

Knowledge and Development Committee

Newsletter

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Short Updates

Indirect Tax

- The GST portal has added two new ledgers to help taxpayers report ITC correctly. The Reclaim Ledger (from Aug 2023) shows ITC reversed in Table 4(B)2 and later reclaimed in 4(A)5/4(D)1.

The RCM Ledger (from Aug 2024) tracks RCM liability in Table 3.1(d) and ITC claimed in 4A(2)/4A(3). Soon, filing of GSTR-3B will be blocked if ITC claimed is more than the available balance in these ledgers.

If there is a negative balance, taxpayers must either reverse excess ITC or pay extra RCM liability/reduce ITC claimed before filing.

Both ledgers can be viewed under Dashboard > Services > Ledger.

RoC

- The Government has extended the deadline for companies to file their annual returns and financial statements for FY 2024–25.

Editor-in-Chief's Message

Hello readers!

Welcome to the 01st Newsletter Edition of 2026.

In this Issue, we will discuss Ind AS 24- Related Party Transaction, Form 13 Under Income Tax Act and some of the basic terms of Insurance you need to remember.

Vedant Potdar
Editor-in-chief

Team's Message

“Dream big, start small, act now.”

Isha Dagra
Senior Leader

Companies can now file the listed e-forms (like MGT-7/MGT-7A, AOC-4 and its variants) up to 31 January 2026.

No additional (late) fees will be charged if filings are done by this date.

All other conditions mentioned in General Circular No. 06/2025 dated 17.10.2025 remain the same.

Purpose:

To give relief to companies based on stakeholder requests and allow extra time for compliance without penalties.

General

- India has overtaken Japan to become the world's fourth largest economy with a GDP of \$4.18 trillion and is on track to surpass Germany by 2030. It remains the fastest growing major economy, with real GDP rising to 8.2% in Q2 of 2025 26. Global agencies like World Bank, IMF and Moody's expect strong growth to continue.

01 Direct Tax Form 13



Yashraj Bhutada

Introduction

Tax Deducted at Source (TDS) ensures that tax is collected in advance. However, for some taxpayers, TDS deducted is higher than their actual tax liability. This leads to:

- Blocking of funds
- Cash flow problems
- Waiting for refunds after filing ITR

Form 13 helps avoid this problem by allowing eligible taxpayers to apply for nil or lower TDS deduction.

What is Tax Deducted at Source (TDS)?

TDS is a system where the payer deducts tax at prescribed rates while making certain payments (like salary, interest, rent, commission, etc.) and deposits it with the Income Tax Department.

Example:

A bank pays interest of ₹1,20,000 to an individual → Bank deducts TDS before payment and credits the balance.

What is Form 13?

Form 13 is an application made under Section 197 of the Income Tax Act, 1961.

It is filed by a taxpayer who expects that his/her total tax liability will be lower than the TDS deducted.

After reviewing the application, the Assessing Officer (AO) may issue a certificate for lower or nil TDS.

When Can You Apply for Form 13?

You can apply if your estimated tax liability is lower due to reasons such as:

- Loss in the current year
- Carry-forward losses of previous years
- Availability of deductions or exemptions
- Income below taxable limit

Example

Mr. R earns professional income of ₹6,00,000.

After deductions, his taxable income becomes ₹2,50,000 (below exemption limit).

But TDS @10% is deducted on his receipts.

Mr. R can apply for nil TDS using Form 13.

Who Can Apply for Form 13?

- 1) Individuals
- 2) HUF
- 3) Firms/LLP
- 4) Companies
- 5) Trusts
- 6) Non-residents
- 7) Any person whose income is subject to TDS and justifies lower or no tax liability can apply.

Types of Income Covered Under Section 197

Form 13 can be applied for income covered under several TDS sections such as:

Section	Nature of Income
192	Salary
194A	Interest (other than securities)
194C	Contract income
194H	Commission / Brokerage
194I	Rent
194J	Professional fees
195	Non-resident income
194O	E-commerce payments

When Should You Apply?

