

DAHOTRE & DAHOTRE
Chartered Accountants



Knowledge and Development Committee

Newsletter

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Editor-in-Chief's Message

Hello readers!

Welcome to the **31st** Newsletter Edition of 2025.

In this issue, we will discuss the Capital Gain Savings Scheme and penalties under the Income Tax Act, 1961.

Vedant Potdar
Editor-in-chief

Team's Message

"When your team is winning, be ready to be tough, because winning can make you soft. On the other hand, when your team is losing, stick by them. Keep believing."

Chitra Saraf
Senior Leader

Short Updates:

GST

Gross GST Revenue: ₹1,95,735 crore
Up 7.5% from ₹1,82,075 crore in July 2024
Net GST Revenue (after refunds): ₹1,68,588 crore
Up 1.7% from ₹1,65,800 crore last year
Total Refunds: ₹27,147 crore (↑ 66.8%)
Domestic refunds: ₹16,983 crore (↑ 117.6%)
Export refunds via ICEGATE: ₹10,164 crore (↑ 20%)

General

- In July, over 17,500 new companies and 7,300 LLPs were registered, showing strong investor confidence in India's growth. From April to July, company registrations jumped 26% year-on-year.
- The rupee fell to its lowest closing level ever at 87.67 due to US tariff threats on Indian oil trade with Russia. Despite a rise in the Sensex, investor mood remains cautious.

- Foreign investors are pulling money out, and uncertainty around US-India trade is keeping markets under pressure.
- On August 6, Foreign Portfolio Investors (FPIs) were net sellers to the tune of Rs 4,999 crore worth of shares in Indian equities, while domestic institutional investors (DIIs) net bought Rs 6,794 crore worth of shares, according to provisional NSE data.
- President Trump has signed an executive order imposing an additional 25% tariff on Indian imports, citing India's ongoing purchases of Russian oil as a threat to U.S. security. Together with existing duties, this brings the total tariff on Indian goods to 50%, effective 21 days after the order.

01 Direct Tax

Capital Gains Account Scheme



Ishwari Kumbhakarna

Introduction

The Capital Gains Accounts Scheme (CGAS), 1988, was introduced by the Central Government under the provisions of Section 54, 54B, 54D, 54F, 54G, and 54GB of the Income Tax Act, 1961. It allows taxpayers to avail capital gains exemptions even if the investment in the specified asset is not made before the due date of filing the return under Section 139(1).

Purpose

When an assessee is unable to invest the capital gains in the prescribed assets before the due date of filing the return, he/she can deposit the unutilized amount into CGAS to claim exemption.

Section	Asset Sold	Asset to be Acquired	Who Can Claim
54	Residential House	Another Residential house	Individual/HUF
54B	Agricultural Land	Agricultural Land	Individual/HUF
54D	Compulsory acquisition of land/building	Land/building for business	Any assessee
54F	Any asset	Residential House	Individual/HUF
54G	Shift of industrial undertaking	Assets in the new location	Any assessee

54GB	Residential property	Equity shares in an eligible startup	Individual/HUF
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Types of CGAS Accounts

Account A: Like a savings account - allows withdrawals, and interest is paid.

Account B: Like a fixed deposit - with higher interest, but no withdrawals before maturity without permission.

Key Rules & Features

The deposit must be made before the due date of filing the return under Section 139(1).

The amount deposited will be treated as utilised for the purpose of capital gains exemption.

The depositor must use the funds within the prescribed time limit (e.g., 2 or 3 years, depending on the section).

If the funds are not utilised within the time, the unutilised amount becomes taxable as capital gains in the year in which the period expires.

The deposit can only be made in specified public sector banks (e.g., SBI, Bank of Baroda, etc.).

Forms Involved

Form A: Opening a CGAS Account

Form B: Conversion of Account A to B or vice versa

Form C: Withdrawal from Account A

Form D: Details of utilisation after withdrawal

Form E: Nomination

Form F: Change of Nominee

Form G: Closure of Account

Form H: Closure due to the death of the depositor (by legal heir)

Tax Implications

If the full amount is deposited and used for the

intended purpose, -> Exemption is allowed.

If only a partial amount is used, -> Only proportionate exemption allowed, the balance becomes taxable.

If the account is not used within the time limit, -> Taxable in the year when the time period expires.

