny nor to those that remain unprocessed due to reasons attributable to the taxpayers. However, in cases where PAN-Aadhaar linkage could not be established, refund of tax, whether in full or in part, shall not be issued.

Miscellaneous Communication No. F. No.225/205/2024/ITA-II dated 09.06.2025

Monthly Communique | July 2025

- + **Relaxation in time limit for processing ITRs filed pursuant to granting of condonation of delay:** The CBDT had earlier issued various circulars under section 119 of the ITA, granting condonation of delay in the filing of Income Tax Returns ('ITR') by taxpayers. Subsequently, several grievances were received regarding non-receipt of refunds due to non-processing of ITRs filed pursuant to such condonation orders.

Now, the CBDT has issued a circular directing that valid ITRs filed electronically on or before March 31, 2024 pursuant to such condonation of delay, wherein the time limit for issuing intimation under section 143 of the ITA has lapsed, shall be processed without further delay. Intimations regarding the processing of these ITRs shall be issued to the concerned taxpayers on or before March 31, 2026. Thereafter, refunds along with applicable interest, shall be issued except in cases where PAN-Aadhaar linkage could not be established, in which case the amount of refund whether in full or in part, may be withheld.

However, this relaxation shall not apply in cases where any proceeding for assessment or reassessment or re-computation or revision of income has been completed for the relevant AY.

Circular No. 07/2025, F. No. 225/30/2025/IT A-II dated 25.06.2025

- + **Protocol amending the Double Taxation Avoidance Agreement ('DTAA') with Oman:** The Ministry of Finance, Government of India, has notified a protocol amending the DTAA that was concluded between the Republic of India ('India') and the Sultanate of Oman ('Oman') in 1997. This protocol, signed in Muscat on January 27, 2025 and entered into force on May 28, 2025, shall take effect in India from the Financial Year ('FY') 2026-27.

Notification No. 69/2025, F. No. 501/6/1991-FTD-II dated 25.06.2025

Goods and Services Tax (GST)

- + **Procedure for review, revision and appeal against orders passed by Common Adjudicating Authority (CAA) clarified:** CBIC has clarified the procedure / authorities responsible for review, revision and appeal against the Order-in-Original (OIO) passed by Common Adjudicating Authority (CAA) where Show Cause Notices (SCNs) have been issued by the Directorate General of GST Intelligence (DGGI) as under:

Monthly Communique | July 2025

Proceedings	Authority
Review under Section 107 of CGST Act, 2017	Principal Commissioner/ Commissioner under whom CAA is posted
Revision under Section 108 of CGST Act, 2017	Principal Commissioner/ Commissioner under whom CAA is posted
Appeal under Section 107 of CGST Act, 2017	Commissioner (Appeals) corresponding to the territorial jurisdiction of Principal Commissioner/ Commissioner under whom CAA is posted
Department Representation in Appeals	Principal Commissioner/ Commissioner under whom CAA is posted, may designate a subordinate officer for preferring an Appeal from the department's side

The Authority reviewing/ revising the OIO of CAA may seek comments from the concerned DGGI formation, before proceeding to decide on the order passed by the CAA.

Circular No. 250/07/2025 – GST dated 24.06.2025

+ Generation / Quoting of DIN not mandatory for communications through GST portal:

Communications made through the GST portal mandatorily carry a Reference Number (RFN) verifiable on the GST portal and quoting DIN on such communications results into two different electronically generated verifiable unique numbers (i.e. RFN & DIN) on the same communication. Thus, it has been clarified that generation and quoting of DIN is not required and communications bearing RFN is to be treated as a valid communication.

Circular No. 249/06/2025 – GST dated 09.06.2025

+ GST News and Advisory:

- **Reporting of auto-populated tax liability in GSTR-3B to be non-editable:** Effective Form GSTR-3B of July 2025 (due in August 2025) and thereafter, tax liability being auto populated in Form GSTR-3B based on outward supplies declared in Form GSTR-1/ 1A or IFF will be non-editable. Taxpayers will continue to have an option to file Form GSTR-1A for rectifying the errors in outward supplies declared in Form GSTR-1/ IFF.

