

**DAHOTRE & DAHOTRE**  
Chartered Accountants



Knowledge and Innovation Committee

# Newsletter

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## Editor-in-Chief's Message

Hello readers!

Welcome to the **12**<sup>th</sup> Newsletter Edition of 2026.

In this Issue, we will discuss Equalisation Levy, companies rules 2021 and the recent conflict between Israel and Iran

**Vedant Potdar**  
Editor-in-chief

## Team's Message

"Tough times don't last, tough teams do."

**Prasad Bhasme**  
Senior Leader

## Short Updates

### Indirect Tax

- Taxpayers sometimes pay amounts during investigation using Form GST DRC-03. Later, when filing an appeal against a demand order, they must pay a pre-deposit.

The GST portal only recognizes payments linked to a Demand ID (created when a demand order like DRC-07 is issued). Payments made directly against the demand are auto-adjusted, but those made via DRC-03 are not linked to any Demand ID.

As a result, while filing an appeal, the system may still ask for a pre-deposit even if the taxpayer has already paid sufficient amounts through DRC-03.

To resolve this, taxpayers must file Form GST DRC-03A, which links the earlier DRC-03 payment to the relevant Demand ID. Once linked, the payment is reflected in the Electronic Liability Register and recognized by the system.

This ensures that the portal does not demand additional payment again at the time of filing the appeal.

### Direct Tax

- Explanation of Transition from Assessment Year to Tax Year in New Income Tax Act 2025.

Income earned during the FY 2025-26 will be governed by the Income-tax Act, 1961 and assessed in AY 2026-27.

Income earned from 1 April 2026 onwards will be governed by the Income Tax Act, 2025 and assessed for Tax Year 2026-27 and onwards.

### General

- Reliance Industries is gearing up for what could be India's biggest IPO, with Jio Platforms set to file draft papers soon.  
Backed by 17 top global and domestic banks, the issue may offer just 2.5–2.7% stake.

## 01 Direct Tax Equalization Levy



Vanshika Singh

### Introduction

Equalization Levy is a tax introduced by the Government of India under the Finance Act, 2016 to tax income earned by non-resident digital companies from Indian users. It aims to ensure fair taxation in the digital economy.

### Objective

The levy was introduced to:  
Address challenges of taxing the digital economy  
Ensure level playing field between resident and non-resident entities  
Prevent tax avoidance by foreign companies operating without physical presence

### Applicability

#### 1. Equalization Levy @ 6% (Section 165)

- Applicable on specified services like online advertisements
- Paid to non-residents such as Google Ads
- Deducted by the Indian payer
- Applicable only if payment exceeds ₹1,00,000 in a year

#### 2. Equalization Levy @ 2% (Section 165A)

- Applicable on e-commerce operators
- Covers companies like Amazon, Netflix
- Charged on gross consideration
- Paid directly by the non-resident operator

### Key Features

Applicable only to non-residents  
No requirement of Permanent Establishment (PE)  
Charged on gross basis (no deductions allowed)  
Separate from the Income Tax Act

### Non-Applicability

Equalization Levy is not applicable when:

- Non-resident has PE in India and service is connected to it
- Payment is below ₹1,00,000 (for specified services)
- Transaction is not related to digital/e-commerce services

### Case Law Reference

In Google India Pvt Ltd v. ACIT, issues arose regarding classification of digital payments (royalty vs business income).

Equalization Levy helps reduce such disputes by directly taxing digital transactions.

### Practical Example

An Indian company pays ₹10,00,000 to Google Ads for online advertisements.

EL @ 6% = ₹60,000

Net payment = ₹9,40,000

### Conclusion

Equalization Levy is a significant step towards taxing the digital economy, ensuring that foreign digital companies contribute fairly to India's tax system and reducing litigation in cross-border digital transactions.

## Questions

1. What is Equalization Levy? Why was it introduced?
2. State the two types of Equalization Levy and their rates?
3. ABC Ltd (India) pays ₹10,00,000 to a foreign company for online advertisement. Calculate Equalization Levy.

Read next: *All About Companies (Accounting Standards) Rules, 2021*

## 02 Accountancy

### All About Companies (Accounting Standards) Rules, 2021



Sarvesh Mahashabde

## Introduction

The Companies (Accounting Standards) Rules, 2021 are a key regulatory framework issued by the Ministry of Corporate Affairs (MCA) under the Companies Act, 2013 to govern the preparation and presentation of financial statements for certain classes of companies in India.

The Rules were notified on 23 June 2021

## Applicability

These Rules apply to:

All companies except those required to follow Ind AS under the Companies (Indian Accounting Standards) Rules, 2015

## Effective Date

Applicable for accounting periods beginning on or after 1 April 2021.

