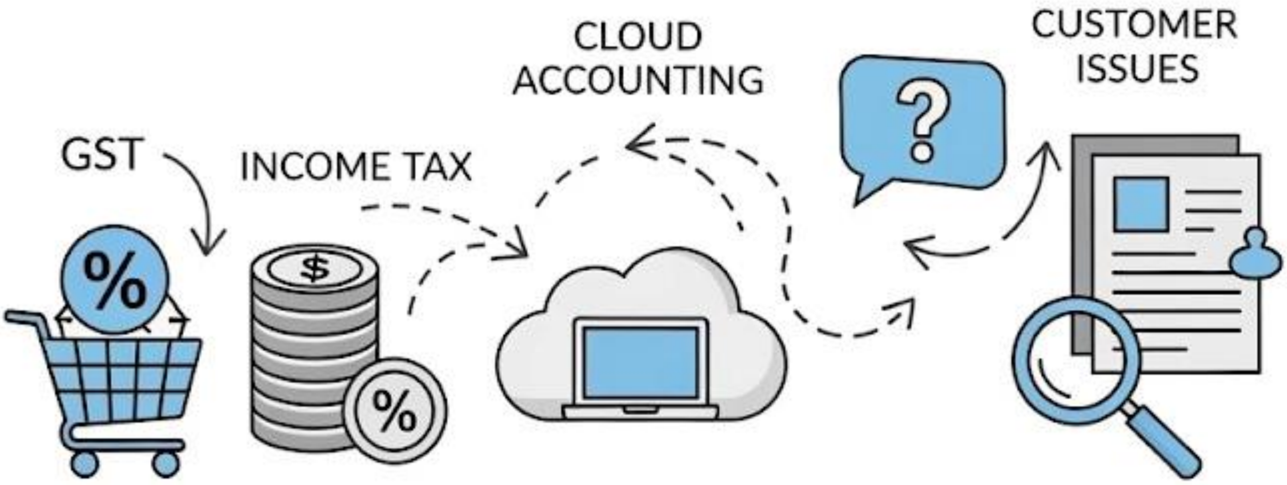
CoralMetrix

Issue 09

Crack the Code

September 2025



An E-Newsletter from CoralMetrix

TABLE OF CONTENTS

Crack the Code

GST Advisory - System Enhancement for Order-Based Refunds dt.28.8.2025

Previously, taxpayers could claim refunds under the "On account of Assessment/Enforcement/Appeal/Revision/Any Other Order" (ASSORD) category only if the Demand ID showed a negative balance and a "Refund Due" status. This prevented refunds when individual minor heads had negative balances but the cumulative balance was zero or positive.

To address taxpayer and officer feedback, the system has been updated:

- Refunds can now be claimed regardless of Demand ID status.
- Refunds are allowed if any minor head has a negative balance, even if the cumulative balance is positive or zero.
- Only negative balances auto-populate in Form RFD-01; positive amounts cannot be claimed.
- The system suggests the latest demand order (e.g., order-in-original, rectification, or appellate order) with a negative balance.
- Tooltips guide taxpayers on entering Order No. and Demand ID correctly.

An user manual and FAQs will be shared soon.

FAQ – from the 56th GST Council Meeting:

1. **When will the changes in GST rates come into force?**

   As per recommendations of the GST Council in its 56th meeting, the changes in GST rates on various goods and services. The rates will get notified soon. The cigarettes, chewing tobacco products like zarda, unmanufactured tobacco and beedi will be effective from 22nd September, 2025. For the specified goods namely, cigarettes, chewing tobacco products like zarda, unmanufactured tobacco and beedi, the existing rates of GST and compensation cess will continue to apply and the new rates will be implemented at a later date to be notified, based on discharging of entire loan and interest liabilities on account of compensation cess.

2. **For certain goods and services outward supply is exempt under new rate schedule. But taxpayers already have ITC of GST paid in my ledger. Do they need to reverse ITC?**

   Input Tax Credit (ITC) can be used to offset tax liability for supplies of goods or services made up to 21st September 2025. For supplies made on or after 22nd September 2025, when the rate change takes effect, ITC must be reversed as per the CGST Act, 2017 provisions.

