

DAHOTRE & DAHOTRE
Chartered Accountants



Knowledge and Development Committee

Newsletter

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Editor-in-Chief's Message

Hello readers!

Welcome to the **37**th Newsletter Edition of 2025.

In this issue, we will discuss what agricultural income is and its taxation, what UDIN is and how to generate it and LRS.

Vedant Potdar
Editor-in-chief

Team's Message

"Teamwork divides the task and multiplies the success."

Sarthak Gite
Development Chairperson

Short Updates:

Indirect Tax

- As per the Finance Act, 2023 (8 of 2023), dt. 31-03-2023, implemented w.e.f 01-10-2023 vide Notification No. 28/2023 – Central Tax dated 31st July, 2023, the taxpayers shall not be allowed file their GST returns after the expiry of a period of three years from the due date of furnishing the said return under Section 37 (Outward Supply), Section 39 (payment of liability), Section 44 (Annual Return) and Section 52 (Tax Collected at Source). These Sections cover GSTR-1, GSTR-1A, GSTR 3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR 7, GSTR 8 and GSTR 9 or 9C.

Hence, the above-mentioned returns will be barred for filing after the expiry of three years. The said restriction will be implemented on the GST portal from the September 2025 Tax period. Which means any return for which the due date was three years back or more and hasn't been filed till the September Tax period will be barred from filing.

General

- In line with expectations, the US Federal Reserve's Federal Open Market Committee (FOMC), chaired by Jerome Powell, cut the key benchmark interest rate by 25 basis points on Wednesday, 17 September 2025. This brings the federal funds rate down to a range of 4.00% to 4.25%. This was the first Fed rate cut since December 2024, when the central bank had lowered rates by 25 basis points.
- Recent weakness in the job market had raised expectations that the Fed would cut rates even though inflation remains above its 2% target level.
- Recent indicators suggest that the growth of economic activity moderated in the first half of the year. Job gains have slowed, and the unemployment rate has edged up but remains low. Inflation has moved up and remains somewhat elevated," said the Federal Reserve.

01

Direct Tax

Understanding Agricultural Income and Its Taxation



Rutuja Shingare

Type of Agricultural Land

Rural Land

- Agriculture income - Exempt u/s 10(1)
- Sale of land - No Capital Gain (Not a Capital Asset)
- Compulsory Acquisition by govt - No Capital Gain (As it's not a capital asset)

Urban Land

- Agriculture income - Exempt u/s 10(1)
- Sale of land - Liable to Capital Gain Tax (as Capital Asset)
- Compulsory Acquisition by govt - Exempt u/s 10(37) subject to condition
- Definition of Agricultural Income Under Section 2(1A)

Key Components of Agricultural Income

- Rent from agricultural land used for farming in India
- Income from warehouses used by cultivators for agricultural purposes
- Proceeds from nurseries involved in agricultural activities
- Income from the sale of agricultural produce

Important Considerations

Agricultural income must relate to land situated in India and be used specifically for agricultural purposes to qualify.

Exemption of Agricultural Income Under Income Tax

Exemption Clause

Agricultural income is fully exempt from income tax under Section 10(1) of the Income Tax Act.

Conditions for Exemption

- 1) Income must arise from agricultural land situated in India
- 2) The land must be used for agricultural activities

Introduction to Partial Integration Method

Applicability

- Individuals, Hindu Undivided Families (HUF)
- Association of Persons (AOP)/Body of Individuals (BOI)
- Artificial Juridical Persons (AJP)
- Not applicable to firms and companies

When It Applies

- Agricultural income exceeds ₹5,000
- Non-agricultural income exceeds the basic exemption limit

Step 1: Calculating Tax on Combined Income

- a) Combine Agricultural and Non-Agricultural Income
- b) Add together agricultural income and non-agricultural income for total taxable income.
- c) Compute Tax on Total Income
- d) Calculate tax liability on this combined figure before applying surcharge and cess.

Step 2 & 3: Calculating Tax on Adjusted Income and Final Tax Liability

Step 2

Calculate tax on agricultural income added to the basic exemption limit.

Step 3

Deduct Step 2 tax from Step 1 tax to find the taxable amount attributable to non-agricultural income.

Final Adjustments

Add applicable surcharge and health & education cess to arrive at final tax liability, adjusting rebate if applicable.