Benefits of CGAS

1. Flexibility in claiming exemption without immediate reinvestment.
2. Avoids tax liability in case of delay in acquiring new assets.
3. Secure deposit with interest benefits.

Important Points to Remember

1. No exemption if the deposit is not made before the return due date.
2. Interest earned on deposits is taxable as "Income from Other Sources."
3. Withdrawals require proper declaration and use within 60 days.

Example

If Mr. A sells a residential house and earns Rs 50 lakhs as long-term capital gain on 1st January 2025, but has not yet purchased a new house by 31st July 2025 (due date of filing return), he can deposit Rs 50 lakhs in CGAS to claim exemption under Section 54, and utilise it within 2 years.

(purchase) or 3 years (construction).

Questions

1. What is the due date for depositing the amount in CGAS?
2. Which form is for the closure of CGAS?
3. Within how many days must the withdrawn amount be utilised for the prescribed purpose?

Read next: Penalties under the Income Tax Act, 1961

02 Direct Tax

Penalties under the Income Tax Act, 1961



Maitreyee Kelkar

Introduction

The Income-tax Act, 1961, lays down various provisions that impose penalties on taxpayers for non-compliance with tax obligations. These penalties serve both as a deterrent against default and as a tool to encourage timely, honest, and accurate reporting of income and related information. Below is a comprehensive breakdown of key penalty provisions, relevant sections of the Act, and practical examples for better understanding:

Penalty for Delay in Filing Income Tax Return

Section 234F

Taxpayers are required to file their Income Tax Return (ITR) within the prescribed due date. A delay in filing attracts a monetary penalty, intended to promote timely compliance.

Penalty Amount:

- ₹1,000 for taxpayers with total income up to ₹5 lakh.
- ₹5,000 for income above ₹5 lakh, if filed after the due date but on or before 31st December.
- ₹10,000 for income above ₹5 lakh, if filed after 31st December.

Example: Mr. A, with an income of ₹8 lakh, files his ITR on 15th January, past the extended deadline. He is liable to pay a penalty of ₹10,000.

Penalty for Under-Reporting or Misreporting of Income

Section 270A

Incorrect disclosure of income results in under-reporting or misreporting. The severity of the penalty depends on the intent and nature of the discrepancy.

Penalty:

- 50% of the tax payable on the unreported income.
- 200% of the tax payable if misreporting is deliberate.

Example: Ms. B failed to disclose ₹2 lakh rental income. Assuming the tax liability on it is ₹40,000: Penalty = ₹20,000 for under-reporting or ₹80,000 if misreporting.

Penalty for Non-Maintenance of Books of Accounts

Section 271A & 271AA

Individuals or entities engaged in business or a profession must maintain prescribed books of accounts. This is crucial for verification, audit, and compliance purposes.

Specified Professionals: Must maintain books if gross receipts exceed ₹1.5 lakh in all three preceding years.

Businesses and Non-specified Professions: Must maintain books if income exceeds ₹1.2 lakh or turnover exceeds ₹10 lakh in any of the three preceding years. For individuals and Hindu Undivided Families (HUFs), these limits are higher at ₹2.5 lakh and ₹25 lakh, respectively.

Penalty:

- ₹25,000 for non-maintenance of books.
- ₹1,00,000 for failure to maintain required documentation for international transactions.

Example: A trader with ₹60 lakh annual turnover fails to maintain proper books. He may be penalised ₹25,000.

Penalty for Failure to Get Accounts Audited

Section 271B

Businesses or professionals with turnover exceeding prescribed limits must obtain a tax audit report from a Chartered Accountant.

A tax audit is mandatory for:

1. Businesses with a turnover exceeding ₹1 crore, with an increased limit of ₹10 crore if less than 5% of their transactions (both receipts and payments) are in cash.
2. Professionals with gross receipts exceeding ₹50 lakh.
3. Taxpayers using a presumptive taxation scheme (like Section 44AD or 44ADA) who declare profits lower than the prescribed rate and whose total income exceeds the basic exemption limit.

Penalty: 0.5% of total turnover or gross receipts, subject to a maximum of ₹1,50,000.

Example: A company with ₹3 crore turnover fails to get its accounts audited. The maximum penalty of ₹1.5 lakh applies.

Penalty for Failure to Furnish Prescribed Statements

Section 271FA & 271GB

Entities responsible for filing statements such as Annual Information Return (AIR), Statement of Financial Transactions (SFT), or reports under international tax provisions are penalised for delays or non-compliance.

