



MAY 2025

TAX EDGE

YOUR MONTHLY GUIDE  
TO STAYING AHEAD

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## Income Tax Return 2025: Major Updates to ITR Forms You Should Know

- **LTCG Reporting Simplified:**

Taxpayers can now declare long-term capital gains (LTCG) up to Rs.1.25 lakh from listed equity shares and mutual funds under Section 112A within ITR-1 and ITR-4. This simplifies filing for small investors, provided there is no capital loss to be carried forward.

- **Higher Turnover Threshold for Presumptive Taxation:**

Under Section 44AD, the turnover limit has been raised to ₹3 crore for businesses and the threshold has increased to ₹75 lakh for professionals, if 95% or more of transactions are conducted digitally.

- **Mandatory Disclosure of Tax Regime:**

Individuals must explicitly state whether they are opting for the old or new tax regime. Those opting out of the new regime for the first time must submit Form 10-IEA, along with the acknowledgment number in their return.

- **Clause-Level Deduction Selection:**

Deductions under Sections 80C to 80U must now be reported through a detailed drop-down list. This provides structured classification, improving the clarity and validity of claims.

- **Bank Account Details Reporting:**

All active bank accounts held in India during the financial year must be reported. Dormant accounts (inactive for over 2 years) are excluded.

- **Aadhaar Enrolment ID Removed:**

PAN/ITR filing requires valid Aadhaar only.

- **Threshold limit for Mandatory Assets and Liabilities disclosure:**

Now Rs.1 crore (earlier Rs.50 lakh)

- **TDS Section Specification:**

Mandatory across all ITR forms.

- **Capital Gains Split by Date:**

July 23, 2024, is the key threshold.

- **Buyback Proceeds as Dividends:**

Shown as deemed income; capital loss allowed if conditions met.

## ITR-2 – Detailed Capital Gains and TDS Reporting

Change	Details
Capital Gains Segregation	Distinguish gains before and after 23rd July 2024 under new regime.
Capital Loss on Buybacks	Allowed only if dividend income is disclosed under 'Income from Other Sources' (from 1st Oct 2024).
Asset & Liability Reporting	Threshold increased from ₹50 lakh to ₹1 crore for mandatory disclosure.
TDS Schedule Enhancement	New column to mention exact TDS section (e.g., 194I, 194J).

## ITR-3 – Comprehensive Business & Capital Reporting

Change	Details
Capital Gains Schedule Updated	LTCG/STCG must be reported pre- and post-23.07.2024 with new rates/indexation.
Buyback Loss Rules	Loss allowed only if dividend is declared under Section 2(22)(f).
Section 44BBC Introduced	For non-resident cruise operators: 20% of gross receipts taxed presumptively.
Deduction Schedules Expanded	Detailed input for Sections 80C, 80E, 80EE, 24(b), 10(13A) including account/policy numbers.
TDS Traceability	New field in Schedule-TDS to specify exact TDS section.

## ITR-5 – Firm, LLP & AOP Specific Enhancements

Change	Details
Capital Gains Reporting	Separate reporting for gains before and after 23.07.2024.
Cruise Income (44BBC)	Applicable to non-resident firms in cruise shipping (presumptive basis).
Buyback Loss Rule	Allowed only if dividend income is reported.
TDS Section Reporting	Mandatory to disclose section code (e.g., 194J) in TDS claims.

## ITR-6 – Corporate Return Enhancements

Change	Details
CG Reporting Timeline	Gains must be split pre- and post-23.07.2024.
Section 44BBC Addition	Applies to companies in international cruise services.
New Rule 10TIA	Rough diamond businesses must declare minimum profit of 4% of gross receipts.
Enhanced Housing Loan Disclosure	New expanded format under Section 24(b) to report loan & interest details.
TDS Schedule Update	Mandatory mention of section for all TDS claims.

## ITR-7 – Applicable to Trusts & Political Entities

Change	Details
Capital Gains Split	Separation of gains before and after 23rd July 2024 is mandatory.
Buyback Loss Reporting	Allowed only when dividend income is disclosed (proceeds shown as deemed dividends).
Expanded Schedule 24(b)	Additional fields for housing loan interest deductions.
Section-Wise TDS Reporting	Mandatory mention of TDS section in Schedule-TDS.

## GST Compliance Updates Effective From 01.04.2025

### Important Update

The following GST related changes, issued via multiple notifications and circulars, will become effective from April 1, 2025. These reforms aim to enhance traceability, improve ITC reconciliation, and enforce stricter compliance across businesses.

### 1. Mandatory Multi Factor Authentication (MFA)

To ensure secure access, the NIC implemented MFA for GST e-way bill and e-invoice system:

- Jan 1, 2025: Mandatory for taxpayers with AATO > ₹20 Cr.
- Feb 1, 2025 : Extended to AATO > ₹20 Cr.
- April 1, 2025 : Applicable to all taxpayers, irrespective of turnover.

This security enhancement reduces the risk of unauthorized access and fraud. .