3. **Will I be allowed to take refund of accumulated credit arising out of inverted duty structure for supplies effected upto the date of effect of revised rate as notified?**

   Circular No. 135/05/2020-GST, dated 31.03.2020 (as amended), clarifies that refunds of accumulated Input Tax Credit (ITC) under clause (ii) of the first proviso to Section 54(3) of the CGST Act are permissible when the credit accumulates due to a higher tax rate on inputs compared to the tax rate on output supplies. However, cases where the input and output are the same but attract different tax rates at different times do not qualify for such refunds under this provision.

4. **If I already have stock on the date when rate changes come into effect, should I apply the revised rate?**

   GST is levied on supply. Therefore, on goods supplied on or after the revised GST rates are notified, the new GST rates will be applicable on the outward supplies of goods/services or both.

5. **What is the impact after 56th GST council meeting due to change of rate in tax in respect of goods and services?**

Here is the Table for change in Rate of tax on Goods: Change in Rate of Tax (CRT)

S.No	Date of supply	Date of invoice	Date of receipt of Payment	ToS & Applicable Rate
1	Before CRT	After CRT	After CRT	Date of issue of invoice (New Rate)
2	Before CRT	Before CRT	After CRT	Date of issue of invoice (Old Rate)
3	Before CRT	After CRT	Before CRT	Date of issue of invoice (New Rate) (e.gSale on Approval basis post 6 months)
4	After CRT	Before CRT	After CRT	Date of issue of invoice (Old Rate) e.gInvoice 21.09.25 Dispatch 22.09.2025
5	After CRT	Before CRT	Before CRT	Date of issue of invoice (Old Rate)
6	After CRT	After CRT	Before CRT	Date of issue of invoice (New Rate)

Here is the Table for change in Rate of tax on Services: Change in Rate of Tax (CRT)

S.No	Date of supply	Date of invoice	Date of receipt of Payment	ToS & Applicable Rate
1	Before CRT	After CRT	After CRT	Date of issue of invoice or date of receipt whichever is earlier. (AFTER)
2	Before CRT	Before CRT	After CRT	Date of issues of invoice (BEFORE)
3	Before CRT	After CRT	Before CRT	Date of receipt (BEFORE
4	After CRT	Before CRT	After CRT	Date of receipt (AFTER)
5	After CRT	Before CRT	Before CRT	Date of issue of invoice or date of receipt whichever is earlier (BEFORE)
6	After CRT	After CRT	Before CRT(Tax has been paid on advance at old rates)	Date of issue of invoice (AFTER) (Difference of old rate paid on advance and new rate needs to be adjusted , No adjustment possible then Refund/Short to be paid)

COURT ROOM SERIES- GST

Whether audit and investigation proceedings can be initiated simultaneously by GST department?
Truvolt Engineering Company Pvt. Ltd. & Anr.

Versus

The Additional Assistant Director, Director General Of GST Intelligence & Ors | WPA 2606 of 2025

Facts

- The petitioners filed a writ petition before the court challenging the initiation of an investigation through notices dated 21st/22nd November 2024 and a subsequent notice dated 30th May 2025 issued by Respondent DGGI.
- The petition also contests the actions of State GST Department, who issued a show cause notice (SCN) dated 29th November 2024 for the tax period covering April 2020 to March 2022.
- This SCN was based on an audit proceeding conducted under Section 65 of the Central Goods and Services Tax (CGST) Act, 2017, and the West Bengal Goods and Services Tax (WBGST) Act, 2017 (collectively referred to as "the said Act").
- The audit identified certain discrepancies, and an audit report was issued in Form GST ADT-02 as per Section 65(6) of the Act.
- The petitioners did not comply with the audit findings, leading to the issuance of the SCN.
- Despite this, the respondents attempted to conduct a further inquiry in the form of a search and seizure operation under Section 67 of the said Act for the same tax period, which the petitioners described as a "roving enquiry."

Issues

The primary issue before the court was whether the respondents could initiate a search and seizure proceeding under Section 67 of the CGST/WBGST Act, 2017, for the same tax period (April 2020 to March 2022) that was already subject to an audit under Section 65, without prima facie establishing evidence of fraud or suppression by the petitioners.

