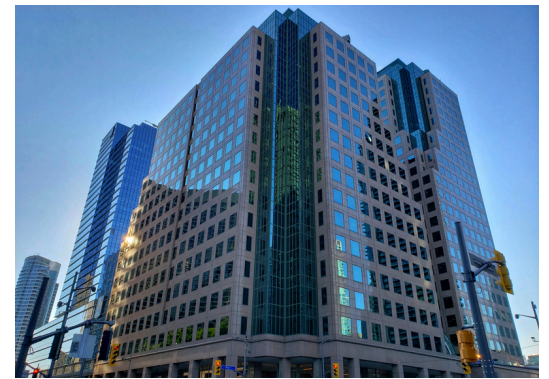


MONTHLY NEWSLETTER



Welcome to our monthly newsletter

We bring you a concise and noteworthy regulatory developments in Income Tax, Goods & Services Tax, Companies Act during September 2025. We had tried to cover all important updates occurred during September 2025 in this volume of newsletter. The sole purpose of this circulation is to update finance professionals and business owners on direct & indirect taxes and other compliances. Feedbacks are welcome at info@nucleusadvisors.in.



Direct Tax Updates

Chhattisgarh High Court: No Income Tax on Compensation for Compulsory Land Acquisition

Background:

A taxpayer received approximately ₹73 lakh as compensation from the National Highways Authority of India (NHAI) for the compulsory acquisition of land for a highway project.

The Income Tax Department treated the amount as taxable income, contending it to be capital gains under the Income-tax Act, 1961. The assessee disputed this position, arguing that compensation from compulsory acquisition is not a voluntary gain and thus not "income" within the meaning of the Act.

Court's Observations:

The Chhattisgarh High Court analyzed the nature of compensation arising from involuntary acquisition. The Court observed that:

- The acquisition of land by the government or its agencies is compulsory in nature, leaving no scope for the taxpayer to choose the transaction.



- Compensation in such cases is meant to restore ownership loss and not to generate profit.
- The intent of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCTLARR Act) is to ensure fair and just compensation, not to treat it as a taxable gain.
- The Court referred to Section 96 of the RFCTLARR Act, 2013, which specifically exempts income-tax on amounts awarded under the Act.

Ruling:

The High Court held that:

"Compensation received for compulsory acquisition of land cannot be regarded as 'income' under the Income-tax Act, 1961."

Accordingly, the compensation amount received by the assessee from NHAI was held non-taxable, and the Department's contention was rejected.



Significance:

- The decision reaffirms the non-taxability of compensation received for compulsory land acquisition.
- Provides clarity and relief to landowners whose properties are acquired for public projects.
- Reinforces the principle that involuntary transfers do not attract income tax, aligning with the spirit of Section 96 of the RFCTLARR Act.

Judgment:

The Chhattisgarh High Court directed that the compensation received from NHAI be excluded from the assessee's taxable income, upholding the exemption available under Section 96 of the RFCTLARR Act, 2013.

Extension of Investment

Timeline under Section 10(23FE)

The Central Board of Direct Taxes (CBDT) has issued a modification to Circular No. 9 of 2022 (F.No. 370142/2/2022-TPL) dated 9th May 2022, which laid down guidelines for claiming exemption under Section 10(23FE) of the Income-tax Act, 1961.





CBDT Extends Due Date for Filing Audit Reports for FY 2024-25

The Central Board of Direct Taxes (CBDT) has issued Circular No. 14/2025 [F. No. 225/131/2025/ITA-II], dated 25th September 2025, announcing an extension in the due date for filing various audit reports for the Financial Year 2024-25 (relevant to Assessment Year 2025-26).

Revised Timeline

- Original Due Date: 30th September 2025
- Extended Due Date: 31st October 2025

This extension has been granted by the CBDT under in clause (a) of Explanation 2 to sub-section (1) of section 139 of the Income-tax Act, 1961, for assessee's required to furnish audit reports under any provisions of the Act.