Penalty:

- ₹500 per day for general delay.
- ₹50,000 to ₹5,00,000 for international transactions.

Example: A reporting entity delays submission of AIR by 30 days. The penalty is ₹15,000 (₹500 x 30 days).

Penalty for Accepting Large Cash Transactions

Section 271DA

To promote digital transactions and discourage unaccounted cash dealings, cash receipts of ₹2 lakh or more are prohibited under specified conditions.

Section 269ST of the Income Tax Act prohibits any person from receiving ₹2 lakh or more in cash. This restriction applies to a single transaction, from a single person in a single day, or for transactions related to a single event or occasion. The purpose of this provision is to discourage large cash dealings and promote a digital economy to curb black money.

Penalty: Equal to the amount of cash received.

Example: Mr. C sells an asset for ₹2.5 lakh and accepts the full amount in cash. He will incur a penalty of ₹2.5 lakh.

Penalty for Default in Deducting or Collecting TDS/TCS

Section 271C & 271CA

Failure to deduct or collect tax at source as mandated under the Income Tax Act attracts strict penalties.

Penalty: Equal to the amount of tax not deducted or collected.

Example: A business fails to deduct TDS of ₹50,000 on contractor payments. The penalty imposed will also be ₹50,000.

Relief from Penalty Due to Reasonable Cause

Section 273B

If the taxpayer can demonstrate that the default occurred due to a 'reasonable cause', no penalty shall be imposed under several provisions (including those above). Valid causes include medical emergencies, natural calamities, or technical failures.

Example: If a taxpayer was hospitalised during the ITR filing deadline and missed it due to a medical emergency, the penalty under Section 234F may be waived upon proper representation.

Summary of Key Penalties

Default	Relevant Section	Penalty
Late Filing of ITR	234F	₹1,000 to ₹10,000
Under-reporting of Income	270A	50% of tax (under-reporting)
Misreporting of Income	270A	200% of tax (misreporting)
Non-maintenance of Books	271A / 271AA	₹25,000 to ₹1,00,000
Failure to Get Accounts Audited	271B	0.5% of turnover (max ₹1.5 lakh)
Delay in Furnishing Reports	271FA / 271GB	₹500/day or up to ₹5 lakh
Accepting Cash ≥ ₹2 Lakh	271DA	Equal to the amount received
TDS/TCS Non-Compliance	271C / 271CA	Equal to the amount not deducted

Questions

1. What is the maximum penalty for late filing of ITR?
2. How much penalty is charged for misreporting income?
3. When can penalties be waived under Section 273B?

Read next: Wall of Wisdom.

WALL OF WISDOM (WOW):

- "Stop saying 'I wish', start saying 'I will.'"
- "Don't chase the future—shape it."

Read next: Do you know?

DO YOU KNOW?

1. Do you know space is completely silent?
2. Do you know bones are five times stronger than steel?

What else do You Know?

Let us know.

Read next: Motivational Quote.

MOTIVATIONAL QUOTE:

**"Man needs his difficulties because they are necessary to enjoy success."
— Life's magic often lies in overcoming its challenges."**

— Dr. A.P.J. Abdul Kalam

Sources-

- Company Law Notifications and Circulars
- CBDT Notifications and Circulars
- CBIC Notifications and circulars
- Other Allied Law Notifications and circulars
- MCA21 Website.
- Income Tax Website.
- GST Website.
- Other Statutory Government Websites.
- Extracts from Tax Guru- Extracts from Clear Tax- Extracts From the CA club India.

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Read next: Statutory Due Date.

Best Newsletter Presenters of 2025

Month's	Best Presenters
January	Vedika Pawale
February	Sakshi Pawar
March	Sakshi Pawar
April	Aditya Kanade

May	Sakshi Pawar
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Upcoming Newsletters

1. Grandfathering provisions under Capital Gains.
2. DRC forms in GST.
3. IFSCA

DLC Asset Updation

Section	Name of Asset
Audit	Audit Plan
Audit	Audit Plan
Audit	BS Automation Tool - Financials
Audit	MRL -Non-Corporate Audit
Audit	NSIC Renewal Certificate
Audit	Independence Confirmation
Audit	Independence Confirmation
Common Assets	New Client Addition Format
Direct Tax	Capital Gain Working

