

FIN-0-SCOPE

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GST Council Revises Tax Rates: New Structure Notified for Goods

Notification No. 9/2025-Central Tax (Rate) |

Date: 17th September, 2025

In a significant update, the Government of India has issued Notification No. 9/2025-Central Tax (Rate), effective 22nd September 2025, introducing a revised, multi-tiered tax rate structure for a wide range of goods under the Central Goods and Services Tax (CGST). This notification, issued based on the recommendations of the GST Council, supersedes the previous rate notification (No. 01/2017-Central Tax (Rate)) and aims to refine the tax incidence on various commodities.



Top Trends

- RBI's liquidity infusion and rate cuts boosting market optimism.
- Companies relying more on NBFCs, debt markets, and ECBs for capital.
- Surge in fundraising through IPOs and mutual funds.
- Tier II & III cities driving new wealth and investment participation.
- Rise in small-ticket SIP contributions showing retail inclusion.

Top Trends

- Ultra-rich investors shifting towards safer fixed income and bonds.
- Retail investors focusing on regular returns, liquidity, and tax benefits.
- Consumer credit boom — borrowing for smartphones, appliances, lifestyle goods.
- Fintech innovations: embedded finance, biometric payments, cross-border payments.
- Growing regulatory concerns on AI use in finance (cyber risks, opacity).
- Government budget focus on tax rationalization and higher market borrowings.
- Shifts in household savings from financial to physical assets.
- Sovereign rating agencies largely affirm India's credit ratings, citing macro resilience.
- Small finance banks continue to struggle with stress in legacy microloan portfolios.

The new structure categorizes goods into seven distinct schedules, each attracting a specific CGST rate for intra-state supplies:

- Schedule I: 2.5% - Covering essential items like food grains, flours, meat, fish, eggs, milk, curd, honey, fresh fruits & vegetables, jaggery, tea, coffee, spices, and many primary agricultural and industrial goods.
- Schedule II: 9% - Applicable to items like marble & granite (other than blocks), cement, coal, mineral fuels, fertilizers, chemicals, paints, plastics, rubber products, and certain electronics.
- Schedule III: 20% - Covering aerated beverages, luxury motor cars, motorcycles over 350cc, yachts, aircraft for personal use, and specified actionable claims like betting, casinos, and lottery.
- Schedule IV: 1.5% - Pertaining to precious metals like silver, gold, and platinum, and articles made from them, including jewellery.
- Schedule V: 0.125% - For rough diamonds and certain unworked precious/semi-precious stones.
- Schedule VI: 0.75% - For other worked diamonds and precious/semi-precious stones.
- Schedule VII: 14% - For goods like pan masala and all forms of tobacco products.

Conclusion

This comprehensive revision impacts a vast array of sectors, from daily essentials and industrial inputs to luxury items and sin goods. Businesses across the supply chain must take immediate note of these changes to ensure accurate tax computation, invoicing, and compliance from the effective date. The reclassification underscores the Council's ongoing efforts to streamline the GST framework, address industry representations, and optimize revenue collection.

Official Notice Link:

For a detailed reading, access the full Notification here:

[Official notice 1](#)

[Official notice 2](#)

CBDT Extends Deadline for Audit Reports for FY 2024-25

Circular no: 14/2025 | Date: September 25, 2025

In a significant update, the Central Board of Direct Taxes (CBDT) has officially extended the deadline for submitting various audit reports for the Financial Year 2024-25 (Assessment Year 2025-26).

The 'specified date' for taxpayers who are required to get their accounts audited under the Income-tax Act, 1961, has been pushed forward by one month. The revised deadline is now October 31, 2025, providing additional time for businesses, professionals, and their advisors to comply with the audit requirements.

This extension is applicable to all assessees falling under the specified category, ensuring they have ample time to complete the necessary procedures without facing penalties for missing the original deadline.

CONCLUSION

This move offers crucial relief to taxpayers and professionals, allowing for a more streamlined and accurate filing process. It is advised that eligible entities utilize this extended timeline effectively to ensure all audit reports are filed accurately and on time.

For the official circular, you can refer to the link below:

[Official Circular Link](#)

Waiver of Interest on Withdrawn Tax Demands

Circular no. 13/2025 | Date: September 19, 2025

This notice highlights a crucial relief measure provided by the CBDT for taxpayers affected by the recent withdrawal of old, petty tax demands.

