

A Monthly E-Newsletter

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# The Bottom Line

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## KEY METRICS

### Indices

BSE SENSEX	79,810	-1.69%	▼
NSE NIFTY50	24,427	-1.38%	▼
NASDAQ Composite	21,456	1.58%	▲
NIKKEI 225	42,718	4.01%	▲

### Currency

USD/INR	88.17	-0.74%	▼
Euro/INR	103.04	-3.07%	▼
GBP/INR	119.08	-3.00%	▼
JPY/INR	0.60	-3.25%	▼

Note: The month-on-month movement as on August 29, 2025, is represented in percentages  
Source: NSE.com, BSE.com, NASDAQ.com, NIKKEI.com, Investing.com

# DIRECT TAX

## Circulars/Notifications

### Revised income thresholds notified for salary-based perquisite exemptions

The income thresholds have been revised for tax-free perquisites under salary income, effective April 1, 2025 (AY 2026–27). As per the newly inserted rules, the threshold of income for claiming tax free perquisite for specified employees has been increased from ₹50,000 to ₹4,00,000, and for claiming overseas medical treatment exemptions, from ₹2,00,000 to ₹8,00,000. These thresholds refer to the employee's salary or gross total income and determine eligibility for exemption; they do not represent the monetary value of the perquisites themselves.

*Notification no. 133 of 2025 dated August 18, 2025*

## Judicial Rulings

### Rebate allowed against tax on STCG under New Tax Regime

The Tribunal held that a resident individual opting for the new tax regime is eligible for a tax rebate on STCG from listed shares if their income is below ₹7 lakh. The Tribunal clarified that while the new regime sets specific tax rates, it doesn't restrict the availability of rebates, which are governed under a separate chapter of the Act. The decision further noted that prospective amendments in Finance Bill 2025 to prevent such rebates, which implicitly confirmed that no such restriction existed in the current law.

*Jayshreeben Jayantibhai Palsana. (ITAT Ahmedabad)*

### CCDs are in the nature of debt until converted to equity

The Assessee benchmarked the transaction of interest payment on CCDs applying the CUP method, using data from stock exchanges and depositories. The Transfer Pricing Officer treated CCDs as a hybrid instrument with both debt and equity characteristics, adopted an alternative method, and attributed no interest to the equity portion was payable. The Dispute Resolution Panel upheld this approach and disallowed the interest. On appeal, the Tribunal held that until conversion, CCDs retain the legal character of debt and interest remains deductible, irrespective of accounting treatment under Ind AS and also that relying on accounting standards to bifurcate debt and equity was misplaced. The tribunal remand the benchmarking for a fresh review.

*Goldman Sachs (India) Finance Pvt. Ltd. (ITAT Mumbai)*

### Linked services not taxable as FTS when software sale is non-taxable

The Tribunal allowed the Assessee's appeal, holding that payments for maintenance support, education, and training services linked to software sale cannot be treated as FTS. It observed that these services are inextricably associated with the utilization of the software, and the 'make available' condition under the relevant DTAA was not satisfied. Since the software sale itself is not taxable as royalty, the related services also cannot be taxed as FTS. The Tribunal emphasized

### Revised income thresholds notified for Salary-based perquisite exemptions

### Rebate allowed against tax on STCG under New Tax Regime

### Linked services not taxable as FTS when software sale is non-taxable

that the Revenue bears the burden of proving the make available condition, which could not be established, and the accordingly directed the Assessing Officer to delete the addition.

*Veritas Storage [Singapore] Pte Ltd. (ITAT Delhi)*



# INDIRECT TAX

## Circulars / Notifications / Press Releases

### Extension of due dates for specified cities in Maharashtra

The due date for filing GSTR-3B return for the month of July 2025 has been extended till the August 27, 2025, for the registered persons whose place of business is located in the districts Mumbai (City), Mumbai (sub-urban), Thane, Raigad and Palghar in the state of Maharashtra.

*Notification No. 12/2025-Central Tax dated August 20, 2025*

## Judicial Rulings

### Liability of a partner continues if no intimation given

Where a partner retired from the firm, but no intimation was given to the competent authority, liability of partner will continue.

*Harvinder Singh (Punjab and Haryana High Court)*

### Principal of natural justice

Where the State Tax Authority denied ITC solely on the basis of the Central Tax Authority's verification report, without conducting an independent evaluation thereby violating principles of natural justice, the matter was remanded for a fresh Order.

*R.P. Techsoft International Pvt Ltd (Calcutta High Court)*

### Refund rejection due to difference between GST and customs data

The department cannot withhold the refund solely on the ground of difference between the GST returns and customs data, ignoring the representations made by the taxpayers.

