CoralMetrix

Issue 02

11 February, 2025

NEWSLETTER

In this newsletter you can expect:

Dear readers,

In this month, the Finance Bill, 2025 dominated the news. This budget has shaped, and continues to shape the landscape of investment, funding and taxation. The mood for a renewed push towards Viksit Bharat continues and the general agenda of this Budget falls under

1. Amendments in substantive provisions of GST with retrospective effect.
2. Aim to simplify of Income tax laws and reduce litigation
3. To provide step forward move for MSMEs in credit availment and classification

Crack the Code

Amendments in GST contained in The Finance Bill, 2025

The Finance Bill 2025, proposed certain key amendment in GST as per the recommendations of the 55th GST council Meeting held on 21st December 2024.

Let us look into the changes as

1. New Provisions
2. Prospective Amendment
3. Retrospective Amendment
4. Change in Rate of GST

New Provisions:

Section 148A is inserted for implementation of the Track and Trace Mechanism, called "Unique Identification Marking" for ensuring effective monitoring and control of supply of specified commodities, with stringent penal provisions for non-compliance. This basically to control and trace sin goods.

Prospective Amendment:

1. Input Service Distributor (ISD) definition to explicitly provide for distribution of ITC in respect of inter-state supplies liable to tax under RCM, effective from April 1, 2025.
2. Time of supply provisions in respect of Vouchers deleted, in line with the new provisions of taxability of Vouchers already notified. The recent circular No.243/37/2024, clarifying that transaction in vouchers does not qualify as supply of goods or services.
3. Reversal of ITC in respect of Credit Notes availed by the recipient of services in case of post-sale discount, as a condition for reduction of the supplier's output tax liability.

Retrospective Amendment:

1. Schedule III of the CGST Act to provide that supply of goods warehoused in a SEZ or FTWZ to any person before clearance for exports or to the Domestic Tariff Area shall neither be treated as supply of goods nor as supply of services, w.e.f. 1st July 2017.
2. Section 17(5)(d) of the CGST Act is proposed to be amended to replace the term "plant or machinery" with "plant and machinery", effective retrospectively from July 01, 2017- Judgement of Hon'ble Supreme Court in the case of Safari Retreats is sought to be nullified.
3. Section 107(6) and 112(8) of CGST Act to Pre-deposit of 10 % made mandatory for filing appeal with Appellate Authority and Appellate Tribunal, where the demand is for only penalty.

Change in Rate of GST:

4. Parts of electronic toys for manufacture of electronic toys, the rate reduced from 25% to 20%.
5. Motor vehicles for transport of ten or more persons and various metrics relating to engine capacity is reduced from existing rate of taxes.

CA Sujatha G

Indirect Taxes

Proposed changes in Income Tax in Finance Bill, 2025

Here are the proposed changes in rate of Income Tax for FY 2025-26 under new regime of taxation.

Sl. No	Total income	Rate of tax
1	Up to INR 4,00,000	Nil
2	From INR 4,00,001 to INR 8,00,000	5%
3	From INR 8,00,001 to INR 12,00,000	10%
4	From INR 12,00,001 to INR 16,00,000	15%
5	From INR 16,00,001 to INR 20,00,000	20%
6	From INR 20,00,001 to INR 24,00,000	25%
7	Above INR 24,00,000	30%

Changes in taxable income

1. An assessee opting for the new tax regime in the FY 2025-26 having an income exceeding INR 24,00,000 is entitled to a tax benefit of INR 1,10,000.

2. The total income threshold of INR 7,00,000 is proposed to be increased to INR 12,00,000.

3. An individual who is a resident of India will not be required to pay tax if their income, chargeable to tax under the new tax regime, does not exceed INR 12,00,000 (or INR 12,75,000 for salaried individuals, considering the standard deduction)

Rebates, exemptions and deductions

1. Section 87A of the IT Act offers a rebate under the new tax regime, where the income does not exceed INR 7,00,000.

2. Rebate not applicable to incomes taxable at special rates, like capital gains

3. Interest deduction for senior citizens doubled from ₹50,000 to ₹1 lakh on annual basis.

4. TDS exemption on rent increased from ₹2.4 lakh per annum to Rs.50,000 p.m.

5. Tax-free remittance for education under LRS raised from ₹7 lakh to ₹10 lakh.

6. Taxpayers can now claim two self-occupied properties as tax-free without any conditions

Updated Return Filing Time Limit Table

Tax payers time limit for updated return from 24 months to 48 months with additional tax as follows