Reference is drawn to CBDT Circular No. 13 of 2025, dated September 9, 2025, which grants a waiver of interest levied under Sections 234A (for late filing), 234B (for default in advance tax payment), and 234C (for deferment of advance tax).

Top Trends

- BRICS-bank to issue first rupee-denominated bond to boost domestic debt markets.
- Digital payments surge dramatically during festival periods.
- AI governance frameworks are being proposed for the financial sector.
- Foreign direct investment (FDI) inflows display volatility due to repatriation and global shifts.
- Budgetary pressures push governments to increase market borrowings.
- State governments' debt burdens rise as salaries, interest, and pension spending jump.
- Tax rationalization and GST cuts used to stimulate consumption.
- Banking industry sees consolidation of regional rural banks.
- Co-lending models between NBFCs and banks are gaining traction.

Top Trends

- Shift toward digital credit underwriting for faster approvals.
- Insurers modifying product design due to regulatory & tax changes.
- Non-life (general) insurance sector growing unevenly.
- Household wealth in India growing rapidly, boosting investible surplus.
- Financial inclusion deepens via payments banks and fintech outreach.
- Banks park large amounts of funds in RBI instruments due to surplus liquidity.
- Long-term bond issuances being trimmed due to weak demand from insurers.

Salient Features of the Circular:

- **Objective:** To provide relief to taxpayers who received a reduced tax refund after the withdrawal of old demands. The system had automatically calculated interest on these withdrawn demands, lowering the refund amount.
- **Direct Benefit:** The interest charged in such cases is now being waived. This means eligible taxpayers will receive the full refund they were initially expecting, without the deduction for this specific interest.
- **Automated Process:** The circular directs the tax department's systems to automatically re-compute the tax demand and refunds by nullifying the interest linked to the withdrawn demands.
- **No Action Required (Typically):** For most eligible taxpayers, the correction is expected to be processed automatically by the Income Tax Department. However, vigilance

Conclusion

All staff in the finance and accounts department, as well as individuals responsible for managing direct tax compliance, should take note of this development.

We recommend reviewing recent intimation orders (under Section 143(1)) received in the last two months. If any refund was lower than anticipated due to an interest adjustment related to a withdrawn demand, this circular provides the grounds for relief. While the process is automated, being aware of this change ensures we can verify the correctness of future intimations and address any discrepancies proactively.

This is a welcome step towards simplifying tax administration and reducing genuine taxpayer grievances.

For the official notice, you can refer to the link below:

[Notice No: FIN/TAX/CIR/BN-08/2025-26](#)

MCA Extends Deadline for DIR-3 KYC Filing Without Fee

Circular No. 04/2025 | Date: September 29, 2025

The Ministry of Corporate Affairs (MCA) has provided relief to Directors of companies by extending the deadline for filing the DIR-3-KYC form and its web version (DIR-3-KYC-WEB).

In response to stakeholder suggestions, the ministry has decided to allow the filing of these forms without any late fee until October 15, 2025. This move grants an additional two weeks beyond the original deadline of September 30, 2025, for directors to complete their annual KYC compliance.

This extension is crucial for all directors, including those who were newly appointed or who had not completed this mandatory filing in the previous financial year, to avoid being marked as "Deactivated" on the MCA portal.

Conclusion

This extension offers a critical window for directors to ensure their KYC records are updated and remain in active status. It is highly advised that all eligible directors utilize this grace period to file the DIR-3-KYC form without incurring any penalty before the new deadline of October 15, 2025.

For the official circular, you can refer to the link below:

[Notice No.: F. No. 8/4/2018 CL-I\(P\).](#)

Key GST Updates: New Rate Notifications Issued Following 56th GST Council Meeting

Press Release | Date: September 18, 2025

The Central Board of Indirect Taxes and Customs (CBIC) has issued a set of clarifications regarding the implementation of decisions made during the 56th GST Council meeting held in New Delhi. To ensure a smooth transition and provide clarity to taxpayers and businesses, several new notifications have been released, superseding or amending previous ones. This update provides a concise summary of these key notifications concerning changes in CGST rates, exemptions, and compensation cess.

Top Trends

- Ultra-high net worth (UHNWI) seeing more allocations to private credit / alternative credit.
- Investors increasingly demand ESG disclosures and sustainability financial metrics.
- Real rates (inflation-adjusted yields) becoming key for fixed income decisions.
- Cross-border capital flows becoming more sensitive to global interest rate cycles.
- Currency risk hedging is more actively used by corporates and institutional investors.
- Fintech companies expanding into adjacent financial services (insurance, wealth).
- Embedded finance (financial services within nonfinance apps) is growing.
- Biometric & "face-ID" payments gaining adoption in certain markets.
- Digital lending regulatory guardrails tightening.

