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TARUN KANDHARI & CO LLP

An Independent Member Firm of Abacus Worldwide (Forum of International Accounting and Law firms) and Task International (International Audit Specialists)

NEWSLETTER

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Specialized Company/LLP Related Services
Valuation Services
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Computerization of Accounting Systems
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India entry related services for foreign companies

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Message From The Founder

Greetings from TKC LLP,

As we write this month's editorial, our nation finds itself in a sensitive and challenging moment - The war has started with Pakistan. Although the war is not a good option for any country — it burdens the economy and brings immense human suffering but keeping in view the Pakistan's hostile approach towards India and taking India for granted, it becomes unavoidable. India has shown great restraint, but it cannot always remain at the receiving end of hostility.

During such challenging times, as a responsible citizen, we can contribute in many meaningful ways. Beyond expressing solidarity, we can support the nation through diligent tax compliance and, where possible, voluntary contributions to the Defence Fund or the Prime Minister's National Relief Fund which will be very helpful for the government.

Amidst these national challenges, we must also remain focused on our professional duties. The tax season has started. We will begin filing income tax returns for our clients from **15th June 2025**, once data is fully available on **Form 26AS, AIS, and TIS**. This ensures proper reconciliation and minimizes the risk of queries from the department.

In case of any queries related to income tax, capital gains on sale/purchase of property, our team will be happy to assist and provide the necessary guidance.

Let us stay united and do our part—both as professionals and as citizens of this great nation.

With Warm Regards

Yours Sincerely

CA Tarun Kandhari

Founder Partner & Chairman

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A Note of Gratitude from Managing Partner

As I reflect on my journey from the early days of qualifying as a Chartered Accountant in 1992 to my current role as Managing Partner at Tarun Kandhari & Co LLP, I am overwhelmed with gratitude.

This would not have been possible without the belief and support of three important persons in my life and my family -

My father believed in me when many discouraged me from pursuing the challenging path of chartered accountancy.

My father-in-law stood by me and offered unconditional support, helping me balance my roles as a daughter-in-law, mother, homemaker, and full-time professional working from 8 a.m. to 9 p.m.

Mr. Ajay Suri, my husband, a true better half, has been my greatest source of strength, mentoring me, guiding me, encouraging me and helping me to maintain balance in every role and every situation. I am truly blessed to have him by my side.

This journey has been one of continuous learning, growth, and meaningful connections. I am thankful to my mentors, colleagues, clients, and peers in the industry for believing in me, challenging me, and walking this path with me. Your trust has not only shaped my career but also the professional values I live by.

Joining TKC in 2012 was a major milestone, grateful to Mr. Tarun Kandhari for this opportunity and to contribute to a firm built on integrity and excellence. Together with our incredible team and co-partners, we've not only expanded our reach and deepened our impact, but also stayed grounded in our purpose—delivering excellence, creating meaningful value, and leading with integrity and heart.

Thank you everyone (even if I have not named/referred you) for being part of this incredible journey. I look forward to continuing with renewed passion and purpose.

Warm Regards

CA Renu Suri
Managing Partner
Ph: +91 9891159533

Inputs by: CA Ayushi Mittal

Private Limited Companies (Pvt Ltd Cos) are one of the most preferred forms of business entities in India, known for their separate legal identity, limited liability, and structured compliance. One of the key areas of importance for private companies is taxation.

This article presents a detailed overview of the **taxation provisions applicable to Private Limited Companies under the Income Tax Act, 1961**.

Applicable Tax Rates (FY 2024-25 / AY 2025-26)

Category	Tax Rate	Conditions
Domestic Company (Turnover up to ₹400 Cr in FY 2022-23)	25 %	Normal provisions
Domestic Company (Turnover > ₹400 Cr)	30 %	Normal provisions
Under Section 115BAA	22 %	No exemptions/deductions allowed
New Manufacturing Company under Section 115BAB	15 %	Set up and registered after Oct 1, 2019, starts manufacturing by March 31, 2024 (subject to extension/updates)

Add:

- Surcharge:

- 7% if income exceeds ₹1 crore
- 12% if income exceeds ₹10 crore

However, the rate of surcharge in case of a company opting for taxability under Section 115BAA or Section 115BAB shall be 10% irrespective of amount of total income.

- **Health & Education Cess**: 4% on income tax + surcharge.

Key Features of Corporate Taxation

1. Minimum Alternate Tax (MAT)

- Applicable @15% (plus surcharge & cess) of book profits under Section 115JB.
- MAT is *not applicable* to companies opting for taxation under Sections 115BAA or 115BAB.