There is no fixed deadline under the law.

However, it is advisable to apply:

- At the beginning of the financial year for regular income
- Before receiving one-time income, if applicable

Validity of Form 13 Certificate

- Valid for one financial year only
- Effective from the date of issue
- Can be cancelled by AO if conditions are violated

Documents Required with Form 13

- a) Signed Form 13
- b) ITRs of last 3 years
- c) Assessment orders (if any)
- d) Financial statements (last 3 years)
- e) Projected P&L for current year
- f) Estimated computation of income
- g) PAN copy
- h) TAN of deductors
- i) TDS return acknowledgements

Processing Time

The application is generally processed within 30 days from the end of the month in which it is submitted.

Practical Examples

Example 1: Professional Income

Ms. P earns ₹8,00,000 as consultancy fees.

She has brought-forward losses of ₹6,00,000.

She can apply for lower or nil TDS using Form 13.

Example 2: Senior Citizen Interest Income

Mr. S (age 68) earns bank interest of ₹3,00,000.

After deductions, his taxable income is below exemption.

Form 13 helps avoid unnecessary TDS and refund delays.

- Applicable under Section 197
- Must be supported by accurate income estimates

Questions

1. What is the purpose of Form 13 under the Income Tax Act?
2. Who can apply for Form 13?
3. Can deductors ignore Form 13?

Read next: IND AS 24: Related Party Transactions

Key Takeaways

- Form 13 prevents excess TDS deduction
- Improves cash flow management
- Avoids refund delays

02 Accountancy

IND AS 24: Related Party Transactions



Rutuja Shingare

Introduction

Entities frequently enter into transactions with subsidiaries, associates, joint ventures, and key individuals. Such relationships may influence financial performance and position. Ind AS 24 promotes transparency by ensuring that users of financial statements can evaluate:

- The independence of management decisions
- Risks and opportunities arising from related party relationships
- The entity's true financial health

Objective of Ind AS 24

The objective of Ind AS 24 is to ensure that financial statements disclose information necessary to draw attention to the possibility that financial position and performance may have been affected by the existence of related parties and transactions with them.

The standard requires disclosure of:

- Related party relationships
- Related party transactions
- Outstanding balances
- Commitments with related parties

Example:

If a subsidiary sells goods to its parent at cost instead of market price, the transaction must be disclosed, as it affects reported profitability and decision-making.

Scope of the Standard

Ind AS 24 applies to:

- Identification of related parties
- Recognition and disclosure of related party transactions
- Disclosure of balances and commitments

It applies to:

- Individual financial statements
- Consolidated and separate financial statements (as per Ind AS 110 and Ind AS 27)

Note: Intra-group transactions are eliminated on consolidation unless they are measured at fair value through profit or loss.

Who Are Related Parties?

Related Parties – Persons

A person is a related party if they:

- Have control or joint control over the entity
- Have significant influence over the entity
- Are key management personnel (KMP)
- Are close family members of such individuals (spouse, children, dependents)

Example:

Mr. A holds 51% of shares in A Ltd → Mr. A is a related party. His wife is also considered a related party.

Related Parties – Entities

An entity is a related party if it is:

- A parent, subsidiary, or fellow subsidiary
- An associate or joint venture
- A post-employment benefit plan of the entity or a related entity
- Controlled or significantly influenced by a related person

Example:

H Ltd is the holding company of SA Ltd and SB Ltd → all three entities are related parties.

Who Are Not Related Parties?

The following are not considered related parties merely due to association:

- Entities with common directors (without control or influence)
- Two venturers sharing joint control over a joint venture
- Banks, trade unions, utilities, or government agencies (without control)
- Customers, suppliers, or franchisers with economic dependence only

Example:

A Ltd supplies all its goods to a large automobile company, but the company has no control or ownership → not a related party.