What is Section 10(23FE)?

Section 10(23FE) of the Income-tax Act provides income-tax exemption on certain income—such as dividend, interest, or long-term capital gains—earned by specified investment funds including:

- Sovereign Wealth Funds (SWFs), and
- Pension Funds,

provided the income arises from investments made in eligible infrastructure companies or specified business sectors in India.

The purpose of this provision is to attract long-term foreign investment into India's infrastructure and key economic sectors by offering a tax incentive to such institutional investors.

The Finance Act, 2025 has amended clause (23FE) of section 10 to extend the investment timeline under this exemption provision from 31st March 2025 to 31st March 2030.

This amendment is effective from 1st April 2025.



GST UPDATES



Advisory: 1 New Changes in Invoice Management System (IMS)

1. Pending action for specified records

Taxpayers may now keep certain records pending for one tax period only— monthly taxpayers (one month) and quarterly taxpayers (one quarter). Records eligible for pending action include:

- Credit Notes or their upward amendments.
- Downward amendment of Credit Notes where the original CN was rejected.
- Downward amendment of Invoices/Debit Notes where the original Invoice is accepted and GSTR-3B filed.
- Downward amendment of ECO-documents where the original is accepted and GSTR-3B filed.

2. Declaration of ITC reduction

- No ITC reversal is required where ITC has not been availed.
- If ITC is partially availed, reversal will be restricted to the extent of such availment.
- IMS now allows taxpayers to declare the ITC actually availed and the amount (full/partial) to be reversed. This facility can also be used where reversal has already been made earlier or ITC was never availed.

3. Option to save remarks

Taxpayers will shortly be able to add remarks while rejecting or keeping records pending. These remarks will reflect in GSTR-2B and be visible to suppliers in their Outward Supplies dashboard for corrective action.

4. Effective date

- The facility for keeping Credit Notes pending and declaring ITC amounts will be live from the October tax period.
- The due date for keeping records pending will be based on the date/tax period in which such documents are communicated by the supplier.

5. Prospective applicability

These features will apply only to supplier records filed after the production rollout. Taxpayers are advised to review the changes carefully before filing returns.

Advisory 2 : File pending returns before expiry of three years

i. As per the Finance Act, 2023, GST returns cannot be filed after three years from their due date under Sections 37, 39, 44, and 52 of CGST Act, 2017.

ii. This applies to GSTR-1, 1A, 3B, 4, 5, 5A, 6, 7, 8, 9/9C.

iii. The restriction will be effective on the GST portal from the October 2025 tax period.

iv. Returns whose due dates are three years old or more by this period will be barred from filing (e.g., GSTR-1/3B for Sep 2022, GSTR-9/9C for FY 2020-21).

v. Taxpayers are advised to reconcile records and file all pending returns immediately to avoid being barred.

GST UPDATES



Advisory 3 : Invoice-wise Reporting Functionality in Form GSTR-7.

- The invoice-wise reporting functionality in Form GSTR-7 is now operational on the GSTN portal.
- From the September 2025 tax period onwards, all GSTR-7 filings must include invoice-level TDS details.
- All TDS deductors are advised to prepare invoice-wise data in advance for accurate reporting.
- The due date for filing the September 2025 GSTR-7 return is 10th October 2025.

Circulars 1: Communication to taxpayers through eOffice - requirement of Document Identification Number (DIN)

Background:

