

DAHOTRE & DAHOTRE
Chartered Accountants



Knowledge and Development Committee

Newsletter

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Editor-in-Chief's Message

Hello readers!

Welcome to the **33**rd Newsletter Edition of 2025.

In this issue, we will discuss what IMS is under GST, various returns under the Income Tax Act, 1961 and a case study of Indian Chamber of Commerce vs. DCIT – Charitable Status.

Vedant Potdar
Editor-in-chief

Team's Message

“Don't just work to finish the task, work to understand it; that's where true growth lies.”

Sayali Patil
HR executive

Short Updates:

Direct Tax

- **Invoice Validation:** From August 15, 2025, new invoice validation parameters are enforced for businesses with turnover above ₹5 crore. This is part of the GSTN's push for better compliance
- **Rule 96B Review:** CBIC is reviewing provisions related to export proceeds and recovery, aligning them with FEMA and Customs laws
- Several state GST departments have launched special audits and anti-evasion campaigns, especially targeting shell entities and ITC frauds
- In support of taxpayers during this hour of need, CBIC has extended the GSTR-3B (July '25) due date for the taxpayers registered in:
 - a) Mumbai,
 - b) Thane,
 - c) Raigad &
 - d) Palghar, till 27 Aug 2025

RoC

- Companies (Indian Accounting Standards) 2nd Amendment Rules, 2025 :
 - a) Ind AS 101 – Transitional relief for first-time adopters (leases, joint arrangements).
 - b) Ind AS 107 & 7– New disclosures on Supplier Finance Arrangements (reverse factoring, extended payment terms).
 - c) Ind AS 108, 109, 115– Corrected references & alignment with IFRS.
 - d) Ind AS 1 & 10 – Clearer rules for current vs non-current liabilities (covenants, grace periods, settlement rights).
 - e) Ind AS 12 – Added provisions for OECD Pillar Two Global Minimum Tax.
 - f) Ind AS 28 & 32 – Minor alignment/clarity updates.

Effective: Most from 1 April 2025; liability covenant rules from 1 April 2026.

01 Indirect Tax

Invoice Management System (IMS) Under GST



Rutuja Shingare

What is IMS?

The Invoice Management System (IMS) is a GST portal feature that allows recipient taxpayers to take action on invoices uploaded by supplier taxpayers. It helps resolve mismatches in Input Tax Credit (ITC) claims and improves compliance.

IMS Dashboard – Key Views

View	Functionality
Recipient View	"Inward Supply" – View and act on invoices received from suppliers
Supplier View (Upcoming)	"Outward Supply" – View recipient actions on uploaded invoices

IMS Workflow Summary

1. Invoice Upload by Supplier: Supplier reports invoice through GSTR-1, IFF, or GSTR-1A.
2. Invoice Visibility in IMS The invoice appears in the recipient's IMS dashboard, prompting action:
 - Accept – Invoice is included in GSTR-2B.
 - Reject – Invoice is excluded from GSTR-2B.
 - Pending – Invoice is deferred to a future GSTR-2B cycle.
3. No Action Taken. If the recipient takes no action, the system treats the invoice as deemed accepted.

4. Supplier Amendments
 - If amended before filing GSTR-1, the invoice is replaced in IMS.
 - If amended via GSTR-1A, the updated invoice flows to GSTR-2B in the next month.

IMS Functional Highlights

- Bulk Selection & Action – Apply actions to multiple invoices at once
- Reset Option – Undo actions before filing GSTR-3B
- Excel Download – Export invoice data for offline review
- Amended Invoice Tracking – View and act on updated invoices

Some Important Points

1. Pending Option Blocked — Mandatory Action Required

Users must either accept or reject the following:

- Original Credit Notes cannot be kept pending
- Upward Amendments of Credit Notes must be acted upon regardless of the recipient's response to the original credit note.
- Downward Amendments of Credit Notes are not allowed if the original credit note was rejected by the recipient.
- Downward Amendments of Invoices / Debit Notes / ECO Cannot be marked pending if:
 - The original document was accepted by the recipient.
 - And the corresponding GSTR-3B has been filed

2. IMS Functionality for QRMP Taxpayers

- QRMP taxpayers can now access IMS to view, accept, or reject documents.
- This helps small businesses stay organised and respond promptly to supplier actions.
- GSTR-2B will not auto-populate for Months 1 and 2 of the quarter.

- Instead, GSTR-2B is generated quarterly, based on invoices filed by suppliers during the entire quarter.
- 3. What to Do with Blocked Credit or Ineligible ITC Invoices**
- Accept the invoice if it's valid, but ITC is not allowed (like for food, insurance, etc.). You can reverse the ITC later in GSTR-3B.
 - Reject the invoice only if it's wrong, fake, or not related to your business.

