



A Monthly E-Newsletter

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# The Bottom Line

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## KEY METRICS

### Indices

BSE SENSEX	85,707	2.11%	▲
NSE NIFTY50	26,203	-1.51%	▲
NASDAQ Composite	23,366	-1.51%	▼
NIKKEI 225	50,254	-4.12%	▼

### Currency

USD/INR	89.36	-0.66%	▼
Euro/INR	103.62	-1.19%	▼
GBP/INR	118.29	-1.29%	▼
JPY/INR	0.57	0.76%	▲

Note: The month-on-month movement as on November 28, 2025, is represented in percentages  
Source: NSE.com, BSE.com, NASDAQ.com, NIKKEI.com, Investing.com



# DIRECT TAX

## Circulars/Notifications

### Transfer Pricing Tolerance Range for AY 2025-26 has been notified

CBDT has retained the tolerance range for transfer pricing adjustments at 1 per cent for wholesale trading and 3 per cent for all other cases in the lines with the previous years.

*Notification No. 157 of 2025 dated November 6, 2025*

### OECD opens consultation on Global Mobility and Tax Challenges

OECD has launched a public consultation on "Global Mobility of Individuals," addressing tax complexities arising from remote work and digital nomadism. The document, part of an evidence-gathering phase, outlines issues like dual or no tax residency, double taxation risks, and corporate concerns around permanent establishments and transfer pricing. No formal recommendations are made yet. Stakeholder input is invited until December 22, 2025, with a public meeting scheduled for January 2026.

*OECD Public Consultation Document on Global Mobility of Individuals dated November 26, 2025*

## Judicial Rulings

### FTC granted despite Nil tax liability; interest on the same denied

The Tribunal held that an Assessee is entitled to full credit of foreign taxes paid in Japan even when Indian tax liability was Nil due to exemption / brought-forward losses. However, the Tribunal denied interest under Section 244A on refunds arising from foreign tax credit, clarifying that

such interest is available only on excess payments made to the Indian exchequer through advance tax, Tax deducted or collected at Source. The decision distinguishes between granting FTC relief under tax treaties and awarding interest on such credits, holding that FTC does not constitute prepaid tax to the Indian exchequer.

*Canon India (P.) Ltd (ITAT, Delhi)*

### Guarantee/Service Fee under contractual obligation not 'Rent' under section 194-I; taxability to be determined by real character of services rendered

The ITAT ruled in favor of the Assessee by deleting TDS liability, holding that guarantee/service fees paid to hotel partners were contractual compensation payments and not rent since no lessor-lessee relationship existed. The Tribunal emphasized that the Assessee merely operated an e-platform for customer bookings without obtaining exclusive or absolute rights to use hotel rooms, and the guarantee fee compensated hotels for contractual shortfalls rather than for actual premises usage. The ITAT concluded that judging the transaction's real character holistically, the payments constituted compensation for unmet contractual obligations rather than rent attracting TDS liability.

*Oravel Stays Limited (ITAT, Delhi)*

### DTAA rates to prevail over rates under domestic tax provisions even containing non-obstante clause

The Apex Court relying on its own judgement in the case of

### OECD Opens Consultation on Global Mobility and Tax Challenges

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### DTAA rates to prevail over rates under domestic tax provisions even containing non-obstante clause

Air India Limited, dismissed the tax department's appeal against High Court's verdict that beneficial tax rates under DTAA prevail over higher domestic tax deduction rates. The Court held that international tax treaties override conflicting domestic provisions even when those provisions contain non-obstante clauses such as section 206AA (requiring higher deduction of TDS in absence of PAN) of the Act. This means foreign entities are eligible for lower rates of TDS under the treaty rather than higher domestic rates. The ruling provides clarity and certainty to foreign investors and service providers operating in India regarding applicable withholding tax rates.