2. Dividend Distribution

- No Dividend Distribution Tax (DDT) post FY 2019-20.
- Dividend is taxable in the hands of shareholders at applicable slab rates.
- TDS @10% under Section 194 if the dividend exceeds ₹5,000.

3. Presumptive Taxation

- Not applicable to companies.

4. Set-off and Carry Forward of Losses

- Allowed as per provisions under Chapter VI of the Act.
- Business loss: Carry forward up to 8 years.
- Unabsorbed depreciation: No time limit.

Compliance Calendar

Compliance	Due Date
Filing of Income Tax Return (Tax audit not applicable)	31st October
Filing of Income Tax Return (Tax audit applicable)	31st October
Tax Audit Report (if applicable)	30th September
Advance Tax (Quarterly)	15th June, 15th September, 15th December, 15th March
TDS Returns	Quarterly basis
Payment of TDS/TCS	7th of following month (30th April for March)

Common Deductions & Allowances

Private companies can claim various expenses and deductions:

- Depreciation on assets (as per Income Tax

Act)

- Rent, salaries, consultancy, legal, and administrative expenses
- Interest on business loans
- Contribution to EPF, ESI, gratuity, etc.
- Donations (subject to 80G limits)
- R&D expenditure (as per Section 35)
- Startup benefits (if registered as DPIIT-recognized startup)

Audit & Reporting Requirements

- **Statutory Audit** under Companies Act is mandatory regardless of turnover.
- **Tax Audit** is applicable if turnover exceeds ₹1 crore (₹10 crore if cash transactions ≤5%).
- **Transfer Pricing Audit** (Form 3CEB) if international or specified domestic transactions are entered into.

Penalties for Non-Compliance

- Late filing fee under Section 234F (₹1,000 to ₹5,000)
- Interest under Sections 234A/B/C for delayed payments
- Penalty for underreporting or misreporting of income under Section 270A
- TDS default penalties

Tax Planning Considerations

- Choosing the right tax regime (normal vs concessional)
- Dividend planning to minimize shareholder tax burden
- Efficient utilization of losses and depreciation
- R&D and CSR expense planning
- Capital gains optimization

Conclusion

Taxation of Private Limited Companies in India is structured yet dynamic. With the introduction of optional tax regimes and removal of DDT, companies now have opportunities for better tax optimization and planning.

It is imperative for companies to stay updated with the latest amendments, comply with the statutory timelines, and seek professional guidance to ensure tax efficiency and avoid penal consequences.

At **TKC**, we specialize in corporate tax advisory, return filing, compliance, and planning strategies. Let us help you navigate the complexities of corporate taxation.

Taxability of LLPs

Inputs by: CA Ayushi Mittal

Taxation of LLPs in India:

Limited Liability Partnerships (LLPs) have emerged as a popular form of business structure in India due to their hybrid features of a partnership and a company. With increasing adoption, it becomes essential for stakeholders to understand the taxation framework applicable to LLPs under Indian law.

This article outlines the key aspects of taxation of LLPs, compliance requirements, and benefits under the Income Tax Act, 1961.

Legal Framework

LLPs in India are governed by the Limited Liability Partnership Act, 2008, and the Income Tax Act, 1961 governs their taxation.

Taxability of LLPs: Key Points

1. Status Under Income Tax

An LLP is treated as a *partnership firm* for income tax purposes.

2. Flat Rate of Taxation

LLPs are taxed at a *flat rate of 30%* on their total income. Additionally:

- Surcharge: 12% if income exceeds ₹1 crore.
- Health and Education Cess: 4% on tax plus surcharge.

3. No Dividend Distribution Tax (DDT)

Unlike companies, LLPs are not required to pay DDT. Hence, profits can be distributed to partners without any additional tax.

4. Alternate Minimum Tax (AMT)

LLPs are subject to AMT @18.5% (plus surcharge and cess) if they claim deduction under Section 10AA or Chapter VI-A (Part C – Sections 80H to 80RRB except 80P).

Allowable Remuneration and Interest to Partners

LLPs can pay interest and remuneration to partners, which are *allowable as deductions* under Section 40(b), subject to the following conditions:

Particulars	Maximum Allowable Remuneration
On first ₹6,00,000 of book profit or in case of loss	₹3,00,000 or 90% of book profit (whichever is higher)
On the balance of book profit	60% of book profit

- Interest on capital is allowed up to 12% p.a.
- The LLP agreement must authorize such payments for them to be allowable.