Statutory Due Dates Calendar

INCOME TAX

Due Dates in the Month of	Particulars	For the Period	Due Date
April-2025	1 TDS/TCS Payment	March 2025	TDS 30/04/2025 and TCS 07/04/2025
May-2025	1 TDS/TCS Payment	April 2025	07/05/2025
	2 TDS Statement for Form 24Q, 26Q and 27Q	Q4 FY 2025-26	31/05/2025
	3 TCS Statement– for Form 26QB, 26QC, 26QD	Q4 FY 2025-26	15/05/2025
	4 Statement of Financial Transactions (SFT) Compliance	FY 2024-25	31/05/2025
June-2025	1 TDS/TCS Payment	May 2025	07/06/2025
	2 Advance Tax	1st Instalment of FY 2025-26	15/06/2025
	3 Form 16/ 16A	Q4 FY 2024-25	15/06/2025
July-2025	1 TDS/TCS Payment	June 2025	07/07/2025
	2 TDS Statement for Form 24Q	Q1 FY 2025-26	31/07/2025
	3 TCS Statement– for Form 26QB, 26QC, 26Q	Q1 FY 2025-26	15/07/2025
August-2025	1 TDS/TCS Payment	July 2025	07/08/2025
September-2025	1 TDS/TCS Payment	August 2025	07/09/2025
	2 Advance Tax	2 nd Instalment FY 2025-26	15/09/2025
	3 Due date for filing of audit report under Section 44AB for AY 2025-26 in the case of a corporate- assessee or non-corporate assessee (who is required to submit their/its return of income on October 31, 2025)	FY 2024-25	30/09/2025
	4 TDS Statement for Form 26Q and 27Q	Q1 FY 2025-26	30/09/2025
	4 Income tax Return for A.Y. 2024-25 for all assesses other than : (a) Assessee whose accounts are required to be audited (b) Partner of a firm whose accounts are required to	FY 2025-26	15/09/2025

be audited

(c) An assessee who is required to furnish a report under Section 92E.

October-2025	1	TDS/TCS Payment	September 2025	07/10/2025
	2	Due date for filing of return of income for AY 2024-25 if assessee is (a) Corporate-assessee (b) Non-corporate assessee (whose books of account are required to be audited) (c) Partner of a firm whose accounts are required to be audited (d) An assessee who is required to furnish a Report u/s 92 E	FY 2024-25	31/10/2025
	3	TDS Statement for Form 24Q, 26Q and 27Q	Q2 FY 2025-26	31/10/2025
	4	TCS Statement– for Form 26QB, 26QC, 26QD	Q2 FY 2025-26	15/10/2025
November-2025	1	TDS/TCS Payment	October 2025	07/11/2025
December-2025	1	TDS/TCS Payment	November 2025	07/12/2025
	2	Advance Tax	3 rd Installment FY 2025-26	15/12/2025
	3	Filing of belated/revised return of income for the assessment year 2024-25 for all assessee.	FY 2024-25	31/12/2025
January-2026	1	TDS/TCS Payment	December 2025	07/01/2026
	2	TDS Statement for Form 24Q, 26Q and 27Q	Q3 FY 2025-26	31/01/2026
	3	TCS Statement– for Form 26QB, 26QC, 26QD	Q3 FY 2025-26	15/01/2026
February-2026	1	TDS/TCS Payment	January 2026	07/02/2026
March-2026	1	Advance Tax	4th Instalment of FY 2025-26	15/03/2026
	2	TDS/TCS Payment	February 2026	07/03/2026