*Manthan Software Services Pvt. Ltd. (Supreme Court of India)*

# INDIRECT TAX

## Circulars / Notifications / Press Releases

### Furnishing of Bank Account Details made mandatory

Taxpayers now have to mandatorily furnish bank account details within 30 days of grant of registration or before filing the returns for outward supplies, whichever is earlier.

*Advisory dated November 20, 2025*

## Judicial Rulings

### ITC on lease rentals of land ineligible

The use of land for construction makes ITC on annual lease rentals ineligible, regardless of whether the lease period falls before or after construction.

*Agratas Energy Storage Solutions Pvt Ltd (AAR Gujarat)*

### Confiscation of goods requires prior determination of tax

Notice regarding penalty and confiscation of goods for breach of accounts and records requirement under GST Rules, cannot be issued without prior determination of tax.

*Gospel Press (Allahabad High Court)*

### GST demand cannot exceed the amount proposed in the SCN

Amount as per Order cannot exceed that in the SCN and demand cannot be confirmed on grounds beyond those stated in the SCN.

*Kisan Brick Field (Allahabad High Court)*

### Reversal of ITC for imports not required

Payment to foreign suppliers beyond 180 days does not trigger

ITC reversal for imports where IGST is already paid at customs.

*Priya Holdings Pvt Ltd (AAR Gujarat)*

### ITC eligibility on procurement of capital goods & related services

ITC allowable on capital goods and related services for cables laid outside factory for power transmission.

*Alleima India Pvt Ltd (AAR Gujarat)*

### Parallel proceedings for same period not permissible

State-level assessments are not permissible as Central GST proceedings are already ongoing. Parallel assessments for same period will result in double taxation

### Furnishing of Bank Account Details made mandatory

### GST demand cannot exceed the amount proposed in the SCN

### Parallel proceedings for same period not permissible

since subject matter of both proceedings are same.

*ID Fresh Food (India) Pvt Ltd (Andhra Pradesh High Court)*





# CORPORATE & ALLIED LAWS

## Circulars / Notifications

### Extension of time for realisation of export proceeds and advance payment against exports

Full export value of goods and services can now be realised and repatriated to India within 15 months instead of the earlier time period of 9 months. The extended time period is also applicable where goods are exported to a warehouse outside India with the permission of the RBI as well as exports of goods and services by Special Economic Zones, Export Oriented Units, Electronics Hardware Technology Parks, Software Technology Parks and Bio-Technology Parks. In case of advance receipts by an exporter from a buyer, the exporter is under an obligation to ship the goods within 3 years from the date of receipt of advance payment or subject to the terms of the export agreement for shipment of goods beyond the period of 3 years from the date of receipt of advance payment.

*RBI Notification No. FEMA 23(R)/(7)/2025-RB dated November 13, 2025*



### Reclassification of REITs as equity related instruments

Effective January 1, 2026, investments made by Mutual Funds and SIFs in REITs shall be considered as investment in equity related instruments. This has been done with a view to facilitate enhanced participation by Mutual Funds and SIFs in REITs. Inclusion of REITs in equity indices shall be carried out only after a period of 6 months, viz., July 1, 2026.

*SEBI Circular HO/24/13/12(1)2025-IMD-POD-2/I/157/2025 dated November 28, 2025*

### Companies (Meetings of Board and its Powers) Amendment Rules, 2025

MCA has amended the Companies (Meetings of Board and its Powers) Rules, 2014 to provide that for NBFCs registered with the RBI or finance companies registered with IFSCA, the "business of financing industrial enterprises" under Section 186(11)(a) includes giving loans or providing guarantees / securities in the ordinary course of business.