This raised questions about the permissibility of overlapping investigative actions and the prevention of arbitrary or repetitive enquiries by tax authorities.

Legal Provisions

The relevant provisions of the CGST/WBGST Act, 2017, invoked in the matter include:

Section 65:
This empowers the Commissioner or any officer authorized by him to conduct an audit of any registered person to ensure compliance with the Act. Under Section 65(6), the audit report must be intimated to the registered person in Form GST ADT-02, highlighting any discrepancies found.

Section 67:
This section authorizes the proper officer to undertake search and seizure operations where there is reason to believe that goods liable to confiscation or documents relevant to proceedings are secreted in any place, or in cases involving evasion of tax through fraud, willful misstatement, or suppression of facts. Such actions require prior authorization and are intended to be targeted, not roving.

These provisions aim to balance tax enforcement with safeguards against abuse, ensuring that audits and searches are not duplicative without justification.

Arguments

Petitioners' Arguments:
The petitioners contended that the SCN dated 29th November 2024, issued post-audit under Section 65, adequately addressed the discrepancies for the relevant tax period. They argued that the subsequent notices under Section 67 constituted an impermissible "roving enquiry" into the same matters, amounting to harassment and duplication of proceedings. They emphasized that no fresh evidence of fraud or evasion had been presented to justify the invasive search and seizure actions, violating principles of natural justice and procedural fairness.

Respondents' Arguments:

The respondents did not present detailed arguments in the excerpt, as the matter was at a preliminary stage. However, the court noted that the audit had already identified discrepancies, and the SCN was issued due to non-compliance by the petitioners.

The respondents' position implicitly relied on their authority under Section 67 to investigate potential evasion, but the court found no prima facie basis for escalating to search and seizure without evidence of fraud.

The court, after hearing both sides, formed a prima facie view that the respondents' actions were not justified at this stage, given the prior audit and SCN.

Judgment

The court, upon prima facie consideration, held that the respondents could not be permitted to conduct a roving enquiry under Section 67 for the self-same tax period without establishing evidence of fraud by the petitioners. Noting the completion of the audit under Section 65, issuance of the Form GST ADT-02 report, identification of discrepancies, and the petitioners' non-compliance leading to the SCN dated 29th November 2024, the court restrained further invasive actions at this juncture.

Comment:

The Calcutta High Court’s emphasis on avoiding multiple proceedings for the same tax period is sound, but the CGST Act does not impose a blanket ban on concurrent actions by different authorities if the cause of action is distinct. Section 6(2)(b) of the CGST Act aims to prevent jurisdictional overlap between central and state authorities, not to prohibit multiple proceedings entirely. An audit under Section 65 verifies account compliance, while a Section 67 investigation targets tax evasion or fraud based on credible evidence. These operate on different grounds.

A completed audit and issued SCN do not preclude a Section 67 investigation for the same period if new facts or defaults emerge. For instance, an audit addressing ITC mismatches does not bar a later investigation into an undisclosed supply chain uncovered through intelligence. However, re-examining the same issue under a new proceeding is impermissible, as it risks double jeopardy and harassment. The court’s ruling should not be interpreted as restricting enforcement actions post-audit when distinct issues arise.

CA SUJATHA G
GST

Why ITR extension is need of the hour?

For the Financial Year 2024–25 (Assessment Year 2025–26), the Central Board of Direct Taxes (CBDT) extended the Income Tax Return (ITR) filing deadline for non-audit taxpayers, such as individuals, Hindu Undivided Families (HUFs), and other entities not requiring an audit, to September 15, 2025. While this extension provided some relief, taxpayers and professionals continue to face significant challenges. This article highlights the reasons why a further extension of the ITR filing deadline is necessary, based on the practical difficulties encountered during the filing process.