GOODS AND SERVICES TAX ACT

Due Dates in the Month of	Particulars	For the Period	Due Date
April-2025	1 GSTR 1 (Regular Taxpayers)	March 2025	11/04/2025
	2 GSTR 1 (Quarterly Taxpayers)	March 2025	13/04/2025
	3 GSTR 3B (Monthly Return)	March 2025	20/04/2025
	3 GSTR 3B (Quarterly Return)	Jan to Mar 2025	22/04/2025
	4 CMP 08	Jan to Mar 2025	18/04/2025
5 GSTR 4(Annual Return under Composition scheme)	Apr 2024 to Mar 2025	30/04/2025	
May-2025	1 GSTR 1 (Regular Taxpayers)	April 2025	11/05/2025
	2 GSTR 3B (Monthly Return)	April 2025	20/05/2025
	3 Monthly Tax Payment under QRMP Scheme(PMT 06)	April 2025	25/05/2025
June-2025	1 GSTR 1 (Regular Taxpayers)	May 2025	11/06/2025
	2 GSTR 3B (Monthly Return)	May 2025	20/06/2025
	3 Monthly Tax Payment under QRMP Scheme(PMT 06)	May 2025	25/06/2025
July-2025	1 GSTR 1 (Regular Taxpayers)	June 2025	11/07/2025
	2 GSTR 1 (Quarterly Taxpayers)	Apr to June 2025	13/07/2025
	3 GSTR 3B (Monthly Return)	June 2025	20/07/2025
	4 GSTR 3B Quarterly Return)	June 2025	22/07/2025
	5 CMP-08	Apr to June 2025	18/07/2025
1 GSTR 1 (Regular Taxpayers)	July 2025	11/08/2025	
2 GSTR 3B (Monthly Return)	July 2025	20/08/2025	

August-2025	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	July 2025	25/08/2025
	1	GSTR 1 (Regular Taxpayers)	August 2025	11/09/2025
September-2025	2	GSTR 3B (Monthly Return)	August 2025	20/09/2025
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	August 2025	25/09/2025
October-2025	1	GSTR 1 (Regular Taxpayers)	September 2025	11/10/2025
	2	GSTR 1 (Quarterly Taxpayers)	July to Sept 2025	13/10/2025
	3	GSTR 3B (Monthly Return)	September 2025	20/10/2025
	4	GSTR 3B (Quarterly Return)	July to Sept 2025	22/10/2025
	5	CMP-08	July to Sept 2025	18/10/2025
November-2025	1	GSTR 1 (Regular Taxpayers)	October 2025	11/11/2025
	2	GSTR 3B (Monthly Return)	October 2025	20/11/2025
	3	Monthly Tax Payment under ORMP Scheme(PMT 06)	October 2025	25/11/2025
December-2025	1	GSTR 1 (Regular Taxpayers)	November 2025	11/12/2025
	2	GSTR 3B (Monthly Return)	November 2025	20/12/2025
	3	Monthly Tax Payment under ORMP Scheme(PMT 06)	November 2025	25/12/2025
	4	GSTR-9(Annual Return)	FY 2024-25	31/12/2025
January-2026	1	GSTR 1 (Regular Taxpayers)	December 2025	11/01/2026
	2	GSTR 1 (Quarterly Return)	Oct to Dec 2025	13/01/2026
	3	GSTR 3B (Monthly Return)	December 2025	20/01/2026
	4	GSTR 3B Quarterly Return)	Oct to Dec 2025	22/01/2026
	5	CMP-08	Oct to Dec 2025	18/01/2026
February-2026	1	GSTR 1 (Regular Taxpayers)	January 2026	11/02/2026
	2	GSTR 3B (Monthly Return)	January 2026	20/02/2026
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	January 2026	25/02/2026

March-2026	1	GSTR 1 (Regular Taxpayers)	February 2026	11/03/2026
	2	GSTR 3B (Monthly Return)	February 2026	20/03/2026
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	February 2026	25/03/2026
April-2026	1	GSTR 1 (Regular Taxpayers)	March 2026	11/04/2026
	2	GSTR 1 (Quarterly Return)	Jan to Mar 2026	13/04/2026
	3	GSTR 3B (Monthly Return)	March 2026	20/04/2026
	4	GSTR 3B Quarterly Return)	Jan to Mar 2026	22/04/2026
	5	CMP-08	Jan to Mar 2026	18/04/2026
	6	GSTR 4(Annual Return under Composition scheme)	Apr 2025 to Mar 2026	30-04-2026