FY	Current Provision	Budget Provision
2024-25	0% (Due: 31-07-2025)	0% (Due: 31-07-2025)
2023-24	25% (Due: 31-03-2027)	25% (Due: 31-03-2029)
2022-23	50% (Due: 31-03-2026)	50% (Due: 31-03-2028)
2021-22	Cannot File	60% (Due: 31-03-2027)
2020-21	Cannot File	70% (Due: 31-03-2026)

Exemption from withdrawals under National Savings Scheme (NSS)

Effective from August 29, 2024, any withdrawals made from NSS will be exempt from tax, including the principal amount deposited and the interest accrued, provided a deduction has been previously claimed under the scheme.

- Charitable trust registration validity extended from 5 to 10 years.

Revised TDS Rates for Various Categories

S. No	Section of the Act	Present TDS/TCS Rate	Proposed TDS/TCS Rate
1	Section 194LBC - Income from securitization trust	25% (Individual/HUF) & 30% (Others)	10%
2	Section 206C (1) – TCS on timber/forest produce (not tendu leaves)	2.5%	2%
3	Section 206C (1G) – TCS on remittance under LRS (education, financed by loan)	0.5% after ₹7 lakh	Nil
4	Section 193 - Interest on securities	Nil	₹10,000
5	Section 194A - Interest other than on securities	₹50,000 (Sr. Citizen) / ₹40,000 (Others) / ₹5,000 (Other Cases)	₹1,00,000 (Sr. Citizen) / ₹50,000 (Others) / ₹10,000 (Other Cases)
6	Section 194 - Dividend for individual shareholder	₹5,000	₹10,000
7	Section 194K - Income from mutual fund units	₹5,000	₹10,000
8	Section 194B - Winnings from lottery/crossword	₹10,000 (Aggregate in FY)	₹10,000 per transaction
9	Section 194D - Insurance commission	₹15,000	₹20,000
10	Section 194G - Commission/prizes on lottery tickets	₹15,000	₹20,000
11	Section 194H - Commission or brokerage	₹15,000	₹20,000
12	Section 194-I - Rent	₹2,40,000 per FY	₹50,000 per month or part
13	Section 194J - Fee for professional/technical services	₹30,000	₹50,000
14	Section 194LA - Income from enhanced compensation	₹2,50,000	₹5,00,000
15	Section 206C(1G) – Remittance under LRS & overseas tour package	₹7,00,000	₹10,00,000

CA Chaitanya Kumar K

Direct Taxes

Interview with Sandip Shah, Head of GIFT City,

AIF Conclave | 18th January | Mumbai

Q: How has the Alternative Investment Fund (AIF) sector grown in GIFT City?
A: The AIF space in GIFT City has been booming, especially in Category III funds, which have jumped by an impressive 47% as of September 2024. What makes GIFT City AIFs so appealing is how easy they make it for international investors to tap into Indian markets. There's no need to open an account in India—investors can simply put their money in US dollars into a GIFT fund, which then invests in the Indian stock market. It's a hassle-free and efficient way to invest.

Q: What are the key benefits of setting up an AIF in GIFT IFSC?
A: One of the primary advantages is that non-resident investors in an IFSC AIF are not required to obtain a PAN or file tax returns in India. Additionally, funds in GIFT IFSC can issue Offshore Derivative Instruments (ODIs) and Participatory Notes (P-notes). Unlike domestic AIFs, there are no restrictions on overseas investments, making it an attractive jurisdiction for global fund managers.

Q: What kind of opportunities does the AIF sector in GIFT IFSC offer?
A: The AIF sector in GIFT IFSC presents numerous opportunities, including roles such as distribution of capital market products, fund management, portfolio management, fund administration, consultancy, and investment advisory services. This expanding ecosystem is creating a robust financial hub with ample prospects for professionals in the investment domain.