GST News and Advisory dated 07.06.2025

Monthly Communique | July 2025

- Filing of returns to be barred after 3 years from the due date:** In line with the GST provisions barring the filing of GSTR-1, GSTR-3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR-7, GSTR-8 and GSTR-9 after the expiry of a period of 3 years from the due date of filing the said return, effective July 2025 tax period, the same has also been implemented on the GST portal now. Accordingly, the following GST Returns will be barred from filing from 1st August 2025:

Form	Barred Period
GSTR-1/IFF	June 2022
GSTR-1Q	April - June 2022
GSTR-3B/M	June 2022
GSTR-3BQ	April - June 2022
GSTR-4	FY 2021-22
GSTR-5	June 2022
GSTR-6	June 2022
GSTR-7	June 2022
GSTR-8	June 2022
GSTR-9/9C	FY 2020-21

GST News and Advisory dated 07.06.2025 & GST News and Advisory dated 18.06.2025

- Enhanced inter-operable services between E-Way Bill Portals introduced:** GSTN has launched the new E-Way Bill 2.0 portal (<https://ewaybill2.gst.gov.in>) on 1st July 2025, featuring the enhanced inter-operable E-Way Bill functionalities between the existing E-Way Bill 1.0 portal and the new platform (API integration is expected soon). The additional services are in the nature of:
 - Generation of E-Way Bill based on Part-A details entered by the supplier
 - Generation of Consolidated E-Way Bills
 - Extension of validity of E-Way Bills
 - Update of transporter details
 - Retrieval of consolidated E-Way Bills

Key benefit: Both the portals will operate on a real-time synchronized architecture and technical issue or downtime on one portal can be overcome with availability of the other portal, thus eliminating dependency on a single portal.

GST News and Advisory dated 16.06.2025

Monthly Communique | July 2025

- System Validation streamlined for refund applications by QRMP taxpayers:**
 Taxpayers filing returns under the QRMP scheme had encountered issues on account of automatic system validation which restricted the filing of refund applications, as the system did not correctly recognize invoices furnished through the Invoice Furnishing Facility (IFF) for the initial two months of a quarter (M1 and M2). GSTN has resolved the above error on GST portal, wherein the QRMP taxpayers can now file refund applications for the invoices for which GSTR-3B has been already filed i.e., invoices furnished on IFF for which GSTR-3B is yet to be filed shall not be included in refund application.

GST News and Advisory dated 10.06.2025

- Clarifications issued on handling of inadvertently Rejected records on IMS:** GSTN had issued few FAQs to tackle the cases of erroneous rejection of genuine invoices/ credit notes appearing on IMS dashboard as under

Circumstance	Clarification
Recipient has wrongly rejected invoices/ debit notes/ ECO documents on IMS and GSTR-3B of the same tax period has already been filed. How can ITC on such invoice be availed?	<p>The recipient can request the corresponding supplier to report the same record (without any changes) in same return period's GSTR-1A or as an amendment in GSTR 1/ IFF of the subsequent tax period.</p> <p>Thereafter, the recipient should accept the amended record on IMS dashboard, recompute GSTR-2B and claim ITC on such amended record.</p>
An original record is rejected by the recipient and supplier re-furnishes it in GSTR-1A of same tax period or reports it as amendment in GSTR-1/ IFF of subsequent period (within the limit). What will be the impact on the supplier's tax liability?	<p>The supplier's tax liability will not increase, as the amendment table considers only the delta (difference in values) for increasing/ decreasing the tax liability. Since the record is being re-furnished without any changes in the value, the differential liability will be zero.</p>