COMPANIES ACT

Due Dates in the Month of	Particulars	Description	Due Date
April-2025	Form MSME (outstanding payments to MSMEs)	The return is to be filed by any company that gets supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty-five days from the date of acceptance or the date of deemed acceptance of the goods or services.	30 th April 2025 (For the period of October'23 – March '24)
May-2025	LLP FORM-11	Annual Return (to be filed by all LLPs irrespective of turnover)	30 th May 2025
June-2025	DPT-3	To be filed in case the company has a deposit or an exempted deposit.	30th June 2025
September-2025	DIR-3 KYC	Form for Director KYC. Need to be filed mandatorily for every director on the Board	30 th September 2025
October-2025	ADT-1	Form for Auditor Appointment	15 th October 2025
	AOC-4	Form for filing Financials, Auditors Report, Directors Report, etc.	30 th October 2025
	Form MSME (outstanding payments to MSMEs)	The return is to be filed by any company that gets supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty-five days from the date of acceptance or the date of deemed acceptance of the goods or services.	31 st October 2025 (For the period of April'24 – September'24)
November-2025	MGT-7	ROC Annual Return (Details of Shareholding, etc.)	29 th November 2025
Event Based	CHG FORMS	Form for charge creation, modification, and satisfaction	Within 30 days of any charge occurring
	DIR-12	Form for Director Changes (Appointment/Resignation/Death)	Within 30 days of any charge occurring

PTRC and PTEC Compliance

Due Dates in the Month of	Particulars	Description	Due Date
June-2025	PTEC	Person who stands enrolled before the commencement of a year or is enrolled on or before 31st May of a year (F.Y. 2023-24)	30/06/2025
		A person who is enrolled after the 31st May of a year	Within one month of the date of enrolment
		The person who is enrolled and the rate of tax at which he is liable to pay tax are revised.	Within one month of the date of such revision
March-2026	PTRC	Yearly - Tax Liability is less than INR 1,00,000/-	31/03/2025
		Monthly - Tax Liability is equal to or more than INR 1,00,000/-	The last date of the month to which the return relates

VAT

Due Dates in the Month of	Particulars	For the Period	Due Date
April 2025	1 Monthly Return (VAT payment)	March 2025	21/04/2025
	2 Quarterly Return (VAT payment)	January 2025 to March 2026	21/04/2025
May 2025	1 Monthly Return (VAT payment)	April 2025	21/05/2025
June 2025	1 Monthly Return (VAT payment)	May 2025	21/06/2025
July 2025	1 Monthly Return (VAT payment)	June 2025	21/07/2025
	2 Quarterly Return (VAT payment)	April 2025 to June 2026	21/07/2025
August 2025	1 Monthly Return (VAT payment)	July 2025	21/08/2025
September 2025	1 Monthly Return (VAT payment)	August 2025	21/09/2025
October 2025	1 Monthly Return (VAT payment)	September 2025	21/10/2025
	2 Quarterly Return (VAT payment)	July 2025 to September 2025	21/10/2025
November 2025	1 Monthly Return (VAT payment)	October 2025	21/11/2025
December 2025	1 Monthly Return (VAT payment)	November 2025	21/12/2025
	1 Monthly Return (VAT payment)	December 2025	21/01/2026
	2 VAT Audit (Form 704)	F.Y. 2024-2025	15/01/2026
January 2026	3 Quarterly Return (VAT payment)	October 2025 to December 2025	21/01/2026
	1 Monthly Return (VAT payment)	January 2026	21/02/2026
February 2026	1 Monthly Return (VAT payment)	February 2026	21/03/2026

Summary of Penalties of Income Tax

Particulars	Description	Amount/ Interest rate
1. Default in making payment of tax.	The amount of penalty leviable will be as determined by the Assessing Officer. However, the amount will not exceed the amount of tax in arrears for 2023	Penalty determined by the assessing officer
2. Under-reporting of income.	1. If the income assessed/ re-assessed exceeds the income declared by the assessee, or in cases where a return has not been filed and income exceeds the basic exemption limit, a penalty at 50% of the tax payable on such under-reported income shall be levied.	50% of tax payable under-reported Income, OR 200% of tax payable from misreporting of income
	2. 200% of the tax is payable if under-reporting results from the misreporting of income	
3. Failure to maintain books of accounts and other documents	1. Normally, the amount of penalty leviable is INR25,000	INR 25000 OR 2% of the value of the International transaction
	2. In case the assessee is a person who has entered into an international transaction, the penalty will be 2% of the value of such international transactions or specified domestic transactions	
4. Penalty for false entry, such as fake invoices	1. The assessee might have to pay a penalty of the amount equal to the sum of such false or omitted entries.	Amount equal to such false or omitted entries
5. Undisclosed income	1. If undisclosed income is admitted during the Search and assessee pays tax and interest and files return, a penalty @ 30% of such undisclosed income is payable.	30% OR 60%
	2. In all other cases, penalty is leviable @ 60%	
6. Audit and Audit Report	1. If the assessee fails to get his accounts audited, obtain an audit report, or furnish a report of such auditor, a penalty will be leviable at INR 1,50,000 or 0.5% of the total sale/ Turnover/ gross receipts, whichever is lesser.	INR 150000/- OR 0.5% of total sale, turnover/gross receipt
	2. Failure of assessee to furnish the Audit report related to foreign transaction, a penalty @ INR 1,00,000 will be payable	
7. TDS/TCS	1. Where a person fails to deduct tax at source, he will be liable to pay a penalty equal to the amount of tax which he has failed to deduct/ pay.	Penalty equal to the amount of Tax,