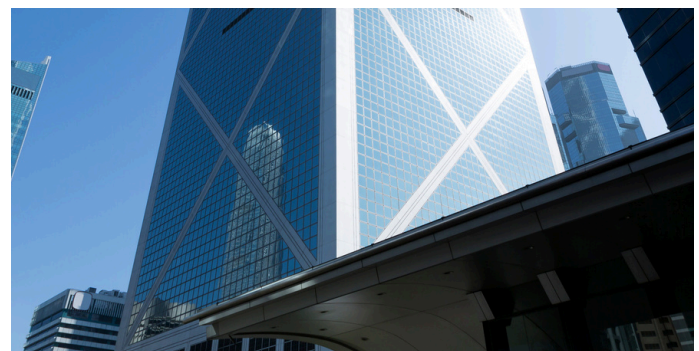
- Board Circulars 122/41/2019-GST (05.11.2019) and 128/47/2019-GST (23.12.2019) mandated generation and quoting of Document Identification Number (DIN) on specified documents and all communications (including emails) to taxpayers.
- Circular 249/06/2025-GST (09.06.2025) clarified that communications via the GST portal with a verifiable Reference Number (RFN) do not require a separate DIN.

Issue with eOffice Communications:

- Communications issued through CBIC eOffice bear an automatically generated unique Issue Number, but earlier there was no online verification utility, necessitating DIN generation.

New Online Verification Utility:

- An online portal has been developed: <https://verifydocument.cbic.gov.in>
- Taxpayers and concerned persons can verify the Issue Number, which confirms:
- File number, date of issue, type of communication, issuing office, recipient name/address/email (masked).
- Metadata (document type, recipient details) must be correctly entered by officers while drafting documents in eOffice.



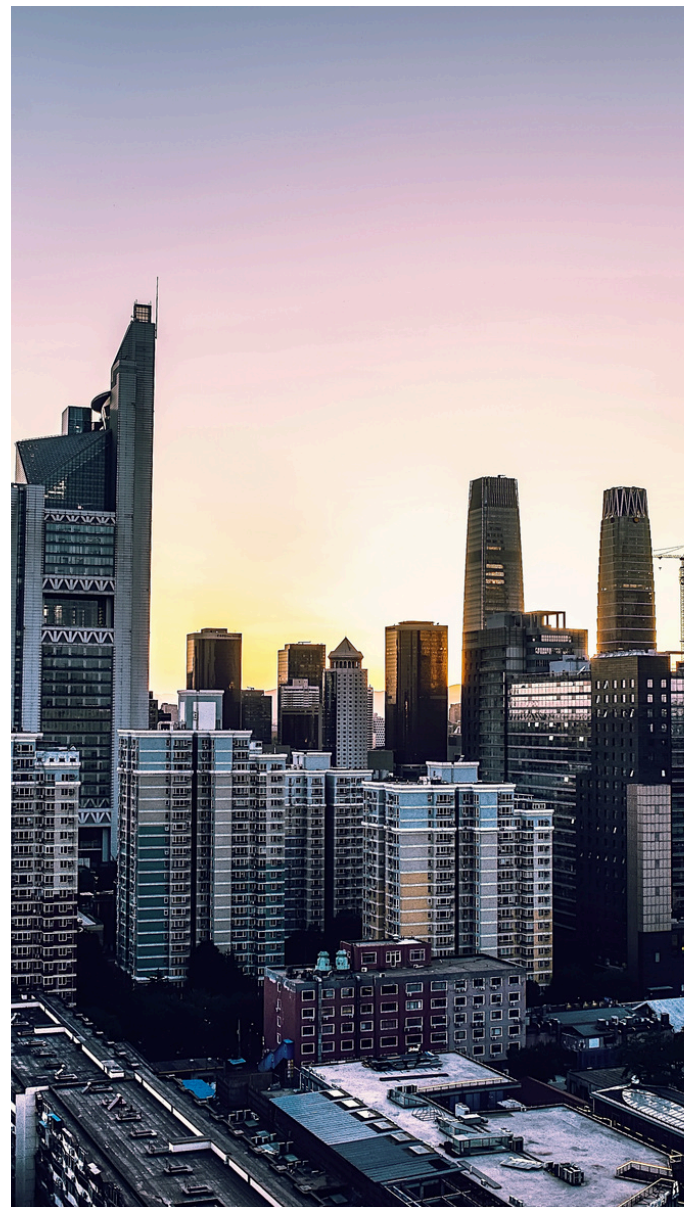
GST UPDATES



Circular 2 : Clarification on various doubts related to treatment of secondary or post-sale discounts under GST

1. Input Tax Credit on Financial/Commercial Credit Notes

- Section 16(1) allows registered persons to claim ITC on inputs used in business.
- Circular No. 92/11/2019-GST clarified that suppliers issuing financial/commercial credit notes cannot reduce their original tax liability.
- Consequently, recipients do not need to reverse ITC attributable to such discounts, as the transaction value and tax liability remain unchanged.