*Notification G.S.R. 811(E), dated November 3, 2025*

### SEBI introduces new fund type "Accredited Investors-Only Fund"

SEBI notified amendments to the AIF Regulations introducing a new fund type called "Accredited Investors Only Fund", allowing funds with a smaller minimum number of investors (25 instead of 70) and relaxing certain regulatory requirements that normally apply to standard AIFs, including the role of trustees, while retaining key investor

### Reclassification of REITs as equity related instruments

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### SEBI introduces new fund type "Accredited Investors-Only Fund"



protections. These changes make it easier for fund managers to structure and operate such funds, simplify compliance, and provide high net worth or institutional investors a more efficient route to invest, while companies raising capital through AIFs may benefit from increased flexibility and quicker fund raising.

*Notification F. No. SEBI/LAD NRO/GN/2025/274, dated November 18, 2025*

# CFO WATCH

## Government notifies DPDP Rules

DPDP Rules, notified on 13 November 2025, operationalize the compliance framework under the Digital Personal Data Protection Act, 2023. The Rules set out detailed obligations for collection, processing, storage, and retention of personal data, with strong emphasis on consent, purpose limitation, and accountability of data fiduciaries. They also prescribe requirements for grievance redressal timelines, breach reporting, children's data protection, and duties of data processors. Organisations must establish internal governance mechanisms, maintain compliance documentation, and ensure secure processing. With the Rules now in force, entities must update policies and processes to meet the new regulatory standards.

## Essential changes introduced through amendment to LODR regulations

SEBI has introduced key amendments to the LODR Regulations through the Fifth Amendment Regulations, 2025, revising the framework for RPTs. The amendments expand the definition of related parties, introduce scale-based materiality thresholds linked to a listed entity's annual consolidated turnover, and harmonize approval requirements for RPTs undertaken by subsidiaries. Updated provisions also clarify exemptions for holding-subsidiary transactions, streamline omnibus shareholders' approvals, and mandate timely submission of annual reports. Further, listed entities must now provide specified information to holders of non-convertible securities in line with Section 136 of the Companies Act, 2013.



## RBI issues guidelines for Trade Relief Measures

RBI's Trade Relief Measures Directions, 2025 provide support to exporters affected by global trade disruptions. Applicable to all REs, the framework allows eligible borrowers engaged in export-related sectors and holding standard export credit as of August 31, 2025 to receive relief through moratoriums on instalments, deferred interest on cash credit, and recalculated drawing power. REs may extend export credit periods up to 450 days and permit liquidation of packing credit. Asset classification will not be downgraded solely due to relief measures, though general provisioning of 5% is required. REs must also report borrower relief data through RBI's DAKSH platform.

## ASU on financial instruments – Credit Losses

FSB has issued an ASU 2025-08 to streamline and improve accounting for purchased loans by removing the

**DPDP Rules introduce strict obligations on consent, processing, governance, security, and data protection for organisations**

**SEBI introduces essential changes through amendment to LODR regulations**

earlier distinction between PCD and non-PCD assets. Previously, PCD loans followed a gross-up approach, while non-PCD loans required an initial allowance expense, causing inconsistency and potential double counting. The new ASU applies the gross-up method to a broader set of acquired financial assets, including most purchased seasoned loans (excluding credit cards), thereby enhancing comparability and better reflecting acquisition economics. Effective for annual periods beginning December 15, 2026, the amendments apply prospectively to newly acquired loans.





# MERGERS & ACQUISITIONS

## A New Chapter for M&A Finance in India: Banks Step In

With the recent draft norms from RBI, the domestic banking sector is finally being invited to play a larger role in funding corporate takeovers, a change that could reshape how M&A are financed across India.

Under the draft framework titled "Commercial Banks – Capital Market Exposure Directions, 2025", banks would be allowed to finance up to 70% of an acquisition's value, with the acquiring firm required to contribute the remaining 30% from its own equity. To keep risk in check, a bank's

total exposure to acquisition funding would be capped at 10% of its Tier-1 capital.

But banks' new freedom comes with guardrails designed for prudence: financing is allowed only when the acquirer is a listed, profit-making company with a healthy net worth and track record of at least three years and the target company must have its last three years of financials available. The acquisition value must undergo two independent valuations, and the loans must be secured typically by the shares of the target company. Additionally, after the deal, the debt-to-equity ratio of the acquiring entity, or the SPV used for acquisition, must

stay within a conservative 3:1 cap.