	2. Where a person fails to collect tax at source, he will be liable to pay a penalty equal to the amount of tax which he has failed to collect.	
	3. Failure to furnish TDS/TCS statement or furnishing incorrect statements shall attract a penalty ranging from 10,000 to 1,00,000	INR 10000/-to INR 100000/-
	4. Non-Deduction of TDS, either in whole or part	1% per month
	5. Non-payment of TDS (after deduction), either in whole or part	1.5% per month
	6. Failure to furnish information/ furnishing inaccurate information related to TDS deduction regarding Non-residents shall attract a penalty of 100,000	INR 100000/-
8. Penalty for using modes other than Account payee cheque/ draft/ ECS	1. If a person takes/ accepts a loan/ deposit except by way of Account payee cheque/ account payee draft/ ECS, and if the aggregate amount exceeds INR20,000, he shall be liable to pay a penalty of an amount equal to such loan/ deposit.	Penalty amount equals such loan/deposit.
	2. If an amount of INR 2,00,000 or more is received in aggregate from a person in a day/ single transaction/ relating to one event, a penalty equal to such amount will be payable.	
	3. If a person repays a loan/ deposit and such amount so repaid exceeds INR20,000 and such amount has been repaid except by way of Account payee cheque/ account payee draft/ ECS, an amount equal to such loan/ deposit shall be payable.	
9. Others	1. Failure to apply/quote/ intimate PAN/ quoting false PAN shall attract a penalty of INR 10,000	INR 10000/-
	2. Failure to apply/quote a TAN/ quoting a false TAN shall attract a penalty of INR10,000	
	In case of the following defaults, INR 10,000 will be the penalty leviable,	
	1. Refusal to answer questions put by the department	
	2. Refusal to sign statements made in income tax proceedings	

	3. Noncompliance with summons to give evidence/ produce books of accounts	
	4. Failure to comply with a notice	
10. Late Filing ITR	1. If the ITR is filed after the due date but by 31st December of the succeeding year.	INR 5000/-
	2. If the ITR is filed after 31st December of the succeeding year.	INR 10000/-
	3. for small taxpayers having a total income of up to INR 5 lakh.	INR 1000/-

Read next: Amendment Summary

Amendment Summary

July 2025						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
	1 Direct Tax	2	3	4	5	6
7 Audit/ ICAI	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31 Indirect Tax			

Sr. No.	Date	Area of Knowledge (AOK)	Notification/ Circular/ Press Release	Short Description
1	1 st July	Direct Tax	Notification No. 70/2025 (CII for FY 202526).	Cost Inflation Index (CII) set at 376 (up from 363), used for computing indexed capital gains.
2	7 th July	Audit/ICAI	ICAI press note (via ET)	ICAI limits tax audits per partner to 60 annually, effective April 2026 Penal action will follow for CAs flouting new tax audit limit rules (60audit cap)
3	Jul 2025	Indirect Tax	Circular No. 249/06/2025 (GST Portal Advisory)	No DIN required for portal communications; Reference (RFN) sufficient under Section 169
4	Jul 2025	Indirect Tax	GSTN Advisory & ManikaTaxWise / CMAKnowledge	EWay Bill 2.0 rollout from 1 July (Aldriven QR validation); simplified returns pilots in Maharashtra & Tamil Nadu; composition dealers < ₹2 cr turnover exempt from GSTR9
5	31 st July	Indirect Tax	News releases reported via CAKSA	Multiple legal clarifications: e.g. GST exemption on apartment maintenance charges for small societies (< ₹7,500), HC rulings on refunds, IGST applicability, etc. (dates 23–31 July)

Rectifications in the previous Newsletter:

No Rectifications pertaining to the previous Newsletter(s).

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