Best practice: Accept and manage ITC properly in your return. This keeps your records clean and avoids future issues.

4. Wrongly Rejected Invoice — What to Do

- Inform the supplier. Ask them to re-upload the invoice in their next GSTR-1 using the amendment table.
- Accept the corrected invoice. Once it appears again in IMS, accept it.
- Claim ITC. The invoice will reflect in your GSTR-2B, and you can claim ITC in GSTR-3B.

Questions

1. Which records will be available in IMS for taking action?
2. Who is required to use the Invoice Management System under GST?
3. How does IMS support e-invoicing under GST?

Read next: Returns under Section 139 of the Income Tax Act, 1961

02 Direct Tax

Returns under Section 139 of the Income Tax Act, 1961



Dipali Kalyankar

Introduction

Purpose of Section 139: To ensure timely and accurate reporting of income and taxes by all eligible taxpayers.

Scope: Applies to individuals, companies, firms, trusts, political parties, and other entities.

Section 139(1) – Mandatory & Voluntary Returns

- **Mandatory Filing:**
 - Income exceeds basic exemption limit:
 - ₹2.5 lakh (below 60 years)
 - ₹3 lakh (60–80 years)
 - ₹5 lakh (above 80 years)
 - Company or firm (irrespective of income)
 - Resident with foreign assets or signing authority
- **Voluntary Filing:**
 - Even if income is below the exemption limit
 - Enables refund claims and loss carry-forward

Seventh Proviso to Section 139(1)

Even if income is below the exemption limit, a return is mandatory if:

- Deposited ₹1 crore+ in current account

- Spent ₹2 lakh+ on foreign travel
- Paid ₹1 lakh+ electricity bill
- Turnover exceeds ₹60 lakh (business) or ₹10 lakh (profession)
- TDS/TCS of ₹25,000+ (₹50,000+ for senior citizens)
- Deposited ₹50 lakh+ in savings account

Section 139(3) – Return of Loss

Applicable for:

- Business/profession loss
- Capital loss
- House property loss

Condition: Must be filed within the due date to carry forward losses

Section 139(4) – Belated Return

Filed after the due date but before December 31 of the assessment year.

Penalty:

- a. ₹1,000 if income < ₹5 lakh
- b. ₹5,000 if income > ₹5 lakh

Limitation: Cannot carry forward losses

Special Cases – Sections 139(4A) to 139(4D)

Subsection	Applicability
139(4A)	Charitable/religious trusts
139(4B)	Political parties
139(4C)	Institutions like hospitals, research bodies
139(4D)	Universities, colleges (no income from business)

Section 139(5) – Revised Return

- Filed to correct errors/omissions in original or belated return
- Deadline: December 31 of the assessment year

Section 139(8A) – Updated Return

- Introduced via Finance Act 2022
- Allows filing within 24 months from the end of the relevant AY

Conditions:

Applicable for underreported/unreported income

Not allowed if:

- Return results in loss
- Refund is claimed
- Tax liability is reduced

Additional Tax:

- 25% if filed within 12 months
- 50% if filed between 12–24 months

Section 139(9) – Defective Return

- Return is defective if:
 - Missing mandatory details (e.g., audit report, balance sheet)
 - Incorrect ITR form used
 - Not verified properly

Remedy: The Taxpayer gets 15 days to rectify

Summary

Section 139 – Income Tax Return Filing

- a) **139(1):** Mandatory for individuals/entities with income above the exemption limit; also applies to certain high-value transactions under the Seventh Proviso.
- b) **139(3):** Allows filing of loss returns to carry forward business, capital, or house property losses.
- c) **139(4):** Belated return—filed after the due date but before December 31 of the assessment year.
- d) **139(5):** Revised return—to correct errors in original or belated returns.
- e) **139(8A):** Updated return—introduced in 2022, allows filing within 24 months with additional tax.
- f) **139(4A–4D):** Covers special entities like trusts, political parties, universities, etc.
- g) **139(9):** Deals with defective returns—must be rectified within 15 days.

Questions

1. Under Section 139(8A), what is the additional tax payable?
2. What is the difference between a defective return and an invalid return under Section 139(9)?

Read next: *Indian Chamber of Commerce vs. DCIT – Charitable Status.*

03 Direct Tax

Indian Chamber of Commerce vs. DCIT – Charitable Status



Isha Dagra

Background & Legal Context

- Charitable Purpose under Section 2(15)
The Income Tax Act, 1961, defines “charitable purpose” in section 2(15) to include:
 - Relief of the poor
 - Education
 - Medical relief
 - Advancement of any other object of general public utility not involving the carrying on of any activity for profit.
 - Chambers of Commerce as Charitable Entities
Historically, Chambers like ICC were viewed as promoting trade, commerce, and industry—functions deemed to serve public utility—thus qualifying for tax exemption.