*Aries Impex (Gujarat High Court)*

### Extension of due dates for specified cities in Maharashtra

### Liability of a partner continues if no intimation given

### Delay in furnishing of LUT not a ground for rejection of refund

### Delay in furnishing of LUT not a ground for rejection of refund

A refund of unutilized ITC that is otherwise admissible cannot be denied solely on the ground that exports were made before furnishing the LUT on the GST portal.

*Alkesh Tacker HUF (Delhi High Court)*





# CORPORATE & ALLIED LAWS

## Circulars / Notifications

### ESG oversight transforms boardroom accountability

A recent Parliamentary Standing Committee report recommends integrating ESG obligations into the fiduciary duties of company directors. This marks a pivotal shift, moving ESG from a voluntary framework to a core legal responsibility. Companies must prepare for a new era of accountability, with boards and audit committees needing to formalize ESG strategies and reporting. This change is expected to reduce "greenwashing" and enhance corporate transparency.

*Twenty First Report of the Standing Committee on Finance presented to Lok Sabha on August 04, 2025*

### Ind AS reforms elevate financial transparency

The amendments to Ind AS brings significant changes for companies adopting Ind AS. It revises the presentation, recognition, and disclosure requirements for financial statements, further aligning Indian standards with IFRS. Auditors must update their methodologies to avoid qualifications, while boards must evaluate the impact on KPIs like EPS and leverage ratios. The key amendments are:

- Transitional relief provided to first time adopter lessor while applying Ind AS 116, Leases, entities can use transition date facts and circumstances for lease arrangements including land and building elements to assess their classification as finance or operating lease on the transition date to Ind AS.

- In Ind AS 7, Statement of Cash Flows, entities must disclose supplier finance arrangements for users of financial statements to assess effects of arrangements on the entity's liabilities and cash flows and exposure to liquidity risk.
- In Ind AS 1, Presentation of Financial Statements, a liability can be classified as 'Current' only when it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period

*MCA Notification No. G.S.R.549(E) dated August 13, 2025*

### International Trade in INR

The RBI simplified the process for settling international trade in INR

### ESG oversight transforms boardroom accountability

### Ind AS reforms elevate financial transparency

### RBI pushes INR internationalization

by allowing Authorised Dealer banks to open Special Rupee Vostro Accounts of overseas banks without prior RBI approval. This move is intended to promote the use of INR in global trade.

*RBI Notification RBI/2025-2026/71A.P. (DIR Series) Circular No.08 dated August 05, 2025*



# CFO WATCH

## Aligning Indian ESG framework with global standards

Measures have been outlined to align India's ESG framework with global standards such as ISSB and EU-CSR. SEBI has mandated the top 1,000 listed companies to disclose under the BRSR framework, with voluntary adoption open to others. The framework is aligned with global ESG reporting practices and introduces greenwashing safeguards by mandating ESG KPIs. To ensure consistency, the ISF has issued guidelines for BRSR Core disclosures. Further, the Ministry of MSME is conducting ESG compliance workshops under RAMP, supporting capacity building and sustainable business practices.

## RBI enhances clarity on co-lending with revised directions

RBI (Co-Lending Arrangements) Directions, 2025, effective 1 January 2026, enhance regulatory clarity and expand co-lending between banks, NBFCs, and AIFs. The guidelines mandate REs to retain at least 10% of each loan on their books, with transparent interest rates and disclosures through key

facts statements. Loans must be reflected in both REs' books within 15 days, with clear borrower account segregation. Default Loss Guarantee (up to 5%) is permitted under specific conditions. The directions also cover asset classification, disclosures of co-lending partners, and repeal earlier 2020 circulars on co-lending.

## RBI streamlines regulations for guarantees, co-acceptances & letter of credit

Non-Fund Based Credit Facilities Directions, 2025 has been issued by RBI to streamline regulations for guarantees, letters of credit, and co-acceptances, effective from 1 April 2026. These guidelines consolidate decades of circulars for better transparency and operational efficiency, applying to commercial banks, co-operative banks, AIFs, NBFCs, and HFCs. The directions cover definitions, general conditions, and procedures for issuing guarantees and co-acceptances, emphasizing strict documentation and audit requirements. They also introduce PCE and specify timelines for repayment and asset classification.