Effect on DIN Requirement:

- Communications dispatched via public option in eOffice now have a verifiable Issue Number.
- Quoting a separate DIN on such communications is unnecessary, as the Issue Number itself is treated as the DIN.

Applicability of DIN:

DIN continues to be mandatory for:

- Communications not dispatched using eOffice public option.
- Communications without a verifiable RFN from the GST portal.

GST UPDATES



2. Post-Sale Discounts as Consideration for Dealer Sales

- Section 2(31) defines "consideration" to include monetary value given for inducement of supply.
- If there is no agreement between the manufacturer and end customer, the manufacturer-to-dealer and dealer-to-customer transactions are independent. Discounts given to dealers simply reduce the sale price and are not inducements for the dealer's supply.
- If a manufacturer has an agreement with the end customer to supply at a discounted rate, post-sale discounts to the dealer should be included as consideration, since they incentivize the dealer to supply goods at the agreed price.

3. Post-Sale Discounts for Promotional Activities

- Post-sale discounts given to dealers generally do not qualify as consideration for separate services, since the activities promote the sale of goods owned by the dealers themselves.
- GST is leviable only if specific promotional services (e.g., advertising campaigns, co-branding, exhibitions, or customer support) are explicitly agreed upon with defined consideration payable to the dealer.



GST UPDATES



Notification

1. Notification no. 16/2025 : Seeks to notify category of persons under section 54(6). Under Section 54(6) of the CGST Act, 2017, the following persons cannot claim provisional refund:

i. Those who have not completed Aadhaar authentication under Rule 10B.

ii. Persons supplying the following goods:

- Areca nuts (0802 80)
- Pan masala (2106 90 20)
- Tobacco and manufactured tobacco substitutes (24)
- Essential oils (3301)

2. Seeks to exempt taxpayer with annual turnover less than Rs 2 Crore from filing annual return.

The Commissioner, under the powers of Section 44(1) of the CGST Act, 2017 and based on GST Council recommendations, exempts registered persons with turnover up to ₹2 crore from filing the annual return (GSTR-9) for FY 2024–25 onwards.

3. Seeks to notify clauses (ii), (iii) of section 121, section 122 to section 124 and section 126 to 134 of Finance Act, 2025 to come into force.

4. Seeks to notify the Central Goods and Services Tax (Third Amendment) Rules 2025.

Short Title & Commencement

- The rules are called the Central Goods and Services Tax (Third Amendment) Rules, 2025.
- They come into force from 22nd September 2025, unless stated otherwise.