### 2. Compulsory Input Service Distributor (ISD) Registration

Starting April 1, 2025, businesses with multiple GST Registration under a single PAN must mandatorily register as ISD to distribute ITC related to common services (rent, audits, licenses, etc.). This eliminates the prior flexibility between ISD and cross-charge methods.

- Businesses must now issue ISD invoices.
- File GSTR-6 to distribute Input Tax Credit across branches.

### 3. Amendments to GSTR -7 and GSTR-8 Formats

As per Notification No.09/2025 - Central Tax (dated Feb 11, 2025): .

- GSTR - 7 (TDS) : Now includes invoice-wise tax deduction with detailed fields (invoice number, GSTIN, tax deducted). The revised format mandates reporting in the following structured table:

GSTIN of deductee	Invoice/Document No.	Date	Value
Amount paid to deductee liable for TDS	Integrated Tax	Central Tax	State /UT Tax

Tax deductors must now report each transaction using this format to improve reconciliation and traceability with Form26AS and GSTR-2A data.

- GSTR - 8 (TCS by e-Commerce) : Expanded to capture more detailed transaction-level information for improved audit and traceability. The updated format mandates detailed reporting across all e-commerce transactions, as illustrated below:

GSTIN of the supplier	Gross value of supplies made	Value of supplies returned	Net amount liable for TCS
Integrated Tax	Central Tax	State /UT Tax	Place of Supply (POS)

The structure applies to both:

- 3A. Supplies made to registered persons
- 3B. Supplies made to unregistered persons

E-commerce operators must furnish the full scope of supply and tax details, thereby enhancing the accuracy of credit claims and ensuring smoother reconciliation for sellers and tax authorities alike.

#### 4. e-Way Bill Generation and Extension Restrictions

- 180-Day Document Limit: e-Way Bills can be generated only for documents dated within the past 180 days. For example, from April 1, 2025, documents before October 3, 2024, are ineligible.
- 360-Day Extension Cap: Maximum extension limit for any e-Way Bill is 360 days from its date of generation.

#### 5. 30-Day Time Limit for E-Invoice Reporting Extended

Previously applicable to businesses with AATO > ₹100 Cr, this time limit is now extended to those with AATO > ₹10 Cr:

- All B2B invoices must be reported on the Invoice Registration Portal (IRP) within 30 days of the invoice date.
- Failure to report in time will render the invoice ineligible for IRN generation, impacting ITC claims and compliance timelines.

## CBIC Clarifies DIN Requirement For GST Communications

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### Key Highlight

CBIC has clarified that Document Identification Number (DIN) is not required on communications generated via the GST Common Portal that already bear a Reference Number (RFN).

This update streamlines communication processes, ensuring clarity while maintaining traceability and compliance.

### What's New in CSR Regulations – 2025 Highlights

Earlier, CBIC had mandated DIN on all official correspondence (Circular Nos. 122/41/2019-GST and 128/47/2019-GST) to promote transparency and accountability.

However, with the increasing use of automated, portal-based communication in GST compliance, the RFN system already fulfills this purpose effectively.

### What is RFN?

The Reference Number (RFN) is a unique, verifiable number automatically assigned to communications issued via the GST common portal. It provides the following information:

- Date of issuance
- Document type and module
- Originating CBIC office
- Can be verified online at: <https://services.gst.gov.in/services/verifyRfn>

### Legal Basis

Section 169(1)(d) of the CGST Act, 2017 states that communication through the GST common portal is a valid method of service.

Additionally, Instruction No. 4/2023-GST reinforced that GST notices and orders (e.g., DRC-01 and DRC-07) must be electronically served via the portal.

## **CBIC Clarification (Circular No. 249/06/2025-GST)**

- Communications generated and served via the GST portal that already contain a verifiable RFN do not require DIN.
- Such communications are valid and compliant under Section 169 of the CGST Act.
- This clarification modifies earlier DIN-related directives to this extent.

## **Impact on Taxpayers and Officials**

- No additional action is required for portal-based communications bearing RFNs.
- Avoids confusion from dual identifiers (DIN & RFN) on the same communication.
- Ensures faster and more efficient document handling while preserving accountability.

## Furnishing Of Accounts And Records

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### **Problem Identified:**

The C&AG has been facing delays and issues due to non-production or partial production of records by government officers or departments during audits.

### **Instruction Issued :**

A directive has been issued to ensure that:

- Officers responsible for maintaining records should promptly provide all necessary documents/information to the audit team whenever requested.
- If the required documents are not held by the department but are with the taxpayer or external party, the officer should formally request the taxpayer to submit the documents to the audit team.

### **Why This Is Important:**

- Delays or failures in providing complete records hamper the audit process, potentially hiding inefficiencies, irregularities, or even fraud.
- Timely cooperation ensures transparency, accountability, and compliance with audit requirements.
- It also protects the concerned officers and departments from audit objections or disciplinary actions.

## GST Redressal mechanism

The Central Board of Indirect Taxes and Customs (CBIC) issued Instruction No. 03/2025 to enhance the processing of GST registration applications and address grievances related to the registration process. This instruction aims to streamline the registration process and provide a mechanism for taxpayers to address issues or concerns they may encounter during the application process.