1. Delayed release of forms

Typically, ITR forms are notified by the end of March each year, with functional utilities available on the e-filing portal by the end of April. This gives taxpayers and professionals ample time to prepare and file returns. However, for AY 2025–26, the release of ITR forms was delayed and rolled out in a phased manner, significantly reducing the time available for preparation. The table below illustrates the shortened timelines compared to previous years:

ITR Utility	Date of release	Date available for filing for AY 2025-26	Other years
ITR-1	30.05.2025	3.5 months	4 months
ITR-2	11.07.2025	2 months +	4 months
ITR-3	11.07.2025	2 months +	4 months
ITR-4	30.05.2025	3.5 months	4 months
ITR-5	08.08.2025	53 days	6-7 months
ITR-6	14.06.2025	47 days	6-7 months
ITR-7	21.07.2025	40 days	6-7 months
Form 3CA-, 3CB,3CD	17.07.2025	75 days	2-4 months
Form 10BB	21.08.2025	40 days	2-3 months

Non-profit entities, partnership firms, and trusts, in particular, require additional time to finalize their financial statements and pay self-assessed taxes. The delayed release of forms has made it challenging to meet these deadlines.

2. Technical glitches in the portal

Despite improvements in the e-filing portal, technical issues persist during peak filing periods. Taxpayers and professionals frequently face problems such as:

- Frequent schema updates: These updates often require revalidation or re-entry of data, leading to duplicated efforts.
- Portal slowdowns: Sluggish performance hampers the filing process.
- Error messages and rejections: Uploads are sometimes rejected without clear explanations, causing frustration.
- Portal downtime: Unexpected outages disrupt workflows.

These issues not only delay the filing process but also create anxiety among taxpayers worried about penalties for late submissions due to factors beyond their control.

3. Clashing Statutory Deadlines

Chartered accountants and tax professionals manage multiple compliance requirements, including Goods and Services Tax (GST), Income Tax, audits, Registrar of Companies (ROC) filings, Professional Tax, and Companies Act obligations. The delayed release of ITR forms, coupled with the September 15 extension, has created a bottleneck, as professionals struggle to balance these overlapping deadlines. Shifting one deadline often disrupts others, leading to increased stress for both taxpayers and professionals.

4. Enhanced reporting requirement

The complexity of ITR filing has grown due to enhanced reporting obligations. For AY 2025–26, additional requirements, such as detailed reporting of capital gains (with a cutoff date of July 23, 2024), donation particulars, and choosing between the old and new tax regimes, have added to the workload. Furthermore, inaccuracies in the Annual Information Statement (AIS) and Tax Information Statement (TIS) provided by the Income Tax Department, such as duplicated transactions or omissions, have forced professionals to spend extra time verifying and reconciling data with clients.

5. Accuracy is key

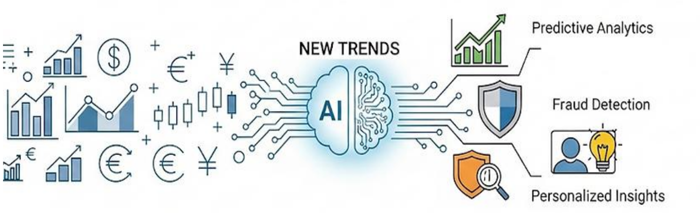
ITR filing is not just about uploading data. While the Income Tax Department claims that ITR forms are auto-populated, the reality is far more complex. Discrepancies between AIS, TIS, and filed ITRs often trigger e-campaign messages or notices from the department. The dynamic nature of AIS and TIS, coupled with changes in cutoff dates, requires taxpayers to meticulously verify each transaction to avoid errors. This time-consuming process underscores the need for more time to ensure accurate compliance.

` ` **Conclusion**

Timely and accurate ITR filing is crucial for taxpayers to contribute effectively to the nation's revenue collection. However, the challenges outlined above—delayed form releases, technical glitches, clashing deadlines, increased reporting requirements, and the need for accuracy—have made it difficult for taxpayers and professionals to meet the current deadline. A further extension of the ITR filing timeline would provide much-needed relief, allowing for smoother compliance and reducing stress for all stakeholders. We hope the government considers these ground realities and grants an extension to support taxpayers in fulfilling their obligations effectively.

K. Vaneetha

Information to Insight - Next gen Bookkeeping



The AI Revolution in Accounting and Bookkeeping

The world of accounting and bookkeeping, long considered a bastion of manual processes and meticulous data entry, is undergoing a profound transformation driven by Artificial Intelligence (AI). While the fundamental principles of finance remain constant, AI is no longer a futuristic concept but a practical tool that is revolutionizing how accounting tasks are performed, shifting the focus from transactional work to strategic analysis.