Top Trends

- Risk of “shadow banking” spillovers into mainstream banking is a concern.
- Use of alternative data (e.g. digital footprints) to assess creditworthiness.
- Automation in regulatory reporting, compliance using tools/AI.
- Stress in unsecured consumer / MSME loans under closer watch.
- NBFCs raising capital via equity, debt to shore up balance sheets.
- Rise of Special Purpose Acquisition Companies (SPACs) in some markets (globally).
- IPO pipeline is recovering as companies flock to tap capital markets.
- Retail participation in equity markets (through mutual funds, ETFs) increasing.
- Mutual funds focusing more on multi-asset and hybrid strategies.
- Passive investing and index funds capturing incremental flows.
- Liquidity mismatches in debt mutual funds under close investor scrutiny.

The recently released FAQs clarify the purpose of several key notifications. Here is a breakdown of the essential updates:

Revised Tax Rates & Exemptions:

- The general changes in CGST rates for goods are now consolidated under Notification No. 9/2025. Simultaneously, the updated list of goods fully exempt from CGST is provided in Notification No. 10/2025.

Sector-Specific Updates:

- Handicrafts: The GST rates for various handicraft items have been revised and are detailed in Notification No. 13/2025.
- Petroleum Operations: Changes concerning GST rates on goods imported for petroleum operations are covered under Notification No. 11/2025.

Compensation Cess & Clarifications:

- The amended rates for compensation cess on certain goods are notified via Notification No. 2/2025.
- A key clarification states that there is no change in the GST rate for bricks (other than sand lime bricks) under the special composition scheme, as per Notification No. 14/2025.

All these documents are available on the official CBIC tax information portal.

Conclusion

These new notifications mark the formal adoption of the GST Council's recommendations. Businesses are strongly advised to consult the specific notifications relevant to their sectors to ensure accurate compliance, smooth filing of returns, and uninterrupted operations under the updated GST framework.

For the official press release and detailed circular, you can refer to the link below:

[Official Press Release Link](#)

Clarifications on 56th GST Council Decisions: Key Updates for Businesses

Press Release | Date: September 16, 2025

Following the recommendations of the 56th GST Council, the government has released a comprehensive set of clarifications to address practical queries from businesses and taxpayers. These FAQs provide crucial details on the implementation of new tax rates across various sectors, including pharmaceuticals, drones, and services, ensuring a smooth transition to the revised framework.

The clarifications cover several important sectors and rules:

Medicines & MRP:

For stocks already in the market before September 22, 2025, recalling and re-labelling MRP is not mandatory. Manufacturers must issue revised price lists to ensure retailers charge the correct, GST-revised price to consumers.

Simplified Tax Slabs:

- Drones: A uniform 5% GST rate now applies to all types of drones, replacing the previous multiple rates.
- Bricks: The special composition scheme continues. Most bricks are taxed at 6% (without ITC) or 12% (with ITC), while sand lime bricks see a rate reduction to 5%.

Service Sector Updates:

- Hotels: For rooms costing ≤ ₹7,500 per day, the 5% GST rate without ITC is mandatory; the option to charge 18% is no longer available.
- Beauty & Wellness Services: The 5% GST rate without ITC is also mandatory for these services.

Insurance & ITC:

- Exemption is granted for individual life and health insurance. However, insurers must reverse Input Tax Credit (ITC) on most input services, except for reinsurance.

Transport & Logistics:

- Multimodal Transport: Attracts 5% with restricted ITC if no leg is by air, and 18% with full ITC if air transport is involved.
- Local Delivery via E-Commerce: Taxable at 18%, with the E-Commerce Operator (ECO) liable to pay GST if the delivery provider is unregistered.

Conclusion

These clarifications provide much-needed guidance for implementing the GST Council's decisions. Businesses in the affected sectors—particularly pharmaceuticals, hospitality, logistics, and e-commerce—are urged to review these guidelines carefully to ensure full compliance, correct ITC management, and a seamless adaptation to the new tax structure.