### Key Features of CBIC Instruction No. 03/2025:

#### 1. Enhanced Processing of Applications:

The instruction outlines procedures to ensure timely and efficient processing of GST registration applications, reducing delays and improving the overall experience for applicants.

#### 2. Grievance Redressal Mechanism:

A structured mechanism has been established to address grievances related to the registration process. This includes clear guidelines on how taxpayers can raise issues and the steps involved in resolving them.

#### 3. Training and Capacity Building:

To ensure effective implementation, the instruction emphasizes the need for training and capacity building among GST officers, enabling them to handle applications and grievances more efficiently.

#### 4. Monitoring and Feedback:

Regular monitoring and feedback mechanisms have been put in place to assess the effectiveness of the registration process and the grievance redressal system, allowing for continuous improvements.

Deductor      Deductee      Threshold Limit      TDS Rate      Important note

## Corporate Law Insight

### Key Regulatory Updates – Effective July 2025

This brings you a comprehensive summary of the recent amendments under the Companies Act, 2013 and key notifications issued by the Ministry of Corporate Affairs (MCA) as of June 2025. These changes reflect the government's continued push for transparency, digital compliance, governance reform, and corporate accountability.

#### 1.Mandatory New Disclosures in Board Report

Effective from 14 July 2025, companies (except OPCs and small companies) must include the following disclosures in their Board's Report:

- Number of complaints of sexual harassment at the workplace, including:
  - Number received
  - Number resolved
  - Number pending for more than 90 days
- A declaration of compliance with the Maternity Benefit Act, 1961, specifically related to the constitution of an Internal Complaints Committee (ICC).

These disclosures must now be filed via a new e-Form (Extract of Board Report) along with AOC-4.

#### 2.Revised MCA Filing Forms

##### (a) MGT-7 / MGT-7A – Annual Return

- More detailed classification of debenture holders and shareholder categories.
- For small companies filing MGT-7A, a photograph of the registered office premises is now mandatory.

##### (b) MGT-15 – AGM Report

- Companies must indicate the financial year for which the AGM is being held—ensuring better traceability and compliance tracking.

##### (c) GNL-1 – General MCA Filing

- Applications like AGM extension, compounding of offences, and approvals under the Act must now be digitally certified by a full-time Company Secretary/Chartered Accountant/Cost Accountant.

### 3.Accounting System Requirements

The MCA has reinforced its emphasis on digital integrity and traceability of financial records:

- Companies must maintain daily backups of all electronic financial records on servers located in India.
- Audit trail features in accounting software are mandatory and must not be disabled or altered throughout the financial year.

This is applicable to companies maintaining their books of account in electronic mode.

### 4.Extended Deadlines You Should Know

Compliance Requirement	Extended Due Date
Dematerialisation of shares (private cos.)	30 Jun 2025
CSR-2 Filing for FY 2023–24	30 Jun 2025

Note: Failure to convert securities to demat form by the extended deadline could restrict the company's ability to issue or transfer shares.

### 5.Proposed Amendments to Merger Rules

The MCA has sought public feedback on proposed changes to the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The focus areas include:

- Fast-track mergers for group companies and foreign subsidiaries
- Simplification of procedural timelines
- Digitalization of approval routes

These proposed changes will impact both domestic and cross-border merger structures, especially those involving “reverse flips.”

### 6.Enhanced Corporate Governance Expectations

The Ministry continues to emphasize good governance, particularly in the context of:

- Sexual harassment redressal mechanisms
- Labor law compliance (e.g., maternity benefits, workplace safety)
- Transparent Board reporting and record-keeping

Boards are expected to demonstrate not just legal compliance but also proactive ethical standards, especially when dealing with internal complaints and employee welfare.

## 7.Actionable Checklist

- Review and revise Board Report format to include new statutory disclosures
- Update accounting software to include audit trail functionality and secure backups
- File CSR-2 for FY 2023–24 by 30 June 2025
- Convert all shareholdings into demat form by 30 June 2025
- Train your compliance and secretarial team on revised MCA filing formats
- Engage professional certifiers (CS/CA/CMA) for all GNL-1 submissions
- Stay informed about CAA Rule amendments and potential merger restructuring options

These updates signal a decisive move by regulators towards digitally robust, transparent, and responsible corporate functioning. Companies that adopt these changes early will not only avoid penalties but also enhance stakeholder trust and operational resilience.

# Key Updates On CSR Rules & Compliance

## CSR – Legal Framework Overview

CSR obligations under Section 135 of the Companies Act apply to every company meeting any of the following financial thresholds in the immediately preceding financial year:

- Net Worth of ₹500 crore or more
- Turnover of ₹1,000 crore or more
- Net Profit of ₹5 crore or more

Such companies are required to:

From FY 25-26

- Constitute a CSR Committee (with exceptions),
- Formulate a CSR Policy,
- Spend at least 2% of average net profits on eligible CSR activities, and
- Report the same annually.