Monthly Communique | July 2025

Circumstance	Clarification
Recipient has wrongly rejected credit note appearing in IMS and the corresponding GSTR-3B has already been filed. How can relevant tax liability on such credit notes be discharged by the recipient?	<p>The recipient can request supplier to furnish the same credit note, without any changes, in the GSTR-1A of same tax period or as amendment in GSTR-1/ IFF of subsequent period.</p> <p>The recipient can reverse and reduce the availed ITC based on the amended credit note by accepting the credit note on IMS and recomputing GSTR-2B.</p>
An original credit note is rejected by the recipient and the supplier re-furnishes it in GSTR-1A of same tax period or as amendment in GSTR-1/ IFF of subsequent tax period (within the time limit). What will be the impact on the supplier's liability?	<p>On initial rejection, the tax pertaining to credit note will be added back to supplier's liability in GSTR-3B. When the same Credit Note (without any changes) is re-furnished in GSTR-1A of the same period or through an amendment in GSTR-1/ IFF of a subsequent period, the supplier's liability will be reduced again, corresponding to the value of amended Credit note (which in this case is same as original). Thus, net effect on liability of supplier will be only once.</p>

GST News and Advisory 19.06.2025

- **Clarifications issued on GST Amnesty Scheme:** GSTN has issued certain clarifications w.r.t. the filing of applications under the GST Amnesty Scheme that was due on 30th June, 2025, as under:
 - **Where technical issues are restricting the taxpayers from filing an application:**
 - While initiating the application, "No" to be selected against "Whether the demand order is issued through the GST Portal"
 - In the field "Details of demand order", the Order number to be entered with the prefix of "ONL". (Example: If the online order number is ABCDE12345X1Z2, it should be entered as ONLABCDE12345X1Z2)
 - Manually enter the editable fields in the Basic Details Section. The mobile number and Email ID had to be selected from dropdown.
 - After completing the above, the taxpayer to manually enter the Order Details, Payment Details, and Demand related Information.

Monthly Communique | July 2025

- If payment has been made via DRC-03, the details to be furnished in Table 4. However, if payment was made using the "Payment towards demand" functionality, these details could not be entered in Table 4 and must instead be uploaded separately as attachments for verification.

Additional Comments: The said facility of adding prefix, was clarified to be available only where manual orders were passed and where details of order was uploaded on the GST portal, the details was fetched for submitting an application through the drop down facility listing the orders passed in the name of the applicant.

- **For cases involving technical issues with the auto-population of payment details in Table 4 of the application i.e., details of payments made:** Technical issues were observed in the following instances:
 - payments made through "payment towards Demand Order" functionality
 - pre-deposit amount details, and
 - payments made through GSTR 3B

In the above cases, the applicant is advised to still continue to file the Amnesty application, as the GST portal permitted the submission of the application even in cases where the details of payment does not match with the demand against which the application for the amnesty scheme is to be filed.

In support of the document confirming the payment, details of payment had to be enclosed as attachment along with the application for verification by the jurisdictional officer.

Note: Difficulty if any, faced by the taxpayers in filing applications may immediately be brought into the notice of GSTN by raising a complaint on GST Self-service portal: (<https://selfservice.gstsystem.in>)

GST News and Advisory dated 11.06.2025 & GST News and Advisory dated 12.06.2025

FEMA

- + **Bonus shares permitted for Foreign Investors:** It now allows Indian companies in FDI-prohibited sectors to issue bonus shares to existing non-resident shareholders, provided the shareholding pattern remains unchanged. Such bonus issues will be deemed compliant with FEMA regulations.

Ministry of Finance-Notification No. S.O.2549(E) dated 11.06.2025



Monthly Communique | July 2025

- + **Relaxation in import of shipping vessels:** The Reserve Bank of India ('RBI') has relaxed the regulatory framework governing the import of shipping vessels, with a view to enhancing the ease of doing business while considering sector-specific constraints. Henceforth, importers are permitted to make advance remittances not exceeding USD 50 million without the requirement of a bank guarantee or an unconditional, irrevocable standby Letter of Credit, subject to the fulfillment of specified conditions. These directions have been issued under the relevant provisions of the Foreign Exchange Management Act ('FEMA'), 1999, and are further subject to any other applicable legal and regulatory approvals.

Circular No. 07 - RBI/2025-26/55 A.P. (DIR Series) dated 13.06.2025



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