2. Rule 31A: Valuation of Lottery, Betting, Gambling, Horse Racing

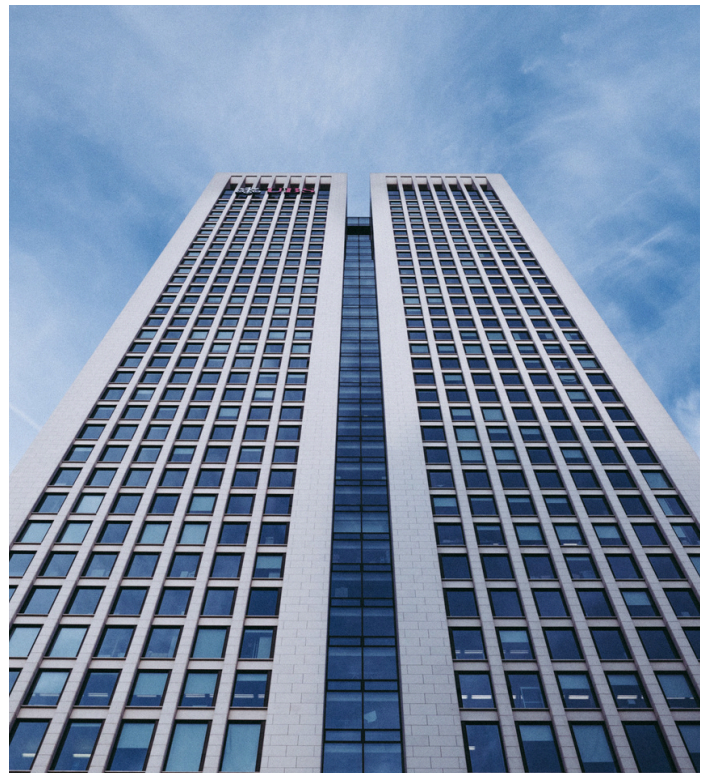
- This rule prescribes how the value of supply is determined for lottery tickets.
- The substitution of "128" with "140" in Rule 31A(2) changes the valuation of lottery tickets, ensuring GST is calculated on full value. In a nutshell, this makes the effective GST levy 40% of the face value of the lottery ticket.

3. Rule 91: Grant of Provisional Refund

Effective date: 1st October 2025.

Sub-rule (2) is substituted:

- The proper officer must issue an order in Form GST RFD-04 within 7 days from acknowledgement of refund application under Rule 90(1) / (2).
- If refund is not sanctioned, officer proceeds under Rule 92 (i.e. further scrutiny).
- The order in Form RFD-04 does not require revalidation by the proper officer.



GST UPDATES



4. Rule 110: Appeals – Filing & Acknowledgement Adjustments in references:

- After "final acknowledgment," insertion of reference to "Part A of Form GST APL-02A."
- Some provisos in sub-rules are deleted to simplify or remove restrictive provisions.
- In sub-rule (4), the phrase "in Form GST APL-02" is replaced by "in Part B of Form GST APL-02A".

5. New Rule 110A: Appeals Before Single-Member Benches

- A new rule is inserted to lay down the procedure for appeals before single-member benches of the GST Appellate Tribunal.



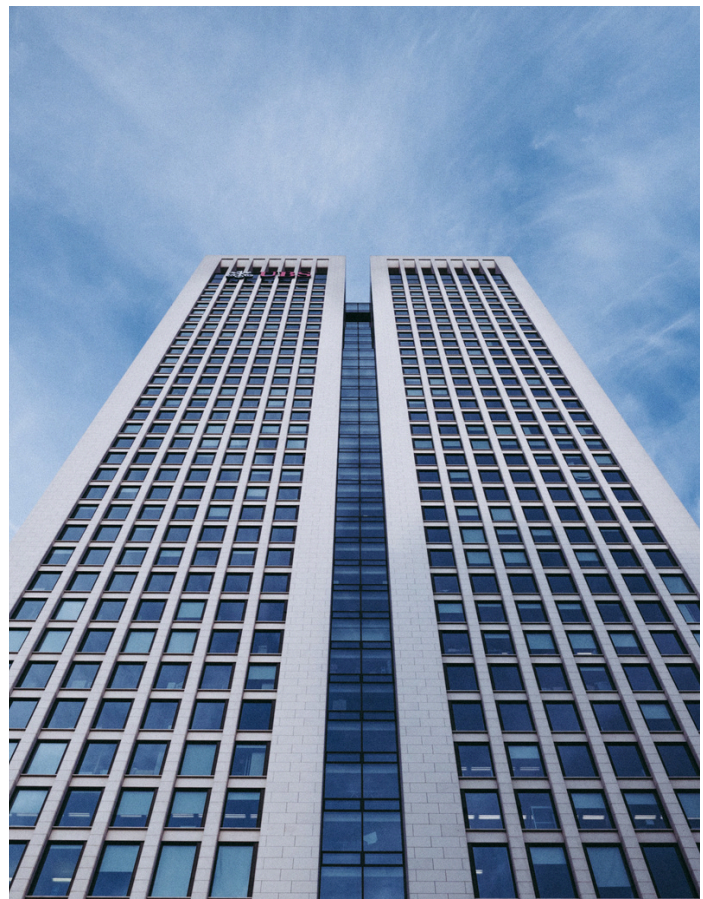
6. Other Changes (Forms, Annual Return, Reporting, etc.)