## What's New in CSR Regulations – 2025 Highlights

### 1. Extended Deadline for CSR-2 Filing

The MCA has extended the deadline for filing Form CSR-2—a standalone report detailing CSR activities—for the Financial Year 2023–24. The new due date is 30 June 2025, extended from the earlier deadline of 31 March 2025.

Who needs to file?

All companies falling under CSR applicability, whether or not they have spent the required CSR amount, are required to file Form CSR-2 on the MCA portal.

Deductor

Deductee

Threshold Limit

TDS Rate

Important note

 **Note:** CSR-2 must be filed in addition to Form AOC-4. Failure to comply may attract penalties under Section 134(8) and Rule 12(1B) of the Companies (Accounts) Rules, 2014.

## 2.Key Disclosures Required in Form CSR-2

Companies must report a wide range of CSR-related information in this form, including:

- Prescribed CSR amount vs. actual amount spent
- Details of each project: name, sector, location, and implementing agency
- Mode of implementation: directly by the company or through a third party
- Surplus generated from CSR activities and its reinvestment
- Handling of unspent CSR amount, classified as:
  - Amount relating to ongoing projects (transferred to Unspent CSR Account)
  - Amount not related to ongoing projects (transferred to a specified fund)

This disclosure enables the MCA to monitor CSR execution closely and ensures standardized national reporting.

## 3.Strengthened Governance & Reporting Obligations

The revised CSR rules mandate the following:

- A CSR Committee must be constituted (exempt if CSR obligation is less than ₹50 lakh).
- The Board's Report should now contain:
  - A detailed Annual CSR Report
  - The company's CSR Policy and implementation details
  - Justifications for unspent CSR funds, if applicable
- Companies must ensure that CSR is not misclassified—routine operational expenses and staff welfare do not qualify as CSR activities.

 **Tip:** Maintain detailed documentation and internal audit trails to support every project-related expense and implementation partner.

### Penalties for Non-Compliance

Failure to adhere to CSR provisions can result in monetary penalties:

Nature of Default	Penalty on Company	Penalty on Officers
Non-filing of CSR-2	₹100,000	₹25,000
Non-spending of CSR amount	Twice the unspent amount or ₹1 crore (whichever is less)	1/10th of unspent amount or ₹2 lakh (whichever is less)

## Actionable Compliance Checklist – FY 2024–25

To ensure full compliance with CSR rules and avoid any last-minute issues, companies should:

- File Form CSR-2 by 30 June 2025
- Ensure CSR Policy and project details are up to date
- Include all required CSR information in the Board's Report
- Transfer unspent CSR funds to:
  - Unspent CSR Account (within 30 days after FY-end, for ongoing projects)
  - PM National Relief Fund or other Schedule VII notified funds (within 6 months, for non-ongoing projects)
- Retain all supporting documentation and conduct impact assessments (mandatory for companies with average CSR obligation of ₹10 crore or more in the past 3 years)

## Looking Ahead – CSR Trends & Expectations for 2025

- **Impact Assessment:**

The MCA is expected to introduce a standardized impact measurement framework, especially for large CSR-spending companies.

- **Geographic Equity:**

Focus on promoting CSR activities in aspirational districts and underserved regions.

- **Third-party Evaluation:**

Increased reliance on third-party validation and digital disclosures to ensure transparency.

- **ESG Integration:**

CSR is gradually merging with broader Environmental, Social, and Governance (ESG) frameworks, creating scope for long-term sustainability planning.

As the CSR landscape continues to evolve, it is crucial for companies to not only meet compliance requirements but also to approach CSR as a strategic investment in social impact and sustainable development. The recent changes emphasize greater transparency, accountability, and outcome-driven initiatives—signalling a shift from CSR as a statutory obligation to a cornerstone of responsible business conduct.

## RBI's Draft Guidelines On Gold Loans

The Reserve Bank of India (RBI) has released nine draft guidelines aimed at bringing standardization, transparency, and better risk management in gold loan practices among banks and NBFCs. These measures are currently in draft stage and open for public consultation.

- **Loan-to-Value (LTV) Ratio Capped at 75%:**

Lenders can now sanction loans up to 75% of the appraised value of the gold pledged, returning to pre-pandemic standards.

- **Mandatory Proof of Gold Ownership:**

Borrowers must present ownership evidence of the pledged gold. In cases where original bills are not available, a written declaration is required.

- **Gold Purity Certificate:**

At the time of loan approval, lenders must issue a certificate indicating the purity and appraised value of the gold.

- **Standardized Loan Agreements:**

Loan contracts must now include detailed collateral descriptions, auction policies in case of default, notification timelines, gold release terms upon repayment, and related charges.

- **Monitoring the End-Use of Funds:**

Lenders are expected to monitor how funds are used, particularly for loans above specified thresholds or for income-generating purposes, and maintain documentation of utilization.

- **Renewal and Top-Up Restrictions:**

Top-up or renewed gold loans are only permitted if the current loan is standard and within the 75% LTV cap. A new credit appraisal and borrower request are mandatory..