Illustrative Example of Partial Integration Calculation (New Regime)

Given Values

- Agricultural income: ₹4,00,000
- Non-agricultural income: ₹14,00,000
- Basic exemption limit (new regime): ₹4,00,000

Tax Calculation

Step 1: Tax on ₹18,00,000 (Agri + Non-Agri) = ₹1,60,000

Step 2: Tax on ₹8,00,000 (Agri + Basic Exemption) = ₹20,000

Step 3: Tax liability = ₹1,60,000 - ₹20,000 = ₹1,40,000

Add cess 4% (₹5,600) leads to final tax of ₹1,45,600

Read next: UDIN

02 Audit and Assurance

UDIN



Ishwari Khumbakarna

Introduction

The Unique Document Identification Number (UDIN) is an initiative of the Institute of Chartered Accountants of India (ICAI) introduced in 2019. It was made mandatory to curb the growing instances of fake certifications and fraudulent use of Chartered Accountants' signatures. With UDIN, every attested or certified document issued by a CA becomes traceable and verifiable, ensuring authenticity, transparency, and trust.

Objective of UDIN

- To prevent forgery of signatures and false representation by non-CAs.
- To ensure that regulators, banks, and authorities can easily verify whether a document is genuinely issued by a practising CA.
- To protect the credibility of the CA profession.
- To bring in uniformity and accountability in certification and attestation services.

Structure of UDIN

A UDIN is a 17-digit unique number, generated by the system in the following format:

YY MMMMMM AANNNAAN
YY– Year (last 2 digits)
MMMMMM– ICAI Membership Number
AANNNAAN – Alpha-numeric code generated randomly

Example: 25 123456 A1B2C3D4

Documents Requiring UDIN

ICAI has made UDIN mandatory for all types of certifications, reports, and audits undertaken by a CA. Some key examples include:

1. Certificates

- Net worth certificates
- Turnover certificates
- Certification of statutory forms (MCA, RBI, SEBI, etc.)
- Bank certificates (stock statements, project reports, etc.)

2. Audit & Assurance

- Tax Audit Reports (Form 3CA, 3CB, 3CD)
- Statutory Audits (Companies Act, LLP Act)
- GST Audit (Form GSTR-9C)
- Internal & Forensic Audits

3. Other Reports / Attestations

- Projections & Financial Forecasts
- Due diligence reports
- Valuation certificates

In short, almost every certification or attestation signed by a CA requires a UDIN.

Procedure to Generate UDIN

1. Visit [UDIN Portal – <https://udin.icai.org>](<https://udin.icai.org>).
2. Log in with your membership credentials.
3. Enter the following details:
 - Date of document
 - Name of client
 - Document description (audit/certificate/attestation)
 - Key figures/particulars (like Turnover, Net worth, etc.)
4. A 17-digit UDIN is generated instantly.
5. Mention the UDIN on the document (either handwritten, digitally signed, or printed).

Verification of UDIN

Stakeholders (banks, government authorities, clients, regulators) can verify UDIN through the UDIN Portal. Verification shows the CA's name, membership

number, and document details, thus confirming authenticity.

If UDIN is not generated within 15 days of signing, the document may be treated as invalid by regulatory authorities like MCA/Income Tax Department.

Regulatory Importance of UDIN

MCA: UDIN is mandatory for e-forms filed by CAs. Income Tax Department: Tax Audit reports and Form 29B require UDIN.

RBI & Banks: All certificates submitted to banks must carry UDIN.

GST: GSTR-9C reconciliation statements must carry UDIN.

Failure to generate UDIN may lead to disciplinary action under the ICAI Act.

Benefits of UDIN

For Chartered Accountants,

- a) Protects against misuse of signatures.
- b) Reduces the chances of fake certification.
- c) Increases trust in the profession.

For Regulators & Authorities, A) Easy verification of authenticity.

- a) Minimises submission of forged reports.

For Clients

- a) Confidence that their documents are certified only by genuine CAs.
- b) Hassle-free verification with banks and authorities.

Conclusion

The Unique Document Identification Number (UDIN) has become a cornerstone of transparency and accountability in the CA profession. It not only safeguards the interests of clients and regulators but also protects Chartered Accountants from misuse of their credentials. Every CA and article assistant must be familiar with UDIN rules, their generation process, and their implications. With regulatory integration across MCA, Income Tax, GST, SEBI, RBI, and UDIN, it is now an indispensable compliance requirement, and non-compliance may lead to invalidation of forms or disciplinary proceedings.