Filing and Compliance Requirements

Compliance	Due Date
Income Tax Return (ITR 5) |	31st July (non-audit cases) 31st October (audit cases)
Tax Audit (if turnover > ₹1 crore or other limits met)	30th September
Payment of Advance Tax	Quarterly, if tax liability exceeds ₹10,000 p.a.
TDS Return (if applicable)	Quarterly

Other Important Tax Provisions

Capital Gains: Sale of assets by LLP attracts capital gains tax.
Presumptive Taxation (44ADA): Not applicable to LLPs.
Conversion from Company to LLP: No capital gains tax on conversion if conditions under Section 47(xiiib) are satisfied.

Key Advantages of LLPs in Taxation

- Profit distribution is *exempt in the hands of partners*.
- Lesser compliance burden compared to private companies.
- No requirement of maintaining complex dividend tax records.
- Transparent structure for deductibility of remuneration and interest.

Common Pitfalls

- Improper documentation of partnership deed.
- Payment of interest/remuneration without specific clauses in the LLP agreement.
- Delay in filing returns leading to penalties and interest.
- Non-compliance with AMT provisions.

Conclusion

LLPs provide a tax-efficient business structure, especially for professional firms and SMEs. With the right planning and compliance strategy, businesses can optimize tax outflow and maintain legal standing. At *TKC*, our dedicated team assists LLPs in tax planning, return filing, and audit support to ensure smooth operations and legal compliance.

ITC Reversal under GST

While paying taxes to the Government, businesses can use the credit of GST paid on the purchases like raw materials/services used for manufacturing or selling products. It is known as an Input tax credit (ITC). If the input tax credit is wrongly claimed, then it should be reversed by making the payment to that extent next month.

What does the reversal of ITC mean?

In certain situations, even if the basic conditions for claiming ITC are satisfied, ITC claims must be reversed. Reversal of ITC means the credit of inputs utilised earlier would now be added to the output tax liability, effectively nullifying the credit claimed earlier. Depending upon when such reversal is done, payment of interest may also be required.

Specific conditions for ITC reversal

The ITC is required to be reversed under various scenarios defined in the Act. Some of the important scenarios are summarised below:

Relevant GST section/ rule	Circumstances	When is ITC reversal required
CGST Rule 37	The recipient fails to pay consideration to the supplier (whether fully or partly) for a particular supply	Within 180 days from the date of issue of the invoice.
CGST Rule 37A	The supplier fails to pay tax through GSTR-3B by 30th September of the following year	On or before 30th November of the following financial year.
CGST Rule 38	Reversal of 50% of ITC by banking and other financial companies under special rules	At the time of filing regular returns.
CGST Rule 42	Inputs used to make an exempt supply or for manufacturing supplies some of which were used for non-business or personal purposes	On a periodic basis (monthly/yearly) using a formula given below for common credits
CGST Rule 43	Capital goods used to make an exempt supply or for manufacturing supplies some of which were used for non-business or personal purposes	On a periodic basis (monthly/yearly) using a formula given below for common credits
CGST Rule 44	Cancellation of GST registration or switching to composition scheme	While filing form REG-16 under various situations explained in detail in our article on the cancellation of GST registration or through ITC-03 while opting for composition scheme.
CGST Rule 44A	Reversal of 5/6th of the ITC taken on gold dores in stock as on 1st July 2017	At the time of supply of either the gold dore bar or the gold/gold jewellery.
Section 16(3)	Depreciation under the Income Tax Act has been claimed on the GST component of capital goods purchased	Reversal is required at the time of closing books of accounts for that financial year.
CGST Section 17(5)	ITC has been availed on 'blocked credits'	At the time of filing regular returns up to the date of filing annual returns.
CGST Section 17(5((h)	Inputs used in goods that were lost, destroyed, stolen, etc.	At the time of filing the regular returns in relation to the month in which such loss had occurred.
CGST Section 17(5)(h)	Inputs used in goods that were given out as free samples	At the time of filing the regular returns in relation to the month in which such free samples were given out.
CGST Section 17(5)(i)	Tax paid in accordance with the provisions of Section 74 i.e. GST demands in fraud cases	At the time of filing the regular returns in relation to the month in which the GST demand was paid.