While many in the industry hail this as a long-overdue move enabling banks to support India Inc's ambitions and reduce dependence on bond markets or private credit, some bankers have raised concerns. For large or complex deals, they argue, the 10% Tier-1 cap might prove too restrictive.

If implemented wisely, these norms could signal the beginning of a more robust, domestic funding ecosystem for acquisitions, one where banks offer credibility and scale, while companies get a transparent, regulated channel to grow through strategic M&A.



# IN THE NEWS

## The Evolving Opportunities in South & Southeast Asia

November 21, 2025

Ajay Sethi, Baker Tilly ASA India hosted a fireside chat with Joshua Ong (Baker Tilly Singapore) and Andrew Heng (Baker Tilly Malaysia), discussing regional economic shifts, 2030 leadership priorities, and how innovation, learning, and wellbeing are shaping APAC's next growth phase.

## ISACA Annual Summit 2025

November 25, 2025

Rachit Shukla represented Baker Tilly ASA India as a panellist in the session "Cyber Assurance – Myth or Reality." He highlighted how cyber assurance goes beyond controls, acting as a cultural and governance catalyst that strengthens organisational resilience.

## India – AURA Region Export Seminar, Lyon, France

November 19, 2025

Baker Tilly ASA India participated in the seminar "India – Auvergne-Rhône-Alpes: Exporting Industrial Excellence." Léa Parmentier, Baker Tilly ASA India shared practical insights on doing business in India, covering legal entities and sectoral opportunities across defence, aerospace, nuclear and infrastructure.

## Acwa Automatics – JK Fenner Deal Advisory

November 01, 2025

Baker Tilly ASA India advised Acwa Automatics as its exclusive financial advisor in the sale of its precision-

components business to JK Fenner (India) Ltd. The acquisition marks JK Fenner's entry into high-potential precision machining, opening new opportunities across automotive, industrial, defence and aerospace sectors.

## Data Privacy & Corporate Readiness: The Financial Express

November 20, 2025

Shrikrishna Dikshit, Baker Tilly ASA India, writes on how India's privacy-first regulatory shift is redefining corporate preparedness, from stronger data governance to deeper accountability and compliance cultures across industries.

## 5th Anti-Fraud Summit 2025

November 11, 2025

Baker Tilly ASA India partnered with the IIA Bombay Chapter for the 5th Anti-Fraud Summit 2025, strengthening dialogue on fraud prevention and governance. Bhushan Sharma moderated the session "Case Studies: Successful Fraud Investigations and Lessons Learned."

## Landing in India: Why the World's Aerospace Giants Are Betting Big

November 06, 2025

Author: Kim Collaco, Baker Tilly ASA India

In this article, India's rapidly expanding aerospace and defence ecosystem is explored, from surging civil aviation demand to deepening defence localisation. It highlights how reforms in FDI, MRO policy, and procurement under DAP 2020 are positioning India as both a

global manufacturing hub and a strategic innovation base for aerospace leaders.

## DPDP Rules 2025: Key Compliance Shifts

November 19, 2025

Author: Shrikrishna Dikshit & Rachit Shukla, Baker Tilly ASA India

Baker Tilly ASA India decodes the DPDP Rules 2025, outlining the transition from policy to implementation. The analysis highlights transparent consent design, mandatory breach reporting, one-year log retention, SDF duties, and stronger governance needs, while noting areas left open for future amendments.

## 'Effectively Connected' and 'Attribution' - Are They the Same? A Myth

November 10, 2025

Author: Kunal Arora & Aakanksha Bansal, ASA

In this article, the fine distinction between 'effectively connected' and 'attributable' income is explored, highlighting how it defines the taxability of cross-border profits linked to a Permanent Establishment. It explains why recognising this difference is vital for accurate profit attribution, treaty interpretation, and reducing international tax disputes.