In essence, UDIN is not just a number – it is the

identity of trust and authenticity in the CA profession.

Read next: Liberalised Remittance Scheme.

03 Direct Tax

Liberalised Scheme

Remittance



Prasad Bhasme

Introduction

The Liberalised Remittance Scheme (LRS) allows resident individuals in India (including minors) to freely remit up to USD 250,000 per financial year (April–March) for permitted foreign transactions. It simplifies sending money abroad for personal use.

Permitted Uses Under LRS –

- Education: Tuition, accommodation, etc.
- Travel: Personal or business (except Nepal & Bhutan).
- Medical treatment
- Gifts and donations
- Maintenance of close relatives abroad
- Investments: Foreign stocks, mutual funds, real estate.

Prohibited Uses Under LRS

- a) Trading in foreign exchange
- b) Buying lottery tickets
- c) Gambling or banned activities under FEMA

LRS Limits

USD 250,000 per person per financial year
Applies to all combined transactions (education, travel, investment, etc.)

TCS Rates Under LRS (FY 2025–26)

TCS - Tax Collected At Source (TCS) Is A Tax That A Seller Collects From The Buyer At The Time Of Sale Of Certain Specified Goods Or Services. It Is Governed By Section 206C Of The Income Tax Act, 1961

Purpose of Remittance	Threshold (₹)	TCS Rate (PAN Active)	TCS Rate (PAN Inoperative)
Education (via loan from specified institution)	Any amount	0%	0%
Education (self-funded) or Medical Treatment	Up to ₹10 lakh	0%	0%
Education (self-funded) or Medical Treatment	Above ₹10 lakh	5%	10%
Other purposes (e.g., investment, gifts)	Up to ₹10 lakh	0%	0%
Other purposes (e.g., investment, gifts)	Above ₹10 lakh	20%	20%
Overseas Tour Packages	Up to ₹10 lakh	5%	10%
Overseas Tour Packages	Above ₹10 lakh	20%	20%

Key Changes Effective from April 1, 2025

1. Higher Thresholds

Liberalised Remittance Scheme (LRS) and Overseas Tour Packages: Threshold increased from Rs 7 lakh to Rs 10 lakh

Educational Remittances via Loans: TCS removed if financed through loans under Section 80E.

2. Removed Sections

Section 206C(1H): TCS on sale of goods exceeding? 50 lakh removed to avoid overlap with TDS under Section 194Q

Sections 206AB & 206CCA: Higher TCS rates for non-filers eliminated to simplify compliance

3. RBI Compliance and Reporting.

Form A2: Mandatory for each remittance, stating purpose and amount.

Purpose Codes: Must match the nature of the transaction (e.g., education, travel).

Authorised Dealers: Only banks and institutions approved by the RBI can process LRS transactions.

No Clubbing: Family members cannot combine limits unless they are co-owners of the asset/investment.

Questions

- How should TCS be computed and reconciled when remittances are made through multiple authorised dealers and platforms under the same PAN, especially when the Rs. 10 lakh threshold is crossed mid-year?
- In cases where remittances are made for education partially funded by loans under Section 80E and partially by personal funds, how should TCS be applied and split across the two sources?
- What are the implications of PAN being inoperative at the time of remittance, even if the individual has Aadhaar and has filed returns? Can the higher TCS rate be legally challenged or reversed?
- How does the treatment of TCS under LRS differ when the remitted funds are used for investments abroad that generate income taxable in India? Can TCS be adjusted against foreign tax credits or claimed as a refund?
- What audit trail should a CA maintain to verify the correct application of TCS under LRS for clients remitting funds abroad for mixed purposes (e.g., education + investment)?

Read next: Wall of wisdom.

WALL OF WISDOM (WOW):

- "Giving adds more weight to life than taking."
- "True success is measured in effort, not applause."

Read next: Do you know?

DO YOU KNOW?

1. Do you know that an octopus has three hearts and blue blood?
2. Do you know your heartbeat changes rhythm to match the music you listen to?

What else do You Know?

Let us know.

Read next: Motivational Quote.

MOTIVATIONAL QUOTE:

"Work is worship, but only if done with honesty and joy."

— Narayan Murthy

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.

Contact Details-

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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

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)		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
July-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 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	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 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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