- **Prohibition on Duplicate Loans:**

No more than one loan can be granted against the same gold collateral, avoiding over-leveraging by borrowers.

- **Collateral Ownership Verification:**

Gold collateral ownership must be clearly verified before disbursing the loan. Loans should not be granted if ownership is uncertain.

# RBI 2025: Driving Growth, Inclusion & Innovation

## 1. Monetary Policy & Liquidity Measures: Fueling Economic Momentum

- **Reduction in Policy Repo Rate**

The policy repo rate under the Liquidity Adjustment Facility (LAF) has been reduced by 50 basis points, from 6.00% to 5.50%, effective immediately.

- **Adjustment of Standing Liquidity Facility (SLF) Rate for Primary Dealers**

Consequent to the repo rate cut, the Standing Liquidity Facility (SLF) rate for Primary Dealers has been adjusted to 5.50%, aligning with the new repo rate.

Up to FY 24-25

From FY 25-26

- **Phased Reduction of Cash Reserve Ratio (CRR)**

The CRR for all banks will be reduced by 100 basis points in four equal tranches of 25 basis points each, bringing it down to 3.0% of Net Demand and Time Liabilities (NDTL) by November 29, 2025. The schedule is as follows:

- 3.75% effective September 6, 2025
- 3.50% effective October 4, 2025
- 3.25% effective November 1, 2025
- 3.00% effective November 29, 2025

- **Updated Qualifying Assets Criteria for NBFC-MFIs**

Non-Banking Financial Companies – Microfinance Institutions (NBFC-MFIs) are now required to ensure that a minimum of 60% of their total assets (net of intangible assets) qualify as microfinance loans.

- **Repo Rate Cut Earlier in 2025**

Back on February 7, 2025, the RBI had already reduced the repo rate by 25 basis points to 6.25%. This earlier cut was the first step in a series aimed at lowering borrowing costs and stimulating credit growth across the economy.

- **Revision of Bank Rate and Penal Interest Rates**

The Bank Rate has been reduced by 50 basis points to 5.75%. Accordingly, penal interest rates on shortfalls in CRR and Statutory Liquidity Ratio (SLR) requirements, which are linked to the Bank Rate, have been revised downward.

Item	Previous Rate	New Rate
Bank Rate	6.25%	5.75%
Penal interest (shortfall) – low	9.25%	8.75%
Penal interest (shortfall) – high	11.25%	10.75%

## 2. Financial Inclusion & Microfinance Reforms: Opening Doors to More Borrowers

In a bid to make credit more accessible and affordable, the RBI has introduced several reforms targeting small borrowers and cooperative banks:

- **Eased Gold Loan Guidelines:**

For small-ticket gold loans up to ₹2.5 lakh, the loan-to-value ratio has been raised from 75% to 85%. Moreover, the mandatory credit appraisal requirement has been removed, simplifying the loan approval process and empowering more individuals to leverage their gold assets.

- **Microfinance Loan Risk Weights Revised:**

To better align risk with credit availability, loans classified as retail claims now attract a 75% risk weight, while microfinance loans under consumer credit will carry a 100% risk weight. This re-calibration helps balance growth in microfinance lending with prudent risk management.

- **Updated Prudential Norms for Urban Co-operative Banks (UCBs):**

The RBI has revised small-value loan limits and increased housing loan caps, giving UCBs greater operational flexibility while ensuring they maintain adequate regulatory oversight and financial stability.

### 3. Digital & Technological Innovations: Paving the Way for a Digital Future

The RBI continues to champion innovation with forward-looking initiatives that promise to transform India's financial landscape:

- **Digital Rupee (₹):**

Pilots for both wholesale (₹-W) and retail (₹-R) versions of the Digital Rupee are underway. The RBI is now focusing on enabling offline transaction capabilities, which will be a game-changer in ensuring access to digital currency in areas with limited or no internet connectivity.

- **Overhaul of Payment Aggregator Framework:**

To enhance consumer protection and regulatory compliance, the RBI has proposed major revisions in the Payment Aggregator ecosystem. Non-bank Payment Aggregator Providers must meet revised net-worth criteria and apply for formal authorization by July 31, 2025, or cease operations, signaling a crackdown on unregulated entities..

### 4. Others

- **ATM Transaction Fee Update: What You Need to Know**

From May 1, 2025, the RBI has increased ATM interchange fees. Customers will now be charged ₹23 per transaction once they exceed their free transaction limit (up from ₹21 previously). The number of free transactions at other bank ATMs is capped at 3 per month in metro cities and 5 per month in non-metro locations. This update aims to balance cost recovery for banks while maintaining reasonable access for customers.

- **FEMA Legal Amendment:**

Notification No. FEMA 10 (R) (6)/2025-RB is the Sixth Amendment to the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015. In Schedule II, under the annex titled "Application for Opening Diamond Dollar Account/s", the phrase "2 Years" has been replaced with "Three Years".

This amendment is effective immediately upon publication in the Official Gazette, i.e. 29 April 2025

Deductor      Deductee      Threshold Limit      TDS Rate      Important note

- **Qualifying Assets Criteria**

Effective Date: Immediately upon issuance (June 6, 2025)

Scope: Applies to all NBFC-MFIs under RBI's regulatory framework.