The notification/amendment also affects:

- Annual return forms GSTR-9, GSTR-9C — updated requirement for how Input Tax Credit (ITC) must be reported, and disclosure of import IGST credit.
- Introduction / modification of GST APL series forms (APL-02A, APL-04A, APL-05, APL-06, APL-07) for appeals and orders.
- Procedural simplifications in appeals (acknowledgments, filing, compliance) under the Tribunal framework.

7. Monitoring and Price Tracking (Supplementary Directive)

- After the GST rate changes take effect, CBIC has instructed its field formations to track prices over six months for ~54 commodities (to monitor whether benefits of the tax cuts are passed on to consumers).
- Monthly reports are to be submitted on those price movements.



COMPLIANCE CALENDER



Direct Taxes

October 07, 2025

- Due date for deposit of Tax deducted/collected for the month of September, 2025. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan.
- Due date for deposit of TDS for the period July 2025 to September 2025 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H.
- Uploading of declarations received in Form 27C from the buyer in the month of September, 2025.

October 15, 2025

- Due date for issue of TDS Certificate for tax deducted u/s 194-IA, 194-IB, 194-M & 194S (by specified persons) in the month of July, 2025.

- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of September, 2025 has been paid without the production of a challan.
- Quarterly statement of TCS deposited for the quarter ending September 30, 2025.
- Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of September, 2025
- Furnishing of quarterly statement (by an authorised dealer and by an IFSC Unit) in respect of foreign remittances made during the quarter ending September 30, 2025.

October 30, 2025

- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194I-B, 194-M & 194-S (by specified persons) in the month of September, 2025.
- Quarterly TCS certificate (in respect of tax collected by any person) for the quarter ending September 30, 2025.

October 31, 2025

- Quarterly statement of TDS deposited for the quarter ending September, 2025.
- Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending September, 2025.
- Due date for filing of return of income for the assessment year 2025-26 if the assessee (not having any international or specified domestic transaction) is (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audit).

COMPLIANCE CALENDER



- Audit report under section 44AB for the assessment year 2025-26 in the case of an assessee who is also required to submit a report pertaining to international or specified domestic transactions under section 92E.
- Report to be furnished in Form 3CEB in respect of international transaction and specified domestic transaction.
- Exercising the option to opt out from the new tax regime under Section 115BAC, Section 115BAD by co-operative society, 115BA by a domestic company, Section 115BAA by a domestic company, Section 115BAB(1) by a domestic company and Section 115BAE by co-operative society (if assessee is required to submit return of income by October 31, 2025).
- Furnishing of declaration by a taxpayer claiming deduction under Section 80GG in respect of the rent paid for residential accommodation (if the assessee is required to submit return of income by October 31, 2025).