## India is aligning its ESG framework with ISSB and EU-CSR norms

## RBI enhances clarity on co-lending with revised directions

## SEBI strengthens compliance on SIF minimum investment thresholds

SEBI, through its circular dated 29 July 2025, has reinforced compliance on minimum investment thresholds for SIFs. AMCs are mandated to monitor investor compliance to ensure holdings never fall below INR 10 lakh. Any breach caused by redemptions, transfers, or off-market trades will trigger strict measures. In such cases, all investor units will be frozen, and a 30-day notice will be given to rebalance. If non-compliance continues, units will be redeemed at NAV. The circular, effective immediately, requires AMCs, RTAs, and depositories to operationalise these rules.





# MERGERS & ACQUISITIONS

## Private Equity Giants Boost Stakes in India's Private Hospitals

India's private hospital sector, now estimated at over \$80 billion, is undergoing a structural shift, with global private equity firms rapidly increasing their stakes in leading chains. The COVID-19 pandemic accelerated this trend, highlighting the need for capital, technology, and scaled operations, and PE funds have stepped in aggressively to consolidate the fragmented industry.

Big investors like Temasek, TPG, KKR, Blackstone, and the Ontario Teachers' Pension Plan now hold controlling or significant minority positions across marquee brands such as

Manipal Hospitals, Max Healthcare, Care Hospitals, KIMS Kerala, Sterling Hospitals, and Sahyadri Hospitals. For instance, Blackstone owns about 80% of KIMS Kerala and 73% of Care Hospitals, while Temasek controls nearly 59% of Manipal Hospitals.

This surge of foreign capital has not only provided funding for capacity expansion but also improved governance and operational efficiency. Many hospital groups are using this backing to upgrade facilities, expand into Tier-II and Tier-III cities, and prepare for public market listings, with Manipal Hospitals expected to lead the way.

However, industry observers point out a challenge: private equity typically

works on a 3–5 year return cycle, which may not always match the longer-term vision required for healthcare infrastructure. Critics argue that aggressive consolidation could tilt priorities toward financial performance, while patient care and affordability need consistent focus.

Looking ahead, experts suggest the PE influx could make India's hospitals more competitive globally, especially in medical tourism and specialised care, but ensuring equitable access across socio-economic groups will be crucial. The next few years will likely determine whether this capital-driven wave delivers sustainable growth or creates new pressure points in India's healthcare system.





# IN THE NEWS

## The Biome by Renous

August 22, 2025

Ajay Sethi, Baker Tilly ASA India, was invited as Guest of Honor and shared insights on expanding an Indian firm to the global stage, emphasizing the role of scale, trust, and purposeful collaborations.

## Exclusive Interaction with ETCFO India's Audit Ecosystem

August 01, 2025

Ajay Sethi, Baker Tilly ASA India, emphasized the urgent need for India to strengthen its audit ecosystem by developing a robust Top 20 network of firms, rather than focusing solely on creating a desi Big Four. His insights shed light on building capacity, credibility, and healthy competition in the profession.

## Technical Session on CARO 2020 – Vizag Branch of SIRC of ICAI

August 01, 2025

Ramaswami GN, ASA, spoke as a resource person in a technical session on CARO 2020. The session was well received, with participants engaging through interactive discussions on key audit and reporting requirements.

## Inside Real Estate Audits: What Makes Them Unique and How to Get Them Right

August 04, 2025

*Author:* Sundeep Gupta & Aayush Ojha, Baker Tilly ASA India

In this article, real estate audits emerge as uniquely challenging, involving ownership verification, valuation judgments, and revenue recognition complexities. With projects spanning years and regulatory requirements adding

layers of risk, audits in this sector go far beyond routine checks. The need for tailored methodologies and expert collaboration makes precision and transparency vital.

## SMLDI 2025 – New Security Compliances for Defence Manufacturers in India

August 19, 2025

*Author:* Bhushan Sharma, Shrikrishna Dikshit & Léa Parmentier, Baker Tilly ASA India

In this article, the revised SMLDI is highlighted as a major regulatory shift for India's defence sector. Updated in June 2025, it responds to geopolitical threats, rising cyberattacks, and supply chain vulnerabilities. The overhaul sets new compliance standards for private defence manufacturers.

## UPI Information Security and Compliance Framework 2025: Key Highlights for Stakeholders

August 18, 2025

*Author:* Rachit Shukla, Baker Tilly ASA India

In this article, the UPI Information Security & Compliance Framework 2025 is unpacked, highlighting how annual audits, stronger monitoring systems, and enhanced compliance standards are reshaping India's digital payments landscape. It also outlines key requirements for fintechs and payment players, while stressing the balance between innovation, trust, and security.

## LEADER SPEAK

### Online Gaming Bill August 26, 2025

Sundeep Gupta, Baker Tilly ASA India, notes in Fortune India that the Online Gaming Bill is a significant step for the industry, underscoring

the need for clarity on skill-based platforms and a balanced framework for all stakeholders..