Key Change: The minimum percentage of "qualifying assets"— assets considered as microfinance loans—has been increased to 60% of total assets (net of intangible assets), on an ongoing basis. If an NBFC-MFI fails to maintain this ratio for four consecutive quarters, it must submit a remediation plan to the RBI.

## 5. Why These Changes Matter

- **Stimulating Growth:**

Lower interest rates and increased liquidity encourage businesses and consumers to borrow and invest, spurring economic activity.

- **Expanding Financial Inclusion:**

Easier access to credit and enhanced digital payment options bring more people into the formal financial system.

- **Strengthening Banking Resilience:**

Updated prudential norms and risk management frameworks ensure a robust, stable banking sector.

- **Protecting Consumers:**

Stricter regulations and transparent policies safeguard customer interests in an evolving financial ecosystem.

- **Driving Digital Transformation:**

The rollout of the Digital Rupee and upgraded payment infrastructure are ushering India into a new era of digital finance.

## Investor Awareness Bulletin - SEBI Issues Strong Advisory Against Fake Messages And Fraudulent Communications

### Important Investor Alert

The Securities and Exchange Board of India (SEBI) has brought to the public's attention a growing trend of fraudulent communications being circulated to mislead investors and the general public. These fake messages are being shared through social media platforms, emails, messaging apps like WhatsApp and Telegram, and even printed notices. Fraudsters are impersonating SEBI by using fabricated letterheads, logos, seals, and forged signatures.

### What Are These Fake Messages?

SEBI has received multiple reports of individuals and entities receiving counterfeit documents and alerts that falsely claim to be issued by SEBI. These include:

- Fake penalty notices asking individuals to pay fines to avoid supposed regulatory action.
- Fake certificates related to PACL property sales.
- Fake authorization letters claiming permission to use third-party bank accounts for investment-related transactions.

These communications often come with false urgency or legal threats to pressure recipients into acting without verification.

### How to Verify SEBI Communication

To safeguard yourself from falling victim to these frauds, SEBI has laid down clear and reliable steps for authenticating its communications:

#### 1. Verify SEBI Orders Using Reference Numbers

All genuine SEBI orders are published with a unique reference number.

To verify:

- Visit the SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in)
- Navigate to Home > Enforcement > Orders
- Search using the reference number or date

This allows you to confirm whether an order you received is legitimate.

## **2. Validate Documents Using UDIN (Unique Document Identification Number)**

All official SEBI notices, circulars, and summonses are issued with a Unique Document Identification Number (UDIN).

To authenticate any such document:

- Visit Home > Authenticate Document Number Issued by SEBI on the SEBI website
- Enter the UDIN to verify if the document is valid and truly issued by SEBI

## **3. Check the Official Email Domain**

Emails from SEBI will only be sent using official email IDs that end in @sebi.gov.in. If you receive an email from any other domain (like Gmail, Yahoo, etc.) or a suspicious-looking address, treat it as potentially fraudulent.

## **4. Refer to the SEBI Directory to Confirm Identity of Officials**

If you receive communication from someone claiming to be a SEBI officer, you can verify their identity through the SEBI Directory.

To access it:

- Visit Home > About > SEBI Directory on the SEBI website

This section includes:

- Names of SEBI officers
- Official email addresses
- Contact phone numbers

## **5. Verify Recovery Certificates**

Fraudsters may send forged Recovery Certificates demanding payment or threatening legal action.

To verify if a recovery certificate is genuine:

- Visit Home > Enforcement > Recovery Proceedings on the SEBI website
- Match the document details with the records available

## What Should Investors Do?

To remain protected and secure, SEBI advises all investors to follow these best practices:

### **Do's**

- Always verify authenticity before responding to any SEBI-related communication.
- Use only official SEBI channels and websites for checking the legitimacy of documents.
- If you receive any alert or email that seems suspicious, report it to SEBI immediately.
- Consult with your financial advisor or compliance officer before taking any action.

### **Don'ts**

- Never share sensitive personal or financial details such as PAN, Aadhaar, bank details, or OTPs with unverified individuals or platforms.
- Do not respond to notices or demands for payment without verifying through SEBI's website.
- Avoid interacting with people on social media who claim to be affiliated with SEBI unless their identity is verified through the SEBI Directory.

### **In Case of Doubts or Grievances**

If you are unsure about any communication:

- Visit the SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in)
- Use the SEBI Directory to contact the relevant official.
- Report fake or suspicious communication immediately to SEBI through its official grievance redressal mechanism.

## Conclusion

SEBI remains committed to protecting investors and ensuring a transparent and secure securities market. Fake messages and fraudulent notices are a serious concern, and investors are urged to be cautious, stay informed, and always cross-check the source and authenticity of any SEBI-related message.

By being vigilant, you help maintain the integrity of the securities market and protect yourself from financial fraud.