This rule defines key terms, especially:

Small and Medium Sized Company (SMC)

A company qualifies as an SMC if:

- It is unlisted
- It is not:
  - a) a bank
  - b) a financial institution
  - c) an insurance company
- Turnover  $\leq$  ₹250 crore

- Borrowings ≤ ₹50 crore
  - Not a holding/subsidiary of a non-SMC company
- This definition was revised upward (earlier limits were lower), reducing compliance burden for smaller companies.

A company must qualify as SMC for 2 consecutive years to:

- Avail exemptions
- Continue as SMC after crossing limits (grace period concept)

**Impact:**

- a) Prevents frequent switching
- b) Ensures stability in reporting

### Relaxation in Earnings Per Share – AS-20

**Normal Requirement (Non-SMCs)**

Under AS-20 Earnings Per Share, companies must disclose:

- Basic EPS
- Diluted EPS
- Reconciliation of numerator & denominator
- Weighted average number of shares
- Details of potential equity shares

**Relaxation for SMCs**

SMCs are not required to disclose EPS at all.

This is a complete exemption, meaning:

- No need to calculate or present EPS
- No need for related notes or workings

**Reason**

- a) EPS is mainly relevant for investors in listed companies
- b) SMCs typically have limited public shareholding

### Relaxation in Segment Reporting – AS-17

**Normal Requirement (Non-SMCs)**

Under AS-17 Segment Reporting, companies must disclose:

- Business segments
- Geographical segments
- Segment revenue, results, assets, liabilities
- Basis of segmentation

**Relaxation for SMCs**

SMCs are fully exempt from AS-17.

Meaning:

- No need to identify segments

- No need to disclose segment-wise financials

**Reason**

- a) Segment reporting is useful for diversified and large companies
- b) SMCs usually operate in limited or single business lines

### Relaxation in Related Party Disclosures – AS-18

**Normal Requirement (Non-SMCs)**

Under AS-18 Related Party Disclosures, companies must disclose:

- Names of related parties
- Nature of relationships
- Details of transactions (sales, purchases, loans, etc.)
- Outstanding balances
- Key management personnel (KMP) compensation

**Relaxation for SMCs**

SMCs get partial exemption, not full.

They are NOT required to disclose:

- Key Management Personnel (KMP) compensation
- Detailed breakdowns in many cases

They ARE still required to disclose:

- Related party transactions where control exists (e.g., holding–subsidiary relationships)

### Explicit Recognition of Auditor Responsibility

**Auditors must check whether**

- All applicable Accounting Standards are followed
- Proper disclosures are made
- Accounting policies are correctly applied

**Identify Deviations**

If a company:

- Does not follow a standard, OR
- Applies it incorrectly

The auditor must:

- Detect such deviation during audit procedures

**Report Non-Compliance**

If non-compliance exists, the auditor must:

Clearly mention it in the audit report

Specify:

- Nature of deviation

- Financial impact (if determinable)

### Consequences of Non-Compliance

- a. For Company:  
Financial statements lose credibility  
Possible penalties under Companies Act
- b. For Auditor:  
Professional misconduct if not reported  
Disciplinary action by ICAI

### Questions

1. From which accounting period do the Companies (Accounting Standards) Rules, 2021 apply?
2. What are the criteria for classifying a company as a small and medium-sized company (SMC)?
3. In the case of Related Party Transactions, which disclosures must the Small and Medium-sized Company (SMC) provide?

*Read next: Israel-Iran conflict and its impact*

## 03 General

# Israel-Iran conflict and its impact



Prasad Bhasme

## Introduction

In early 2026, tensions between Iran and Israel escalated into a full-scale geopolitical crisis, transforming what was earlier a regional concern into a global risk event. Financial markets immediately reacted, pricing in uncertainty and risk premiums. Investors shifted from equities to safer assets like gold and government bonds. This transition reflects a classic “risk-off” sentiment seen during global conflicts. Such events directly affect valuation models, discount rates, and investment decisions. Businesses with global exposure started reassessing their financial strategies. The uncertainty also triggered volatility in currency markets, particularly in emerging economies. Central banks began closely monitoring inflationary risks. This conflict is not just political it has become a financial phenomenon influencing global capital flows. The early phase itself set the tone for economic instability.

## Oil Prices Surge Inflationary Pressure Begins

One of the most immediate financial impacts was seen in crude oil prices due to tensions around the Strait of Hormuz. Brent crude prices reportedly surged from around \$75–80 per barrel to \$95–\$110 per barrel within a short span. For oil-importing countries like India, this directly increases the import bill and widens the current account deficit (CAD). Higher fuel prices translate into increased transportation and production costs, leading to cost-

push inflation. From an accounting perspective, this impacts budgeting, forecasting, and working capital management. Sectors like logistics, aviation, and FMCG face margin pressures. Governments may also need to adjust fuel taxes or subsidies, affecting fiscal balances. This rise in oil prices becomes a key driver of inflation expectations. Overall, energy cost volatility acts as the first major economic shock of the conflict.