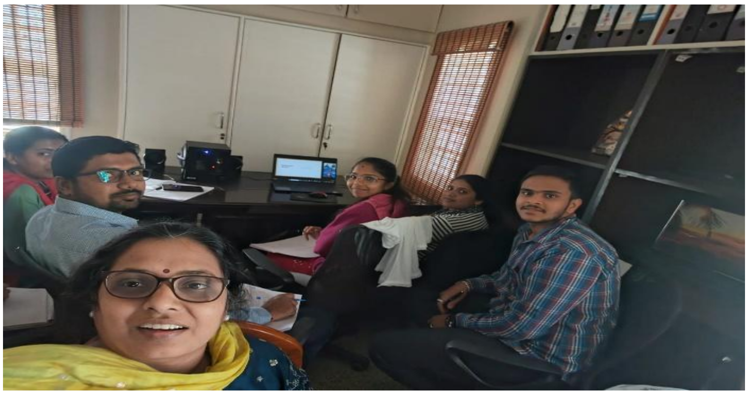
Q: What opportunities are available for Chartered Accountants in the AIF sector?
A: Chartered Accountants can play a pivotal role in the AIF ecosystem. They can assist in structuring funds, incorporating entities, obtaining necessary licenses, onboarding customers, conducting investor KYC, and ensuring compliance with SEBI regulations. Additionally, CA firms can register under ancillary services in GIFT City to offer these professional services. This opens up a gateway for CAs to access global opportunities in the financial services sector.

Q: What is your suggestion for Chartered Accountants looking to explore opportunities in GIFT City?
A: Chartered Accountants aspiring to provide bookkeeping, accounting, taxation, and financial crime compliance services (BATF) should register under BATF, as it is specifically designed for such functions. For those offering consultancy services, registration under "Auxiliary Services" is required. By leveraging these platforms, CAs can tap into the vast potential of GIFT City and expand their professional reach into global financial markets

Key Announcements

Enhancing Our Expertise with Zoho Software

Our team attended the **"Migration to ZOHO Books – Step-by-Step Guide"** session as part of the WOW Virtual Series on **January 8, 2025**. This training strengthens our expertise in **Zoho Books migration**, keeping us up to date with the latest cloud accounting technologies to serve our clients better!



Exploring the Latest in GST at 13th Refresher Course

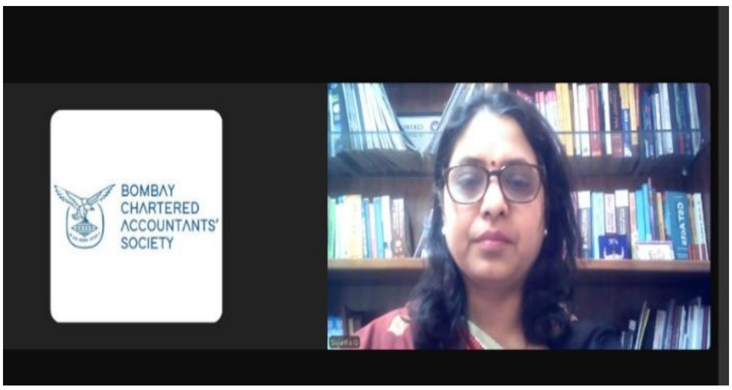
CA Sujatha, participated in the **13th Residential Refresher Course on GST**, organized by the **Chamber of Tax Consultants,** in Bengaluru on **January 10, 2025**.

It was an insightful session filled with valuable discussions and key takeaways on the various fundamentals principles of GST!

Welcoming Interns from PES University

We are excited to welcome **Abhilash and Maithri** from **PES University** as they begin their internship journey with us!

We're glad to have them on board and look forward to working together, learning, and growing over the coming months. Wishing them a great experience at **CoralMetrix!**



CA Sujatha Leads Discussion on RCM on Government Supplies

On **January 31, 2025**, **CA Sujatha** led an insightful session on **"RCM on Government Supplies"**, organized by the **Bombay Chartered Accountants Society(BCAS)**. The discussion covered key aspects of Case Studies on Reverse Charge Mechanism impact on government contracts, and explore Key Principles for GST Classification

Upcoming Webinar Alert: Budget 2025 – GST & Income Tax Insights

Join us for an exclusive session on **Budget 2025**, where we break down key updates in **GST and Income Tax**. Understand the latest policy changes, their impact on businesses and individuals, and how to stay compliant while optimizing tax benefits.

Date: 22 02 2025 | Day: Saturday | Time: 04 – 05 PM

Link: https://meet.zoho.in/vQQGFkw9rt

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