From Automation to Augmentation: The New Role of AI

The most immediate and visible impact of AI is the automation of repetitive tasks. Traditionally, accountants and bookkeepers spent countless hours on data entry, invoice processing, and reconciliation. AI-powered software can now handle these mundane activities with incredible speed and accuracy. Algorithms can automatically scan and categorize receipts, match invoices to purchase orders, and reconcile bank statements in real-time. This not only significantly reduces the time spent on these tasks but also minimizes the risk of human error, leading to cleaner, more reliable financial data.

Enhancing Accuracy and Fraud Detection

The precision of AI algorithms is a game-changer for accuracy. AI-driven systems can analyze vast amounts of financial data to detect anomalies and patterns that a human eye might miss. For example, AI can flag unusual transactions, identify potential fraud, or highlight inconsistencies in financial reports. This predictive and proactive approach to auditing enhances the integrity of financial statements and provides a more robust defence against financial irregularities.

Furthermore, AI is improving the accuracy of financial forecasting. By analysing historical data, market trends, and economic indicators, AI models can generate more precise financial predictions, helping businesses to better plan for the future. This ability to see beyond the numbers and identify hidden patterns gives businesses a significant competitive edge in a dynamic economic environment.

The Future is Collaborative

The future of accounting and bookkeeping is not one where AI replaces humans, but one where they work together in a powerful collaboration. AI provides the tools to manage the vast quantities of data, automate the routine, and generate powerful insights. Accountants and bookkeepers, in turn, provide the critical thinking, ethical judgment, and human expertise required to interpret these insights and apply them to real-world business challenges.

As AI technology continues to evolve, we can expect to see even more sophisticated applications, from natural language processing that allows for voice-activated financial queries to machine learning models that optimize cash flow management in real-time. The AI revolution is not just changing how accounting is done; it is fundamentally redefining the profession, creating a new generation of financial experts who are as fluent in technology as they are in finance.

However, the revolution goes far beyond simple automation. AI is a powerful tool for augmenting human capabilities. By taking over the tedious work, AI frees up accounting professionals to focus on higher-value activities. They can spend more time on strategic planning, financial analysis, and providing expert advice to clients and management. This shift transforms the role of the accountant from a historical record-keeper to a forward-looking business partner who leverages data to drive growth and make informed decisions.

Pavan S

CoralMetrix

Issue 09

Upcoming Webinar Alert:

Highlights of the 56th GST Council Meeting

Join us as we break down the key decisions and policy changes from the 56th GST Council meeting. Get clear insights on how the updates impact businesses, compliance requirements, and what steps you should take next.

Date: 20 09 2025 | Day: Saturday | Time: 04.00 PM – 05.00 PM

Registration Link: https://meet.zoho.in/qkzh-apb-eyc

Financial year 2025 - 2026 Compliance Calendar

Disclaimer: Dates are subject to change as per notification from government authorities

office.coralmetrix@gmail.com | www.coralmetrix.com | +91 81478 54709 | Bengaluru & Chennai

CoralMetrix

APR
- 07TH MONTHLY TDS PAYMENT
- 07TH GOVT. DEDUCT
- 09TH ECB 2 RETURN
- 10TH GSTR 7
- 13TH GSTR 1 (QRMP/IFF)
- 18TH CMP - 08
- 20TH GSTR 3B
- 22ND QRMP
- 25TH PMT 06
- 30TH GSTR 4
- 30TH MSME 1
- 30TH GOVT. NON DEDUCT

MAY
- 07TH MONTHLY TDS PAYMENT
- 10TH GSTR 7
- 11TH GSTR 1
- 12TH ECB 2 RETURN
- 13TH GSTR 1 (QRMP/IFF)
- 20TH GSTR 3B
- 29TH PAS 6
- 30TH LLP ANNUAL RETURN
- 31ST TDS Q4 FILING (24-25)
- 31ST FORM 61A