## Audit Independence in India

August 20, 2025

Ajay Sethi, Baker Tilly ASA India, reflects on how India's audit independence has advanced, driven by global best practices, stronger regulation, and a culture of integrity that enhances both scrutiny and credibility in financial reporting.

## Supplier Financing Rules

August 28, 2025

Parveen Kumar, ASA, on how MCA's new supplier financing rules will reshape CFO priorities from FY26, fostering stronger transparency, accountability, and compliance across corporate supply chains.

## Building Globally Competitive CA Firms

August 07, 2025

Ajay Sethi, Baker Tilly ASA India, emphasized that genuine mergers, not just branding alliances are the key to scale, credibility, and global competitiveness for Indian CA firms. His perspective underlines the need for structural change to strengthen India's professional services ecosystem.

## Filing the Wrong ITR Form

August 01, 2025

Pankaj Aneja, ASA, explained in India Today what taxpayers should do if they've filed the wrong ITR form. He highlighted that while a revised ITR can be filed multiple times if the original was on time, using the wrong form may lead to defective returns, penalties, delayed refunds, and scrutiny.

# GLOSSARY

## AIFI

All India Financial Institution

## AMC

Asset Management Company

## AY

Assessment Year

## BRSR

Business Responsibility and Sustainability Report

## CCD

Compulsory Convertible Debenture

## CFO

Chief Financial Officer

## CUP

Comparable Uncontrolled Price

## DLG

Default Loss Guarantee

## DTAA

Double Taxation Avoidance Agreement

## EPS

Earnings Per Share

## ESG

Environmental, Social, Governance

## EU-CSR

European Union Corporate Sustainability Reporting Directive

## FTS

Fee for Technical Services

## GST

Goods & Services Tax

## HFC

Housing Finance Company

## IFRS

International Financial Reporting Standards

## INR

Indian Rupee

## Ind AS

Indian Accounting Standards

## ISF

Indian Sustainability Framework

## ISSB

International Sustainability Standards Board

## ITAT

Income Tax Appellate Tribunal

## ITC

Input Tax Credit

## ITR

Income Tax Return

## KPI

Key Performance Indicator

## LUT

Letter of Undertaking

## MCA

Ministry of Corporate Affairs

## MSME

Micro, Small and Medium Enterprises

## SOSA

Strategic Oversight Services Agreement

## NAV

Net Asset Value

## NBFC

Non-Banking Financial Company

## PCE

Partial Credit Enhancement

## PE

Permanent Establishment

## RAMP

Revitalising MSME through Augmenting & Modernisation of Programme

## RBI

Reserve Bank of India

## RE

Regulated Entity

## RTA

Registrar and Transfer Agent

## SEBI

Securities and Exchange Board of India

## STCG

Short Term Capital Gain

## SIF

Specialised Investment Fund

## SMLDI

Security Manual for Licensed Defence Industries

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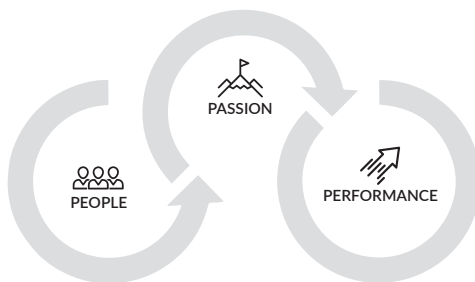


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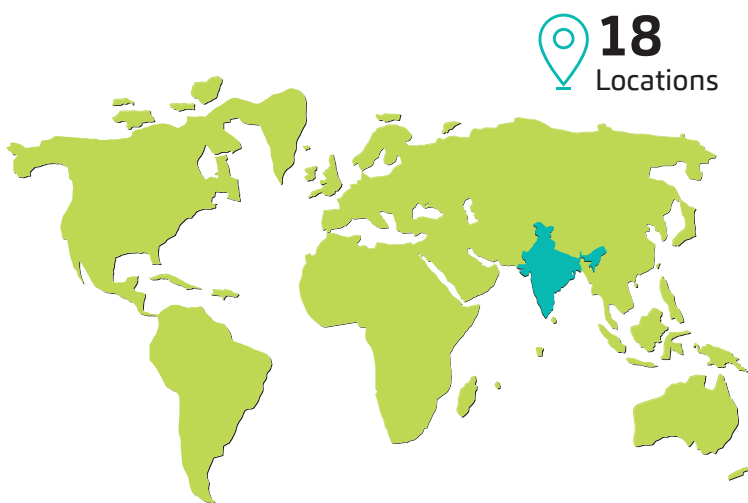
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### National Affiliates

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Vishakhapatnam

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