# GLOSSARY

<b>AIF</b> Alternative Investment Fund	<b>FDI</b> Foreign Direct Investment	<b>M&amp;A</b> Mergers & Acquisitions	<b>RE</b> Regulated Entity	<b>SIF</b> Specialized Investment Fund
<b>APAC</b> Asia Pacific Region	<b>FTC</b> Foreign Tax Credit	<b>MCA</b> Ministry of Corporate Affairs	<b>REIT</b> Real Estate Investment Trust	<b>SPV</b> Special Purpose Vehicle
<b>ASU</b> Accounting Standards Update	<b>GST</b> Goods & Services Tax	<b>MRO</b> Maintenance, Repair and Operations	<b>RPT</b> Related Party Transaction	<b>TDS</b> Tax Deducted at Source
<b>AY</b> Assessment Year	<b>IFSCA</b> International Financial Services Centres Authority	<b>NBFC</b> Non-Banking Financial Company	<b>SCN</b> Show Cause Notice	
<b>CBDT</b> Central Board of Direct Taxes	<b>IIA</b> Institute of Internal Auditors	<b>OECD</b> Organisation for Economic Co- operation and Development	<b>SEBI</b> Securities and Exchange Board of India	
<b>DAP</b> Defence Acquisition Procedure	<b>ISACA</b> Information Systems Audit and Control Association	<b>PAN</b> Permanent Account Number		
<b>DPDP</b> Digital Personal Data Protection	<b>ITAT</b> Income Tax Appellate Tribunal	<b>PCD</b> Purchased Credit- Deteriorated		
<b>DTAA</b> Double Taxation Avoidance Agreement	<b>ITC</b> Input Tax Credit	<b>RBI</b> Reserve Bank of India		
<b>FASB</b> Financial Accounting Standards Board	<b>LODR</b> Listing Obligations and Disclosure Requirements			

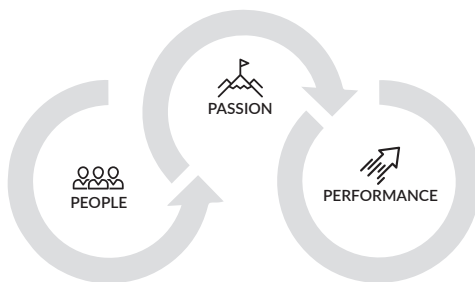
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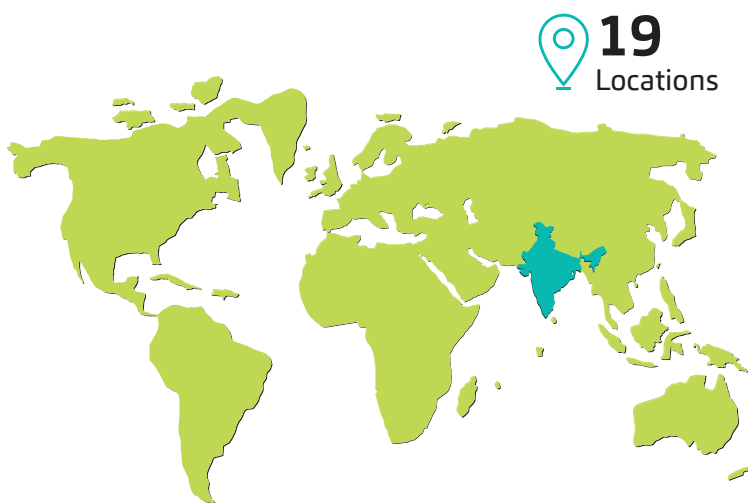
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*Disclaimer: We have taken all steps to ensure that the information in this document has been obtained from reliable sources and is accurate. However, this document is not intended to give legal, tax, accounting or other professional guidance. We recommend appropriate advice be taken prior to initiating action on specific issues.*



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