# SEBI Investor Awareness Initiative: Introduction of KRA Investor Charter

## Introduction

In its continued efforts to strengthen investor protection and service standards, SEBI has introduced a comprehensive Investor Charter for all KYC Registration Agencies (KRAs). This move is intended to help investors better understand the services offered, their rights, responsibilities, and available redress mechanisms when engaging in KYC-related activities in the securities market.

Up to FY 24-25


From FY 25-26

The Investor Charter outlines a uniform set of service norms and best practices, ensuring transparency, accountability, and consistent communication from KRAs to investors across the country.

## What's Required from KRAs?

As per the circular, all SEBI-registered KRAs must now:

- Prominently display the Investor Charter on their official websites.
- Send the Charter to new and existing investors via email.
- Physically display the Investor Charter at all branch and office locations.

 **Effective Immediately:** These steps are mandatory in addition to all previously existing disclosure requirements under SEBI regulations.

## Annexure – A: Investor Charter for KRAs

To safeguard yourself from falling victim to these frauds, SEBI has laid down clear and reliable steps for authenticating its communications:

### VISION:

Deductee

Threshold Limit

TDS Rate

Important note

To establish a centralized, investor-focused, secure KYC ecosystem, enabling real-time data updates and seamless onboarding while safeguarding personal data.

### MISSION:

- Minimize repeated KYC efforts for investors by enabling a one-time registration system.
- Ensure interoperability across all SEBI-registered intermediaries.
- Provide a globally benchmarked, secure and responsive data system to facilitate investing.

## KEY SERVICES PROVIDED TO INVESTORS

KRAs offer several investor-centric services aimed at simplifying and standardizing KYC procedures:

### 1. KYC Registration & Modification

Investors can register or update their KYC data through SEBI-registered intermediaries. KRAs ensure identity validation, data accuracy, and secure processing.

### 2. KYC Status Tracking

Investors can easily check the status of their KYC registration, updates, or rejection online using KRA portals.

### 3. KYC Data Sharing Across Market




Updated KYC details are shared across intermediaries, ensuring investors don't need to repeat the process every time they change service providers.

### 4. Alerts & Notifications

Investors receive real-time alerts via SMS, email, or physical letters during any KYC activity – enhancing transparency and fraud prevention.

### 5. KYC Verification Status

KRAs classify investor KYC data into:

-  KYC Validated: Fully verified; can be reused without re-KYC.
-  KYC Registered: Requires KYC again with new intermediaries.
-  On-Hold/Rejected: Needs correction or re-submission of documents.

### 6. Data Security & Confidentiality

KRAs implement strict cybersecurity controls to ensure data privacy, prevent unauthorized access, and maintain investor trust.

## INVESTOR RIGHTS

Every investor has the right to:

- Verify and correct their KYC data.
- Receive timely responses to grievances or update requests.
- Access their KYC status online.
- Be informed of how their data is stored and used.
- Unlink their KYC from intermediaries if they close accounts.

## ✓ DOS & ✗ DON'TS FOR INVESTORS

### ✓ DOs:

- Submit authentic and up-to-date documents during KYC.
- Notify your intermediary of any changes in personal details.
- Immediately respond to alerts or discrepancies flagged by KRAs.
- Understand and follow grievance redressal timelines.

### ✗ DON'Ts:

- Never deal with unauthorized persons or agents.
- Don't share your OTP, signature, or KYC documents with unknown parties.

## GRIEVANCE REDRESSAL: HOW TO SEEK HELP

### 1. Direct Complaint to KRA

- Contact the KRA's dedicated helpline or grievance email ID.
- Expect a resolution within 21 working days.

### 2. Escalation through SEBI's SCORES

- Visit <https://scores.gov.in> for online complaint filing if the issue is unresolved.

### 3. Online Dispute Resolution via SMART ODR

- If still unresolved, visit <https://smartodr.in/login> to begin SEBI's tech-enabled dispute resolution process.

## ADDITIONAL RESOURCES

- This charter is issued under SEBI's authority to regulate and protect investors (Section 11(1) of SEBI Act, 1992).
- Official circular and Investor Charter can be accessed at 📄 [www.sebi.gov.in](http://www.sebi.gov.in) → Legal → Circulars

## CONCLUSION

SEBI's introduction of the Investor Charter for KRAs represents a major step toward building a transparent, secure, and investor-first KYC ecosystem. Investors are strongly encouraged to stay informed, verify their KYC data, and engage only through authorized channels for a smooth investing experience.

## SEBI Compliance Update: Temporary Relaxation for Listed NCD Issuers

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### Overview

SEBI has released a new circular providing limited relaxation to issuers of listed non-convertible debt securities (NCDs) from complying with Regulation 58(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”). This comes as an extension to earlier relaxations provided in 2023 and follows the Ministry of Corporate Affairs (MCA) circular dated September 19, 2024.

The regulation typically requires listed entities to dispatch physical copies of financial statements and related documents to holders of NCDs who have not registered their email addresses with the company or the depositories. However, in light of evolving digital practices and pandemic-induced shifts, this compliance has now been temporarily waived under certain conditions.