### Stock Market Volatility and Wealth Erosion

Equity markets across the globe witnessed sharp volatility following the escalation. Benchmark indices showed corrections of 3–7% in initial trading sessions, reflecting panic selling and uncertainty. In India, sectors like aviation, paint, and cement were negatively impacted due to rising input costs, while oil and defense stocks saw upward momentum. This sectoral shift is important from an investment and portfolio management perspective. FIIs (Foreign Institutional Investors) tend to withdraw funds from emerging markets during such crises, leading to liquidity pressure. This impacts market capitalization and investor wealth. From a CA viewpoint, fair valuation of investments and impairment assessments become crucial during such fluctuations. Companies may also delay IPOs or expansion plans. The volatility highlights the sensitivity of capital markets to geopolitical risks. It reinforces the need for diversified portfolios and risk management strategies.

### Interest Rates and Monetary Policy Pressure

Rising inflation due to increased oil prices puts pressure on central banks like the Reserve Bank of India to reconsider their monetary stance. If inflation sustains above target levels, interest rate hikes may be necessary to control demand. Higher interest rates increase borrowing costs for businesses and individuals. This directly affects sectors dependent on credit, such as real estate and infrastructure. From a financial reporting perspective, finance costs increase, impacting profitability ratios. Additionally, discounted cash flow (DCF) valuations get affected due to higher discount rates. Banks may also tighten lending norms, affecting liquidity in the system. The conflict indirectly influences monetary policy decisions, showing the interconnectedness of global events and domestic finance. It creates a challenging environment for both policymakers and businesses.

### Impact on GDP Growth Projections

Economic growth projections often take a hit during such global uncertainties. For India, analysts may revise GDP growth forecasts downward by 0.3% to 0.8%, depending on the duration of the conflict and oil price trends. Higher inflation reduces consumer spending power, impacting demand. Businesses may postpone capital expenditure due to uncertainty. Export-import dynamics also get disturbed due to logistical and pricing challenges. From a CA perspective, this affects revenue projections, budgeting, and financial planning. Government fiscal policies may shift focus toward stabilization rather than growth. Sectors like manufacturing and services may experience slower expansion. The multiplier effect of reduced spending further dampens economic activity. Thus, the conflict poses a risk to overall macroeconomic stability.

### Currency Fluctuations and Forex Impact

The conflict led to volatility in currency markets, particularly weakening of emerging market currencies like the Indian Rupee. Increased oil import bills raise demand for USD, putting depreciation pressure on INR. A weaker rupee makes imports costlier, further fueling inflation. However, exporters may benefit from favorable exchange rates. From an accounting standpoint, forex gains/losses need careful recognition and disclosure. Companies with foreign currency loans face higher repayment burdens. Hedging strategies become critical to manage risks. The forex reserves of countries may also be used to stabilize currencies. This dynamic highlights the importance of treasury management in uncertain times. Currency volatility becomes another layer of financial impact.

### Sector Wise Financial Impact

Different industries experience varied impacts due to the conflict. Oil & gas companies benefit from higher prices, improving their revenues and margins. Defense and arms manufacturers see increased demand and stock price appreciation. On the other hand, aviation, paint, chemicals, and FMCG sectors face cost pressures due to rising crude derivatives. From a CA perspective, sector-specific analysis becomes essential for financial planning and advisory. Companies may need to revise pricing strategies to maintain margins. Cost control and efficiency measures become critical. Investors also rebalance portfolios based on sector performance. This uneven impact creates both risks and opportunities in the market. Understanding these

dynamics is key for decision-making.

### **Fiscal Impact on Government**

Governments face increased fiscal pressure due to rising subsidies and import costs. If fuel prices are not fully passed on to consumers, the burden falls on government finances. This can widen the fiscal deficit. Additionally, increased defense spending may be required in response to global instability. From a CA viewpoint, fiscal deficit impacts borrowing requirements and interest costs of the government. It may also influence tax policies in the future. Public spending priorities may shift from development to stabilization. Rating agencies closely monitor such developments for sovereign credit ratings. This adds another dimension to economic management during conflict periods.

### **Global Trade and Supply Chain Disruptions**

The conflict disrupted key trade routes and increased shipping costs due to higher insurance premiums. Delays in logistics affected supply chains globally. Import-dependent industries faced shortages and higher costs. From a financial perspective, this impacts inventory valuation and cost accounting. Companies may need to maintain higher buffer stocks, increasing working capital requirements. Exporters may face reduced demand due to global slowdown. Trade deficits can widen for several countries. The disruption shows how interconnected global trade systems are. Even geographically distant countries feel the financial impact.