Calculation of ITC under various rules

Before we proceed to discuss each rule, the total ITC can be divided into the following parts:

Specific credit: ITC that can specifically be attributable to a supply – either taxable, non-taxable, or supply consumed for personal use.

Treatment: Separate such ITC amount from the total ITC since it can be easily identified.

- The amount of ITC that is only directly attributable to a particular taxable supply can be utilised. It is available in the electronic credit ledger.
- Taxpayers must reverse the amount of ITC directly attributable to a particular supply that is non-taxable/used for personal consumption, only when wrongly availed.

Common credit: ITC amount that cannot be attributable to a specific supply but is used for partly making both the taxable and non-taxable supplies/supplies used for personal consumption.

Treatment:
- Taxpayers must identify and reverse the proportionate ITC amount to the extent of supplies that are non-taxable/used for personal consumption.
- The remaining ITC left is eligible for the claim.

Rule 42 and 43: ITC reversal on the supplies that are exempt or used for personal consumption

The calculation of ITC to be reversed differs for:
- Inputs or input services- covered by rule 42
- Capital goods- covered by rule 43

Rule 42: Reversal of ITC on inputs/input services

Step-1: Businesses must first segregate the specific credits that are ineligible for the claim from the total ITC as follows:

Variable used	Formulae/Explanation
T	Total input tax paid credit on inputs and input services
T1	Out of 'T', the specific credit attributable to inputs/input services intended to be used for non-business purposes
T2	Out of 'T', the amount of input tax attributable to inputs/input services intended to be used exclusively for effecting exempt supplies
T3	Out of 'T', the amount of input tax deemed as 'blocked credits' under section 17(5).

Note: T1, T2, and T3 must be reported in GSTR 3B at a summary level for every tax head.

Step-2: Reduce T1, T2 and T3 from the total ITC and derive the common credit as follows:

C1	**ITC credited to electronic credit ledger T – (T1 + T2 + T3)**
T4	Specific credit on inputs/input services attributable exclusively for making taxable supplies. This would also include zero-rated supplies like exports and supplies to SEZ.
	Common credit C1 – T4
C2	ITC on the inputs that is assumed to have been used partly in making taxable supplies and partly in making exempt supplies or used for a non-business purpose.

Step-3: Compute the amount of ITC to be reversed out of the common credit as follows:

The ITC attributable towards exempt supplies out of common credit: (E÷F) × C2

Where:
E: Aggregate value of exempt supplies during the tax period
F: Total turnover in the State of the registered person during the tax period

D1
Note: For building construction services, (E÷F) will be calculated on a project basis

where:
– E stands for aggregate carpet area of exempt construction project or apartments sold after construction is over
– F stands for aggregate carpet area of the

apartments in the project.

D2: Deemed to be ITC attributable for non-business purposes out of common credit: 5% of C2.

C3: Remaining eligible ITC out of common credit: C2 – (D1 + D2).

Based on the above calculations, D1 and D2 will be the ITC that needs to be reversed.

Illustration:
Consider the following scenario for the month of July 2020 in relation to supplies made in Karnataka:

Particulars	**Amount (in Rs)**
Total ITC available (T)	1,50,000
ITC on inputs attributable to supply used by Director for personal use (T1)	7,500
ITC on inputs to be used exclusively for making exempt supply (T2)	15,000
Blocked credits (for example, GST portion paid in respect of taxi service obtained) (T3)	4,500
ITC on inputs used exclusively for making taxable supplies (T4)	1,05,000
The aggregate value of exempt supplies made in July (E)	2,25,000
Total turnover in Karnataka (F)	30,00,000

Solution:
C1 = T – (T1+T2+T3); C1 = 1,50,000 – (7,500+15,000+4,500), therefore, C1 = 1,23,000.

The common credit C2 = C1 – T4 , i.e., C2 = 1,23,000-1,05,000 , i.e., C2 = 18,000.

D1 = (E÷F) × C2 , i.e., D1 = (2,25,000 ÷ 30,00,000) × 18,000 , i.e., D1 = 1,350.

D2 = 5% of C2 , i.e., D2 = 900.

C3 = C2 – (D1 + D2) , i.e., C3 = 15,750.

So, out of the originally available ITC of Rs. 1,50,000, only C3 (Rs. 15,750) and T4 (Rs. 1,05,000) were credited ultimately to the electronic credit ledger and D1 (Rs. 1,350) and D2 (Rs. 900) were required to be reversed.