### Background

Under Regulation 58(1)(b) of the SEBI LODR Regulations, issuers must send printed copies of key financial documents (such as the annual report, Board’s report, auditor’s report, etc.) to debenture holders without registered email addresses.

However, given the increasing digitization of corporate communications and in view of practical challenges during and after the COVID-19 pandemic, SEBI had earlier relaxed this requirement via circular dated October 6, 2023—valid till September 30, 2024. This relaxation aligned with MCA’s General Circular 09/2023.

Subsequently, MCA extended this relaxation through General Circular No. 09/2024, allowing AGMs to be conducted without dispatching physical copies till September 30, 2025. SEBI’s new circular extends its own exemption in harmony with this MCA decision.

## Effective Periods of SEBI's Extended Relaxation

### ✓ Phase 1: October 1, 2024 – June 5, 2025

Issuers of listed NCDs who did not send physical copies of financial statements to debenture holders without registered email IDs will not be penalized for non-compliance with Regulation 58(1)(b), provided they comply with MCA General Circular No. 09/2024.

This applies even if there were investors who hadn't submitted email addresses, as long as the issuer followed the MCA's digital communication norms.

### ✓ Phase 2: June 6, 2025 – September 30, 2025

The relaxation continues, but with a small added responsibility. Issuers must ensure that their newspaper advertisements, published under Regulation 52(8) of SEBI LODR, now include a web-link to access the full set of financial statements and related documents as prescribed in Section 136 of the Companies Act, 2013.

This ensures that all investors—including those without digital access to emails—can still retrieve financial details through public sources.

## What Issuers Need to Do

- No physical mailing is needed for NCD holders without email IDs during the specified periods.
- Ensure full compliance with MCA General Circular No. 09/2024.
- For the June–September 2025 period, include active and accessible web-links to the financials in print advertisements (Reg. 52(8) compliance).
- Document internal processes to demonstrate compliance if questioned or reviewed.
- Inform stakeholders and registrars/share transfer agents (RTAs) accordingly.

## Important Notes

- These relaxations are temporary and only valid till September 30, 2025.
- Issuers may be subject to penal actions under Regulation 58(1)(b) beyond this period unless new directions are issued.
- SEBI reserves the right to revise these provisions based on future policy changes.

This SEBI circular is publicly available and can be accessed via SEBI's website: [🌐 www.sebi.gov.in](https://www.sebi.gov.in)  
→ Legal → Circulars

Refer to Circular No. SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2025/83, dated June 5, 2025

## RBI Amends Compounding Rules under FEMA, 1999

The Reserve Bank of India (RBI) has issued important amendments to the Master Directions on Compounding of Contraventions under FEMA, 1999, aimed at simplifying and rationalizing the compounding process:

### **Deleted Clause:**

The clause that previously increased the compounding amount by 50% (capped at 300% of the contravention amount) if the applicant failed to pay earlier compounding orders and reapplied, has now been deleted.

### **New Clause Introduced:**

Cap on Compounding Amount: At the discretion of the compounding authority and considering:

- Nature of contravention
- Exceptional circumstances
- Public interest
- Facts of the case
- The maximum compounding amount may be capped at ₹2 lakhs per regulation/rule for non-compoundable contraventions.

## Relaxation of Export Norms through UAE's Bharat Mart

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To boost Indian exports through international warehousing platforms, RBI has eased export compliance for businesses operating in 'Bharat Mart', UAE's logistics hub.

### **Key Relaxations:**

- Repatriation Timeline: Export proceeds must be received within 9 months from the date of sale at the Bharat Mart warehouse.
- No Prior Permission Required for:
  - Opening/hiring warehouse in Bharat Mart with a valid Importer Exporter Code (IEC).
  - Remittance for initial setup and recurring business expenses related to export operations.
- AD Banks may verify the reasonableness of expenses before approval—no preconditions apply.

# RBI Withdraws Investment Limits for FPI's in Corporate Debt

In a move to encourage greater Foreign Portfolio Investment (FPI) in Indian corporate bonds, RBI has relaxed previous investment constraints.

## Key Changes:

- Removed Restrictions:
  - Short-term investment limit (i.e., 30% cap on short-term debt investments) is withdrawn.
  - Concentration limit on investment in a single corporate is also removed.
- These changes apply to investments under the General Route, making it easier for FPIs to participate in India's debt markets.

## SUMMARY TABLE

Regulation Area	Key Change	Circular No.	Effective June 2025
FEMA Compounding	Enhanced flexibility; ₹2 lakh cap per contravention	30	✓
Bharat Mart Exports	Exporter-friendly timeline and remittance policy	31	✓
FPI in Corporate Debt	Investment limits removed to boost inflows	32	✓

## CONCLUSION

These RBI updates reflect a strategic push toward:

- Simplifying regulatory compliance under FEMA,
- Supporting export-led growth via global warehousing platforms, and
- Increasing foreign capital flow into India's corporate debt market.

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contact us with your  
inquiries.



[aakash@prakashkochar.com](mailto:aakash@prakashkochar.com)



8939054568



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