Examples of Related Party Transactions

Related party transactions include:

- Sale or purchase of goods or assets
- Rendering or receiving of services
- Leases
- Financing arrangements (loans, equity contributions)
- Guarantees or collateral
- Settlement of liabilities on behalf of another entity
- Management contracts

Example:

A parent company instructs its subsidiary to purchase raw materials exclusively from a fellow subsidiary.

Disclosure Requirements

Category 1: Disclosure of Relationships (Even Without Transactions)

Entities must disclose:

- Name of the parent
- Name of the ultimate controlling party
- Group structure relationships

Example:

S4 Ltd must disclose its relationship with S3 Ltd, S2 Ltd, S1 Ltd, and H Ltd even if no transactions occurred during the year.

Category 2: Disclosure of Transactions (When They Occur)

Disclosures must include:

- Nature of the related party relationship
- Amount of transactions
- Outstanding balances and commitments
- Terms and conditions, including guarantees
- Provision for doubtful debts
- Expense recognized for bad debts

- KMP compensation (short-term, post-employment, long-term, termination, share-based)

Example:

ITC Ltd discloses purchases, sales, and asset transactions with subsidiaries separately and does not aggregate dissimilar items.

Key Takeaways

- Ind AS 24 focuses on substance over legal form
- Transparent disclosures enhance credibility and investor confidence
- Proper identification and disclosure of related parties improve financial reporting quality

Questions

1. Why is it important to disclose related party transactions even if they do not directly affect financial position?
2. How does Ind AS 24 improve transparency and trust in financial reporting?

Read next: Basic Terms of Insurance

03 General

Basic Terms of Insurance



Sarvesh Mahashabde

Introduction

Insurance is a contract between an individual or business with an insurance company to help provide financial protection and mitigate the risks associated with certain situations or events.

Types of Insurance

1. Life Insurance

Protects a person's family financially if the insured person dies.

- Term Life Insurance: Coverage for a fixed period (e.g., 10 or 20 years).
- Whole Life Insurance: Coverage for the entire lifetime, often with savings value.
- Endowment Plans: Pays money after a certain time or on death, whichever comes first.

2. Health Insurance

Covers medical and healthcare expenses.

- Pays for hospital bills, surgeries, medicines, and sometimes checkups.
- Can include individual, family, or group health plans.

3. General Insurance

i. Motor Insurance

Protects vehicles like cars and bikes.

- Covers accidents, theft, and damage.
- Often required by law.

ii. Property Insurance

Protects houses, buildings, or other properties. Covers damage from fire, floods, earthquakes, or theft.

iii. Travel Insurance

Covers problems while traveling. Medical emergencies, lost luggage, trip cancellation, etc.

iv. Fire Insurance

Protects property and goods against fire-related damage.

v. Marine Insurance

Covers goods and ships during sea transport. Used mainly in trade and shipping.

Basic Terms of Insurance

1. Insurer

The insurance company or organization that provides insurance coverage and promises to pay compensation in case of loss.

2. Insured

The person or entity whose life, health, or property is covered under an insurance policy.

Example: If you buy health insurance, you are the insured.

3. Policy

A legal contract between the insurer and the insured. It contains all terms and conditions, coverage details, and rights of both parties.

4. Proposal

A request form filled out by the insured to obtain insurance.

It includes personal details, risk information, and coverage required.

Acceptance of the proposal leads to issuance of the policy.

5. Premium

The amount paid by the insured to the insurer for insurance coverage.

Paid monthly, quarterly, yearly, or as a lump sum. If the premium is not paid on time, the policy may lapse.

6. Risk

The possibility of loss or damage due to an uncertain event.

7. Sum Assured

The maximum amount the insurer agrees to pay in case of loss.

Fixed at the time of taking the policy.

8. Claim

A formal request made by the insured to the insurer for compensation after a loss occurs.

Must be supported with necessary documents.

9. Insurable Interest

A financial relationship between the insured and the subject matter.

The insured must suffer a loss if the insured item is damaged.

Example: You have insurable interest in your house, not your neighbor's.

10. Policy Term

The duration for which the insurance policy is valid.