Rule 43: Reversal of ITC on capital goods

The first step is to find out if the ITC falls under the following criteria:

- The ITC is in relation to capital goods that have been used exclusively for non-business purposes or for making exempt outward supplies. OR
- The ITC is in relation to capital goods that have been used exclusively for making supplies other than exempt supplies. Note that this would include zero-rated supplies too.

In case the ITC falls under category 'A' above, then credit will not be allowed in respect of the same. In case the ITC falls under category 'B' above, then credit will be allowed and taken to the electronic credit ledger. The useful life of capital goods is taken to be five years from the date of invoice.

This is done so that in case the capital goods were covered in category 'A' or 'B' as mentioned earlier and are now not covered under either category, then the ITC would be called 'common credit' or 'Tc' and 5% would have to be deducted from this common credit for every quarter or part quarter for the time it was covered in the category 'A' or 'B'.

The useful life of the capital goods has been taken as 5 years, but our filing period relates to the supplies made/received in a particular month, so we will first find the ITC attributable to a month by dividing the credit by 60.

Variable used	**Formulae / Explanation**
Tm	Tc ÷ 60 Amount of ITC attributable to a tax period (a month) on common capital goods during their useful life
Tr	Aggregate Tm of all those capital goods which have useful life remaining at the beginning of the tax period
	This is the common credit attributable towards exempted supplies, which is calculated as follows: (E ÷ F) × Tr
	Where:
	-E: Aggregate value of exempt supplies made during the tax period

Te	-F: Total turnover in the State of the registered person during the tax period
	Note: For building construction services, (E÷F) will be calculated on a project basis
	where:
	-E stands for aggregate carpet area of exempt construction project or apartments sold after construction is over
	-F stands for aggregate carpet area of the apartments in the project

Thus, Te calculated above will be the ITC in respect of capital goods that are required to be reserved or added to the output tax liability. Note that the above calculations would slightly differ if the supply is in the nature of services covered under Paragraph 5(b) of Schedule II of the CGST Act.

Illustration:

A company operating in Karnataka had availed the following ITC on various capital goods purchased in the month of July 2020:

Particulars	**Amount (in Rs)**
ITC on Machine A (used exclusively in the supply of exempt goods)	1,50,000
ITC on Machine B (used exclusively in the supply of taxable goods)	9,00,000
ITC on Machine C (used exclusively for non-business purposes)	20,000
ITC on Machine D (used partly in the supply of taxable and exempt goods)	4,50,000

The company had also made the following type of output supplies in Karnataka in the month of July:
Turnover in relation to exempt supplies: Rs. 20,00,000
Turnover in relation to taxable supplies: Rs. 80,00,000

Solution:
ITC on machine A and C will not be credited to the electronic credit ledger (1,50,000+20,000 = 1,70,000).
ITC on machine B will be credited to the electronic ledger: Rs. 9,00,000
ITC on machine D will also be credited to the electronic credit ledger:
Tc = 4,50,000
Tm = Tc ÷ 60 = 7,500 which is also Tr in this case.

The amount of ITC to be reversed for the month of July, 2020 would be: = (E ÷ F) × Tr = (20,00,000 ÷ 80,00,000) × 7,500 = 1,875.

Thus, the total ITC credited to the electronic ledger for the month of July 2020 = Rs. 10,70,000 and total ITC reversed for July, 2020 = Rs. 1,875

Rule 44: Reversal of ITC in case of cancellation of GST registration or switches to composition scheme

The aim of this rule is to reverse all the ITC that has been availed by a registered person in the event that he chooses to pay tax under the composition scheme or his registration gets cancelled for any reason.

The calculation is done as follows:

- For inputs held in stock or contained in semi-finished goods and finished goods in stock, the ITC must be reversed is calculated proportionate to corresponding invoices on which credit was taken. Thus ITC will be allowed only up to the time the registered person switches to the composition scheme or on cancellation of registration.

- In the case of capital goods, ITC availed will be based on the useful life (in months) and shall be computed on a pro-rata basis. Thus ITC for the remaining useful life of the asset must be reversed while switching over to the composition scheme or on cancellation of registration.