- Furnishing of particulars for claiming relief under Section 89 (if assessee is required to submit return of income by October 31, 2025)
- Furnishing of statement for exercising the option to claim relief under section 89A for income arising from retirement benefit account maintained in a notified country at the time of withdrawal or redemption (if assessee is required to submit return of income by October 31, 2025)
- Furnishing of audit report in Form 3CE under section 44DA by non-resident and foreign company for the previous year 2024-25 (if the assessee is required to submit return of income on October 31, 2025**)
- Furnishing of audit report relating to computation of capital gains in case of slump sale (if the assessee is required to submit return of income on October 31, 2025**).
- Furnishing report certifying the claim for additional employee cost under section 80JJAA during the previous year 2024-25 (if the assessee is required to submit return of income on October 31, 2025**)
- Furnishing of audit report relating to computation of capital gains in case of slump sale (if the assessee is required to submit return of income on October 31, 2025**)
- Furnishing of report of audit of the accounts of an assessee, other than a company or a co-operative society, in Form No. 3AE under section 35E(6) and 35D(4) for the previous year 2024-25 (if the assessee is required to submit return of income on October 31, 2025)

****Note:** The due date for furnishing the report has been extended from 30-09-2025 to 31-10-2025 vide Circular No. 14/2025, dated 25-09-2025

SEBI UPDATES



1. Annual Investor Report for FY 2024-25 Submitted in Compliance with SEBI Regulations

The Annual Investor Report for the Financial Year 2024-25 was finalized and submitted by the stipulated deadline of 30th September 2025, in full compliance with the SEBI (Alternative Investment Funds) Regulations, 2012. The report provides a detailed account of the fund's activities over the year, including portfolio composition, key investments and exits, audited financial statements, governance and compliance updates, and other disclosures mandated under the regulations. The completion and submission of this report marks the conclusion of the fund's annual reporting cycle and reinforces its commitment to transparency and regulatory compliance.


2. Regulated Entities Submit Digital Platform Compliance Details by 30th September

In accordance with SEBI Circular No. SEBI/HO/ITD-1/ITD_VIAP/P/CIR/2025/111 dated 31st July 2025, all regulated entities submitted details regarding their digital platforms by the stipulated deadline of 30th September 2025, ensuring compliance with the Rights of Persons with Disabilities Act, 2016, and related accessibility requirements. The submission reinforces SEBI's commitment to an inclusive financial ecosystem, aligned with the objectives of the Accessible India Campaign, and enables all investors, including individuals with disabilities, to access digital financial services equitably. Entities that have not yet complied are urged to take immediate action to avoid regulatory consequences, with guidance available in the official circular.



LINKEDIN ENGAGEMENT

MAY LINKEDIN UPDATE




Pravesh Goel

Managing Partner @ Nucleus Advisors | M&A |Angel Investing Foun...

23h •

M&A Story #5 – Reliance Retail x Future Group: The Deal That Reshaped the Market Without Closing

READ MORE



Hemendra Chauhan


Partner at Nucleus Advisors

2mo •

Big Diwali Gift for the Nation

The Government has announced Next-Gen GST Reforms aimed at

READ MORE



Ashish Gupta

Risk Advisory, Process Re-Engineering, Internal Audit

3w •

Post 2: Focus on Work, Not Results

Shloka (2.47):

Abhishek Gupta, CA and 14 others


Like

Comment

Repost

Send

READ MORE



Abhishek Gupta, CA

Partner @ Nucleus Advisors | Empowering Businesses through Strat...

1w •

Audit in India isn't just about numbers. It's about people.

Kashish Sharma and 12 others


Like

Comment

Repost

Send

READ MORE



CA Rajat Singla

Associate Partner | Nucleus Advisors | Income Tax | GST...

2mo •

Important Relief for Taxpayers!

CBDT Circular No. 10/2025 dated 28th July 2025

Abhishek Gupta, CA and 9 others

Like

Comment

Repost

Send

READ MORE





CONTACT US



0124-4930078



info@nucleusadvisors.in



<https://www.nucleusadvisors.in>



[linkedin](#)



Gurugram | Noida | Bangalore | Delhi | Jaipur



Disclaimer: The content shared in this newsletter is curated from multiple external sources and is intended for informational purposes only. While we strive for accuracy, we do not take responsibility for any errors or omissions. All trademarks, logos, images, and references belong to their respective owners. Readers are encouraged to verify the information independently.