The Disputed Activities

The dispute hinged on whether ICC’s revenue-generating activities—such as conferences, seminars, fee-for-service certifications, etc.—qualified as charitable activities or were commercial endeavours for profit, thereby breaking the exemption threshold under the amended Section 2(15).

Court’s Legal Reasoning & Outcome

Interpretation by the Supreme Court
In the landmark *Indian Chamber of Commerce v. CIT* (1975), the Supreme Court found that while ICC’s objectives fell under “general public utility,” income-

generating activities (like arbitration fees or certifying services) were seen as profit-oriented and thus ineligible for Section 11 exemption, especially after Section 2(15) was amended to exclude profit-making activities.

Tribunal Decision in 2023

However, more recently, in ITA Nos. 933 & 934/Kol/2023 (A.Y. 2013–14 & 2014–15), decided on December 22, 2023—the ITAT Kolkata took a sympathetic view. It upheld ICC’s claim for tax exemption because ICC’s activities aligned with its primary charitable objectives. The Tribunal concluded these were not caught by the proviso in Section 2(15), allowing ICC to retain its exemption status.

Interpretive Clarity: The case underscores the importance of how “primary purpose” and incidental profit-making activities are balanced under the law.

Evolution of Jurisprudence: From being seen as profit-driven by the Supreme Court, ICC later received relief from the ITAT, showing evolving perspectives on charitable-objective alignment.

Operational Guidance for NGOs/Chambers:

Primary Intent Matters: Profit-making is not allowed if it deviates from the charitable object.

Need Clear Constitutional Provisions: Constitutions or memoranda must explicitly restrict profit-retention.

Case-by-Case Assessment: Profit activities may be allowed when incidental and aligned with the primary mission.

Final Takeaway

The “charitable trust” of the Indian Chamber of Commerce highlights a nuanced legal journey:

- The Supreme Court (1975) emphasised a strict interpretation—profit-generating activities disqualify charitable status under the amended Section 2(15).
- The ITAT (2023) pushed back, granting an exemption based on ICC’s overarching charitable mission, so long as profits were incidental and served that mission.

This case remains a key precedent for trade associations and NGOs striving to maintain charitable status while engaging in pragmatic revenue-generating operations.

Overview Summary

Year

Allegation / Issue

Decision

- **1975**
Earning from certificates & arbitration = commercial
SC ruled against ICC → exemption denied
- **2008**
Law tightened (s.2(15) amendment)
Made scrutiny stricter
- **2012–14**
Dept. again alleged ICC’s receipts = business
AO denied the exemption
- **2023**
The tribunal reviewed and gave relief
ITAT ruled in favour of ICC, allowing the exemption

Read next: Wall of Wisdom.

WALL OF WISDOM (WOW):

- "Teamwork divides the task, multiplies the success."
- "Every problem is an opportunity for a solution."

Read next: Do you know?

DO YOU KNOW?

1. Do you know you can't breathe through your nose with your tongue out?
2. Do you know White is not a colour but rather the absence of all colour?

What else do You Know?

Let us know.

Read next: Motivational Quote.

MOTIVATIONAL QUOTE:

"In business life, first of all, you need to have commitment, dedication and passion for what you are doing."

— Lakshmi Mittal

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

Upcoming Newsletters

1. IND AS 102: Share-Based Payments
2. ADR under GST
3. Section 115BAA of the Income Tax Act

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 the 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	No November 2025	07/12/2025
	2	Advance Tax	3rd 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
	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	A 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 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
	1 Monthly Return (VAT payment)	September 2025	21/10/2025
October 2025	2 Quarterly Return (VAT payment)	July 2025 to September 2025	21/10/2025
	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
January 2026	2 VAT Audit (Form 704)	F.Y. 2024-2025	15/01/2026
	3 Quarterly Return (VAT payment)	October 2025 to December 2025	21/01/2026
February 2026	1 Monthly Return (VAT payment)	January 2026	21/02/2026
March 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 of 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 the assessee pays tax and interest and files a return, a penalty @ 30% of such undisclosed income is payable.	30% OR 60%
	2. In all other cases, the 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 the 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 in part	1% per month
	5. Non-payment of TDS (after deduction), either in whole or in 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	Penalty amount equals such loan/deposit.
	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.	
	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 with < ₹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 about the previous Newsletter(s).

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