For the official press release, you can refer to the link below:

[Official Press Release Link](#)

Top Trends

- Yield curve movements more sharply reacting to macro / fiscal signals.
- Shift from short-term to medium / long-term debt instruments.
- More tax-efficient fixed income products being launched.
- Gold continues to act as a hedge amid inflation & global uncertainties.
- Real estate financing adapting to changing home buyer preferences.
- Green bonds and climate finance instruments gaining market traction.
- Sovereign green / climate debt issuance being explored.
- Municipal / infra bonds getting more attention from institutional investors.
- Credit enhancements and guarantees used to boost bond issuance.
- Rise in distressed debt investing and restructuring plays.
- Nonperforming assets (NPAs) being actively managed / resolved.

Top Trends

- Debt recovery / insolvency frameworks evolving (faster, more efficient).
- Central banks in emerging markets exploring digital currency pilots (CBDCs).
- Decentralized finance (DeFi) and blockchain experiments within regulated bounds.
- Tokenization of assets (real estate, art, infrastructure) being explored.
- Use of smart contracts in trade finance, supply chain finance.
- Cybersecurity and fraud prevention becoming central in finance tech.
- Data privacy, consumer protection rules gaining significance.
- Rise of open banking / APIs for data sharing across financial apps.
- Cross-border payment systems being reimagined for efficiency & cost.
- Financial literacy & investor education prioritized to reduce mis-selling.
- Pressure on fee structures in financial services — shift toward performance / subscription models.

CBDT Issues Standard Operating Procedure for Scrutinizing Capital Gains from Joint Development Agreements

Office Memorandum | Date: 15th September, 2025

The Central Board of Direct Taxes (CBDT) has introduced a standardized, data-driven procedure for identifying and verifying capital gains from Joint Development Agreements (JDAs) under Section 45(5A) of the Income Tax Act. Based on a successful model from the Kolkata Investigation Directorate, this systematic approach proactively detects non-compliance, moving beyond reliance on chance or third-party information.

The key steps of the Standard Operating Procedure (SOP) are:

- **Leveraging RERA Data:** Authorities will access state Real Estate Regulatory Authority (RERA) websites to identify registered and approved projects executed under JDAs where the landowners are individuals or Hindu Undivided Families (HUFs).
- **Identifying Relevant Projects:** Project details and related documents (like the JDA itself) will be scrutinized to pinpoint cases falling under the ambit of Section 45(5A).
- **Cross-Referencing with ITR:** For identified projects, the income tax returns of the landowners for the year in which the project's completion certificate was issued will be analyzed.
- **Verifying Disclosure:** The Capital Gains schedule (Schedule-CG) in the tax return will be checked to confirm if the capital gains have been correctly disclosed as per the law.
- **Taking Action:** In cases of non-disclosure, summons under Section 131(1A) of the Act will be issued to the taxpayer to gather explanations and supporting documents.

Conclusion

This proactive framework establishes a national standard for taxing capital gains from JDAs in the correct year—when the project's completion certificate is issued. To ensure uniform implementation, all Investigation Directorates have been directed to adopt this Standard Operating Procedure and submit compliance reports to the CBDT by October 31, 2025.

Official Notice Link:

[For a detailed reading, access the full Office Memorandum here](#)

Finality of Assessment Bars Spouse's Claim Over Seized Gold

Lakshmi R. Nair vs Principal Commissioner of Income-tax | Court: High Court of Kerala | Appeal No.: WP(C) No. 26741 of 2022 | Date: August 12, 2025

The Kerala High Court recently dismissed a writ petition filed by a taxpayer's wife, Lakshmi R. Nair, seeking the release of gold ornaments seized during a search operation. The Court held that once the ownership of an asset has been conclusively determined in the assessment proceedings against one individual (in this case, the husband) and has attained finality, a separate claim for the same asset by another person (the wife) cannot be entertained.

The key facts of the case are:

- A search u/s 132 led to the seizure of 379.6 sovereigns of gold.
- The husband, during his assessment, contended the gold belonged to his wife.
- The Assessing Officer rejected this claim and completed the assessment in the husband's hands, treating the gold as his undisclosed income.
- This assessment was upheld by the High Court in a prior appeal and attained finality.
- The wife then filed a writ petition for the release of the same gold.

The Court reasoned that the question of ownership was already settled. Since the gold was conclusively assessed as the undisclosed income of the husband, the wife had no legal right to make a further claim for its release. The protective assessment against the wife lost its significance once the original assessment against the husband was finalized.

Conclusion

This judgment reinforces a critical principle in tax law: the finality of assessment proceedings. It underscores that a protective assessment is merely a provisional measure and becomes irrelevant once the original assessment is conclusively determined. A claim for an asset cannot be sustained if its ownership has already been legally settled in another person's favor through the assessment process that has reached finality. The only recourse for the family is to settle the tax dues as per the finalized assessment order to claim the gold.

