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Income Tax

- + **Amendment in Form No.7:** The notice of income-tax demand is issued by the Assessing Officer in Form No.7. Hitherto, this form would 'demand' income-tax payable for a specific assessment year and which was appropriate for assessment proceedings that related to a single year. However, such an approach would, considering new provisions, not be feasible for cases of search and seizure assessments where the liability is determined for multiple years of a "block period" by way of a solitary assessment order (and not just a single assessment year). Therefore, an amendment now seeks to update Form No.7 to include the words "*or the block period....., as the case may be*". This ensures that the Form applies validly to both a single assessment year and for a block period (comprising of multiple assessment years).

Notification No. 132/2025 [F. No. 370142/34/2025-TPL] / G.S.R. 553(E) dated 14.08.2025

- + **Revised thresholds for perquisites under Section 17(2):** Benefits or amenities provided free of cost or at concessional rates by the employer were earlier taxable if salary exceeded ₹50,000; Rule 3C now raises this limit to ₹4,00,000. Similarly, employer's expenditure on overseas medical treatment (including travel/stay) was exempt only if gross total income did not exceed ₹2,00,000; Rule 3D now enhances this limit to ₹8,00,000.

Notification No. 133/2025 [F. No. 370142/27/2025-TPL] / G.S.R 555(E) dated 18.08.2025

- + **Amendment in Form 10CCF:** Unit being an insurance office undertaking insurance business, in International Financial Services Centre (IFSC) are also required to file Form No. 10CCF to claim tax deductions under Section 80LA. Profits of an insurance business are computed as per the provisions of section 44 of the Income-tax Act, 1961. However, the Form 10CCF presently does not explicitly provide for this aspect. Hence, to rationalize Form 10CCF, line item in Serial No. 6 of Form 10CCF is amended to require stating for an insurance business the 'gross income' which is profits and gains from the operations which will be computed as per section 44 read along with First Schedule. These profits are taken into consideration after giving effect to expenses. Similarly, line item in Serial No. 9 is amended to provide that the gross eligible income may be reported as Nil for an insurance business whose profits are computed under section 44 (supra).

Notification No. 135/2025 [F. No. 370142/33/2025-TPL] / GSR 564(E) dated 20.08.2025

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- + **Amendment in Rule 21AIA:** Rule 21AIA of the Income-tax Rules prescribes the manner of computing exempt income for specified funds located in an IFSC under section 10(4D) of the Income-tax Act, 1961. Hitherto, Rule 21AIA(4) prescribed additional eligibility conditions to qualify it as Specified Funds and an Explanation clarified the meaning of certain terms in the said provision. To align the said rule with the ITA, Rule 21AIA(4) is now deleted and the Explanation now provides that the term “specified fund” will have the same meaning as provided in section 10(4D) which includes Category III AIF’s, retail schemes or Exchange traded funds and Investment divisions of offshore banking units. This change ensures consistency between the Rules and the Act, removing redundancy and aligning definitions for easier compliance.

Notification No. 136/2025 [F. No. 370142/29/2025-TPL] / G.S.R 566(E) dated 21.08.2025

Goods and Services Tax (GST)

- + **Recommendation of the GST Council on rate rationalization and trade facilitation (56th Council Meeting dated 03.09.2025):** The GST Council, in its 56th Meeting held on 03.09.2025, has made certain recommendations relating to changes in GST tax rates and introduction of measures for trade facilitation in GST. Key highlights are as follows:
 - **GST Rate Changes:** The GST Council has recommended a simplified two-tier GST rate framework (5% and 18%), with a higher rate of 40% retained only for specified sin goods. This restructuring is aimed at eliminating multiple intermediate rates (12% and 28%) and addressing issues in inverted duty structures. The revised rates are to take effect from **22.09.2025**, except for specified goods (tobacco, pan masala, etc.) which remain at 28% + cess until cess liabilities are cleared.
 - **Risk-based Provisional Refunds:** A new mechanism is recommended that will allow **90% provisional refunds** in cases of inverted duty structure, based on **system-driven risk analysis** - similar to the framework currently applicable to zero-rated supplies. This facility will be available from **01.11.2025**.
 - **Operationalisation of GSTAT:** The GST Appellate Tribunal (GSTAT) to be made functional for filing appeals by September 2025, with hearings commencing by December 2025. Further, the limitation period for filing backlog appeals has been extended till **30.06.2026**.

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While the above are **recommendations of the GST Council**, their implementation will be subject to the issuance of **relevant Notifications and Circulars**. The Press Release on recommendations of the GST Council Meeting dated 03.09.2025 can be accessed [here](#) and the FAQs can be accessed [here](#). *Press Release dated 03.09.2025*

+ GST News and Advisory:

- **GST Due date for filing GSTR-3B extended to 27th August 2025 in select districts of Maharashtra:** The due date for filing GSTR-3B for July 2025 returns was extended from 20th August 2025 to 27th August 2025 for taxpayers registered in the districts of Mumbai (City), Mumbai (Sub-Urban), Thane, Raigad and Palghar on account of heavy rains.

Notification No. 12/2025- Central Tax dated 20.08.2025 and GST News and Advisory dated 21.08.2025

- **Enhancement made on GST for order-based refunds:** The GST portal has upgraded the order-based refund functionality (*for refund claims on account of Assessment/Enforcement/Appeal/Revision/Any Other Order*) by allowing taxpayers to now claim refunds on demand orders even with zero / positive cumulative balances. The key enhancements implemented are as under:
 - **Wider Refund eligibility**– Refunds can now be claimed even if the Demand ID shows a zero/positive cumulative balance, provided any minor head reflects a negative balance. *Hitherto, refunds could only be claimed when the cumulative Demand ID balance showed a negative balance, which prevented taxpayers from claiming refunds on individual components (minor heads such as tax, interest, or penalty) even if those showed a negative balance but the overall Demand ID balance was zero / positive.*
 - **Demand ID status no longer restrictive**– Refunds may be claimed irrespective of the Demand ID's status.
 - **Auto-population limited to negative amounts in refund application**– Only negative balances will auto-populate in Form RFD-01 and refund cannot be claimed for positive amounts.
 - **Order number suggestions & tooltips**– The system now suggests the most recent relevant order (e.g., order-in-original, rectification order or appellate order etc) and displays clear guidance for Order No. and Demand ID fields.
 - **Support** – A detailed user manual and FAQs will be issued soon.

GST News and Advisory dated 28.08.2025



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Companies Act

- + **Update Enhancement of EPFO Death Relief Fund:** The Central Provident Fund Commissioner has approved increasing the ex-gratia payment under the Employees' Provident Fund Organisation's Death Relief Fund from ₹8.80 lakh to ₹15 lakh for families (nominees or legal heirs) of deceased Central Board employees, effective April 1, 2025. Thereafter, this enhanced ex-gratia amount will be indexed upward by 5 percent annually beginning April 1, 2026.

Circular No. HRD-II/Death Relief Fund/2025-26/24 dated 19.08.2025

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