11. Maturity

The end of the policy term when benefits become payable (if applicable).

12. Nominee

The person appointed by the insured to receive the policy benefits in case of death.

Questions

1. What is meaning of Insurance?
2. What are the types of Insurance?
3. What is the difference between Policy and Proposal?

Read next: Wall of wisdom.

WALL OF WISDOM (WOW):

- "Change is the end result of all true learning"
- "Every day is a new beginning. Take a deep breath and start again"

Read next: Do you know?

DO YOU KNOW?

1. Do you know a yawn can cool your brain?
2. Do you know all onions are toxic to dogs ?

What else do You Know?

Let us know.

Read next: Motivational Quote.

MOTIVATIONAL QUOTE:

"Don't just chase success; chase excellence, and success will follow"

— Chetan Bhagat

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

Upcoming Newsletter

1. UFCE certificate
2. Building an Emergency Fund.
3. 2G Spectrum Scam

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	31/10/2025
	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	FY 2025-26	15/09/2025
	(b) Partner of a firm whose accounts are required to		

		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 <ul style="list-style-type: none"> (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	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.	30 th 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
November 2025	1 Monthly Return (VAT payment)	October 2025	21/11/2025
December 2025	1 Monthly Return (VAT payment)	November 2025	21/12/2025
January 2026	1 Monthly Return (VAT payment)	December 2025	21/01/2026
	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.	<p>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.</p> <p>2. 200% of the tax is payable if under-reporting results from the misreporting of income</p>	50% of tax payable under-reported Income, OR 200% of tax payable from misreporting of income
3. Failure to maintain books of accounts and other documents	<p>1. Normally, the amount of penalty leviable is INR25,000</p> <p>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</p>	INR 25000 OR 2% of the value of the International transaction
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	<p>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.</p> <p>2. In all other cases, the penalty is leviable @ 60%</p>	30% OR 60%
6. Audit and Audit Report	<p>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.</p> <p>2. Failure of the assessee to furnish the Audit report related to foreign transaction, a penalty @ INR 1,00,000 will be payable</p>	INR 150000/- OR 0.5% of total sale, turnover/gross receipt
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-Dedication 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. 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.	Penalty amount equals such loan/deposit.
9. Others	1. Failure to apply/quote/ intimate PAN/ quoting false PAN shall attract a penalty of INR 10,000 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	INR 10000/-

10. Late Filing ITR	3. Noncompliance with summons to give evidence/ produce books of accounts	
	4. Failure to comply with a notice	
	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

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

Sr. No.	Date	Area of Knowledge (AOK)	Notification/ Circular/ Press Release	Short Description
1	1 st Dec, 2025	Audit	Companies (Specification of Definition Details) Amendment Rules, 2025	Increased thresholds for 'small company': Paid-up capital ₹10 cr, turnover ₹100 cr.
2	2nd Dec, 2025	Direct Tax	Notification No. 166/2025 (SO 5551 E)	Temple in Mumbai notified under Sec 80G (2)(b); donations up to ₹50 cr eligible for deduction.
3	4 th Dec, 2025	Direct Tax	Notification Nos. 167, 168, 169/2025	Jalandhar & Ajmer Development Authorities and TN Pollution Control Board exempt under Sec 10 (46A), retrospective effect.
4	5 th Dec, 2025	Indirect Tax	BDO Indirect Tax Digest	Legislative/judicial GST, Customs, VAT updates (Goa/Haryana changes, metro project customs duty).
5	16th Dec, 2025	Indirect Tax	GSTN Advisory	Auto-suspension of GST registration for non-submission of bank details under Rule 10A.
6.	31 st Dec, 2025	Audit	Amendment to Rule 12A	Director KYC filing changed to once every three years; effective 31 Mar 2026.
6.	31 st Dec, 2025	Audit	MCA Circular	Extended filing deadlines for annual returns (MGT-7, AOC-4) till 31 Jan 2026.

Rectifications in the previous Newsletter:

No Rectifications about the previous Newsletter(s).

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