JUNE
- 07TH MONTHLY TDS PAYMENT
- 10TH GSTR 7
- 10TH ECB 2 RETURN
- 11TH GSTR 1
- 13TH GSTR 1(QRMP/IFF)
- 15TH Q4 TDS CERTIFICATE
- 15TH Q1 ADVANCE TAX 15%
- 20TH GSTR 3B
- 30TH DPT 3

JULY
- 07TH MONTHLY TDS PAYMENT
- 09TH ECB 2 RETURN
- 10TH GSTR 7
- 11TH GSTR 1
- 13TH GSTR 1(QRMP/IFF)
- 15TH FLA RETURN
- 18TH CMP 08
- 20TH GSTR 3B (QRMP)
- 22ND QRMP
- 31ST TDS Q1 FILING (25 - 26)
- 31ST INDIVIDUAL ITR FILING

AUG
- 07TH MONTHLY TDS PAYMENT
- 10TH GSTR 7
- 11TH ECB 2 RETURN
- 11TH GSTR 1
- 13TH GSTR 1(QRMP/IFF)
- 15TH Q1 TDS CERTIFICATE
- 20TH GSTR 3B

SEPT
- 07TH MONTHLY TDS PAYMENT
- 09TH ECB 2 RETURN
- 10TH GSTR 7
- 11TH GSTR 1
- 13TH GSTR 1 (QRMP/IFF)
- 15TH Q2 ADVANCE TAX 45%
- 20TH GSTR 3B
- 30TH TAX AUDIT
- 30TH DIRECTOR KYC

OCT
- 07TH MONTHLY TDS PAYMENT
- 10TH ECB - 2 RETURN
- 10TH GSTR 7
- 11TH GSTR 1
- 13TH GSTR 1 (QRMP/IFF)
- 18TH CMP - 08
- 20TH GSTR 3B
- 22ND QRMP
- 29TH AOC 4
- 30TH LLP FORM 8
- 31ST MSME 1
- 31ST COMPANY ITR
- 31ST TDS Q2 FILING (25 - 26)

NOV
- 07TH MONTHLY TDS PAYMENT
- 10TH GSTR 7
- 11TH ECB 2 RETURN
- 11TH GSTR 1
- 13TH GSTR 1 (QRMP/IFF)
- 15TH Q2 TDS CERTIFICATE
- 20TH GSTR 3B
- 28TH MGT-7/MGT - 7A
- 29TH PAS -6
- 30TH FINAL ITC

DEC
- 07TH MONTHLY TDS PAYMENT
- 09TH ECB 2 RETURN
- 10TH GSTR 7
- 11TH GSTR 1
- 13TH GSTR 1(QRMP/IFF)
- 15TH Q3 ADVANCE TAX 75%
- 20TH GSTR 3B
- 31ST BELATED/REVISED ITR
- 31ST GSTR - 9/9A/9C
- 31ST TDS Q3 FILINGC (25 - 26)
- 31ST APR RETURN

JAN
- 07TH MONTHLY TDS PAYMENT
- 09TH ECB 2 RETURN
- 10TH GSTR 7
- 11TH GSTR 1
- 13TH GSTR 1 (QRMP/IFF)
- 18TH CMP 08
- 20TH GSTR 3B
- 22ND GSTR 3B (QRMP)
- 25TH PMT 06
- 31ST Q3 TDS FILING (25 - 26)

FEB
- 07TH MONTHLY TDS PAYMENT
- 10TH GSTR 7
- 11TH ECB 2 RETURN
- 11TH GSTR 1
- 13TH GSTR 1 (QRMP/IFF)
- 15TH Q3 TDS CERTIFICATE
- 20TH GSTR 3B
- 25TH PMT 06

MAR
- 07TH MONTHLY TDS PAYMENT
- 10TH GSTR 7
- 11TH ECB 2 RETURN
- 11TH GSTR 1
- 13TH GSTR 1 (QRMP/IFF)
- 15TH Q4 ADVANCE TAX 100%
- 20TH GSTR 3B
- 25TH PMT 06
- 31ST FORM CSR - 2
- 31ST ITR U (FY 2022 - 23)

Connect with us

CoralMetrix Advisory
office.coralmetrix@gmail.com
+91 81478 54709
www.coralmetrix.com

Follow us on Social Media