Top Trends

- Sovereign credit rating stability attracting global capital.
- Use of AI/ML in debt risk assessment (especially for emerging markets).
- Growth in acquisition finance and leveraged finance deals.
- Digital currencies / CBDC exploration and pilots by central banks.
- ESG / sustainable finance becoming standard in debt markets.
- Green bonds, social bonds, sustainability-linked loans gaining traction.
- Rising institutional interest in trade finance / working capital strategies.
- Expansion of domestic bond markets to reduce reliance on foreign debt.
- More issuances in local currency by multilateral / regional banks.
- Surging household financial asset growth (saving + investments).
- Deepening of financial inclusion via digital-first channels.
- Banking sector reforms to improve capital adequacy and efficiency.

Top Trends

- Nonbank / shadow-bank regulation intensifying.
- Crowdfunding, peer-to-peer lending, alternative credit platforms scaling.
- Increased use of "alternative data" (behavioral, utility, mobility data) in credit scoring.
- Greater regulatory focus on algorithmic bias, fairness in fintech/AI.
- Consolidation in financial services (mergers among banks, fintechs).
- Rise of "neobanks" / digital-only banking challengers.
- Open banking / API-based finance ecosystems growing.
- Embedded finance: financial services offered within nonfinancial apps.
- Cross-border digital payments and currency rails being optimized.
- Payment interoperability, real-time settlements improving.
- Smarter fraud detection, cybersecurity defenses in finance.

Payments for In-Flight Entertainment Content Not Taxable as Royalty or FTS in India: ITAT

Anuvu UK Operations Ltd. Vs Assistant Commissioner of Income tax, (International Taxation) | Court: ITAT Delhi Bench 'D' | Appeal No.: IT Appeal Nos. 1878 & 1879 (DELHI) of 2022 & IT Appeal Nos. 806 & 3338 (DELHI) of 2023 | Date: September 3, 2025

In a significant ruling for the aviation and media distribution sectors, the Delhi Income Tax Appellate Tribunal (ITAT) has held that payments made by Indian airlines to a UK-based company for providing in-flight entertainment (IFE) content are not taxable in India as Royalty or Fees for Technical Services (FTS) under the India-UK Double Taxation Avoidance Agreement (DTAA).

The assessee, Anuvu UK Operations Ltd., was engaged in providing portable wireless IFE systems and related services to Indian airlines, including Air India and Jet Airways. Its services involved procuring licensed audio-video content, encoding it, and integrating it with the aircraft's hardware via a third party to create a final, copyrighted product for in-flight screening.

The Tax Authority had treated the payments as Royalty, arguing that the complex process of creating the IFE product amounted to the use of a "process." It was also alternatively treated as FTS. The ITAT rejected both arguments, holding that:

- Not Royalty: The assessee did not transfer any copyright or a "secret formula or process" to the airlines. It merely permitted the use of the final copyrighted product. The Tribunal emphasized that the definition of Royalty under the India-UK DTAA is narrow and requires the transfer of a "secret" process, which was not the case here. The airlines only received a non-exclusive, non-transferable license to exhibit the content during the flight.
- Not FTS: The revenue department failed to demonstrate that the services "made available" any technical knowledge, skill, or know-how to the airlines. Therefore, the "make available" clause under Article 13(4)(c) of the India-UK DTAA was not satisfied.

Conclusion

This ruling provides crucial clarity on the tax treatment of digital content services provided to Indian entities by non-residents. It reinforces the principle that payments for the mere provision of a copyrighted product, without the transfer of any underlying rights or technical know-how, do not constitute Royalty or FTS under a tax treaty. The Tribunal's decision to apply the more beneficial DTAA provisions over the wider domestic law definition of Royalty is a key takeaway for multinational service providers, ensuring that treaty benefits are upheld.

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Top Trends

- Data privacy regulation increasing (GDPR-like, local data residency).
- Shift toward subscription / fee-for-service models rather than commission.
- Fintechs bundling multiple financial services (lending + insurance + investing).
- Robo-advisors / automated wealth management gaining users.
- Gamification of investing and finance apps to increase engagement.
- Crypto / digital assets being cautiously reintroduced in regulated ways.
- Tokenization of real assets (real estate, infrastructure) for fractional investing.
- Use of smart contracts in trade, supply chain finance.
- DeFi experiments under regulatory oversight.
- Growing scrutiny on stablecoins, algorithmic coins.