### **Long-Term Financial Outlook and Risk Management**

Looking ahead, the conflict emphasizes the importance of risk management and financial resilience. Companies are expected to strengthen contingency planning and diversify supply chains. Investors may prefer stable and defensive sectors. From a CA perspective, emphasis on scenario analysis, stress testing, and conservative financial planning increases. The conflict may accelerate shifts toward renewable energy to reduce oil dependency. Governments and businesses alike will focus on building economic buffers. While short-term volatility is high, long-term strategies will determine sustainability. The situation reinforces the role of financial professionals in navigating uncertainty. Ultimately, it is a lesson in balancing growth with risk preparedness.

*Read next: Wall of wisdom.*

## WALL OF WISDOM (WOW):

- "Confidence grows when you keep promises to yourself."
- "Clarity in work brings confidence in results"

Read next: Do you know

## DO YOU KNOW?

1. You blink around 20,000 times a day.?
2. Ants don't have lungs—they breathe through tiny holes?

## What else do You Know?

Let us know.

Read next: Motivational Quote.

## MOTIVATIONAL QUOTE:

**"Your voice has power — speak it,  
shape it, and let it transform the world  
that doubts you"**

**— Arundhati Roy**

### 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

June	Vedant Potdar
July	Isha Dagra
August	Ishwari Kumbhakarna
September	Sakshi Pawar
October	Sairaj Thombre
November	Mayuri Agwal
December	Dipali Kalyankar

## Upcoming Newsletter

1. Transfer pricing regulations and compliance
2. GST on import of services under reverse charge
3. Rise and Fall: Vijay Mallya

## 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 <sup>nd</sup> 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
	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 <sup>rd</sup> Installment FY 2025-26	15/12/2025
	3	<b>Filing of belated/revised return of income for the assessment year 2024-25 for all assessee.</b>	<b>FY 2024-25</b>	<b>31/12/2025</b>
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

<b>August-2025</b>	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	July 2025	25/08/2025
	1	GSTR 1 (Regular Taxpayers)	August 2025	11/09/2025
<b>September-2025</b>	2	GSTR 3B (Monthly Return)	August 2025	20/09/2025
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	August 2025	25/09/2025
<b>October-2025</b>	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
<b>November-2025</b>	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
<b>December-2025</b>	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
<b>January-2026</b>	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
<b>February-2026</b>	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 <sup>th</sup> 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 <sup>th</sup> May 2025
June-2025	DPT-3	<b>To be filed in case the company has a deposit or an exempted deposit.</b>	<b>30<sup>th</sup> June 2025</b>
September-2025	DIR-3 KYC	Form for Director KYC. Need to be filed mandatorily for every director on the Board	30 <sup>th</sup> September 2025
October-2025	ADT-1	Form for Auditor Appointment	15 <sup>th</sup> October 2025
	AOC-4	Form for filing Financials, Auditors' Report, Directors' Report, etc.	30 <sup>th</sup> 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 <sup>st</sup> October 2025 (For the period of April'24 – September'24)
November-2025	MGT-7	ROC Annual Return (Details of Shareholding, etc.)	29 <sup>th</sup> 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	<b>Yearly</b> - Tax Liability is less than INR 1,00,000/-	31/03/2025
		<b>Monthly</b> - 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 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

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

Sr. No.	Date	Area of Knowledge (AOK)	Notification/ Circular/ Press Release	Short Description
1	01 <sup>st</sup> Feb 2026	Direct Tax	<a href="http://vjmglobal.com">Union Budget 2026 - (vjmglobal.com in Bing)</a>	Union Budget 2026 introduced reforms under the new Income Tax Act, 2025 (effective April 2026). Key changes: buy-back proceeds taxed as capital gains, MAT reduced to 14%, unexplained income tax lowered to 30%, DTAA clarifications, reduced TCS rates on overseas tour packages and LRS remittances for education/medical.
2	07 <sup>th</sup> Feb 2026	Direct Tax	<a href="http://Cleartax.in">Draft Income Tax Rules 2026 – ClearTax (cleartax.in in Bing)</a>	CBDT released Draft Income Tax Rules, 2026 for stakeholder comments. Simplified ITR forms, revised compliance requirements, streamlined reporting formats. Feedback invited until 22 Feb 2026.
3	22 <sup>rd</sup> Feb 2026	Audit	<a href="http://Cleartax.in">ClearTax – Income Tax Changes from 1 April 2026 (cleartax.in in Bing)</a>	Draft Income Tax Rules, 2026 released for stakeholder feedback. Simplified language, revised reporting formats, elimination of redundancies, new forms for compliance.

### **Rectifications in the previous Newsletter:**

No Rectifications about the previous Newsletter(s).

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