Sl. No.	Category of Supply of Services	Supplier of service	Recipient of Service
1	2	3	4
1.	Supply of Services by a goods transport agency (GTA) [1][who has not paid central tax at the rate of 6%], in respect of transportation of goods by road to-	Goods Transport Agency (GTA)	(a) any factory registered under or governed by the Factories Act, 1948(63 of 1948); or
	(a) any factory registered under or governed by the Factories Act, 1948 (63 of 1948); or		(b) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or
	(b) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or		(c) any co-operative society established by or under any law; or
	(c) any co-operative society established by or under any law; or		(d) any person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act; or
	(d) any person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act; or		(e) any body corporate established, by or under any law; or

	(e) any body corporate established, by or under any law; or		(f) any partnership firm whether registered or not under any law including association of persons; or
	(f) any partnership firm whether registered or not under any law including association of persons; or		(g) any casual taxable person; located in the taxable territory.
	(g) any casual taxable person.		
	[2][Provided that nothing contained in this entry shall apply to services provided by a goods transport agency, by way of transport of goods in a goods carriage by road, to, –		
	(a) a Department or Establishment of the Central Government or State Government or Union territory; or		
	(b) local authority; or		
	(c) Governmental agencies,		
	which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.]		
	[3][Provided further that nothing contained in this entry shall apply where, –		
	i. the supplier has taken registration under the CGST Act, 2017 and exercised the option to pay tax on the services of GTA in relation to transport of goods supplied by him under forward charge; and		
	ii. the supplier has issued a tax invoice to the recipient charging Central Tax at the applicable rates and has made a declaration as prescribed in Annexure III on such invoice issued by him.]		

2	[4][Services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services, directly or indirectly. *Explanation*.- "legal service" means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.]	An individual advocate including a senior advocate or firm of advocates.	Any business entity located in the taxable territory.
3	Services supplied by an arbitral tribunal to a business entity.	An arbitral tribunal.	Any business entity located in the taxable territory.
4	Services provided by way of sponsorship to any body corporate or partnership firm.	Any person [5][other than a body corporate]	Any body corporate or partnership firm located in the taxable territory.
5	Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding, – (1) renting of immovable property, and (2) services specified below- (i) services by the Department of Posts [and the Ministry of Railways (Indian Railways][6] [7][***]; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers.	Central Government, State Government, Union territory or local authority	Any business entity located in the taxable territory.
[8][5A	Services supplied by the Central Government [excluding the Ministry of Railways (Indian Railways)][9], State Government, Union territory or local authority by way of renting of immovable property to a person registered under the Central Goods and Services Tax Act, 2017 (12 of 2017).	Central Government, State Government, Union territory or local authority	Any person registered under the Central Goods and Services Tax Act, 2017]

[10][5AA	Service by way of renting of residential dwelling to a registered person.	Any person	Any registered person.]
[11][5AB	Service by way of renting of any property other than residential dwelling	Any unregistered person	Any registered person] [12][other than a person who has opted to pay tax under composition levy]
[13][5B	Services supplied by any person by way of transfer of development rights or Floor Space Index (FSI) (including additional FSI) for construction of a project by a promoter.	Any person	Promoter.
5C	Long term lease of land (30 years or more) by any person against consideration in the form of upfront amount (called as premium, salami, cost, price, development charges or by any other name) and/or periodic rent for construction of a project by a promoter.	Any person	Promoter.]
6	Services supplied by a director of a company or a body corporate to the said company or the body corporate.	A director of a company or a body corporate	The company or a body corporate located in the taxable territory.
7	Services supplied by an insurance agent to any person carrying on insurance business.	An insurance Agent	Any person carrying on insurance business, located in the taxable territory.
8	Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company.	A recovery agent	A banking company or a financial institution or a non-banking financial company, located in the taxable territory.
9	[14][Supply of services by a music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original dramatic, musical or artistic works to a music company, producer or the like.	Music composer, photographer, artist, or the like	Music company, producer or the like, located in the taxable territory.]

[15][9A	Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub -section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher.	Author	Publisher located in the taxable territory: Provided that nothing contained in this entry shall apply where, – (i) the author has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017), and filed a declaration, in the form at Annexure I, within the time limit prescribed therein, with the jurisdictional CGST or SGST commissioner, as the case may be, that he exercises the option to pay central tax on the service specified in column (2), under forward charge in accordance with Section 9 (1) of the Central Goods and Service Tax Act, 2017 under forward charge, and to comply with all the provisions of Central Goods and Service Tax Act, 2017 (12 of 2017) as they apply to a person liable for paying the tax in relation to the supply of any goods or services or both and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option; (ii) the author makes a declaration, as prescribed in Annexure II on the invoice issued by him in Form GST Inv-I to the publisher.]
[16][10	Supply of services by the members of Overseeing Committee to Reserve Bank of India	Members of Overseeing Committee constituted by the Reserve Bank of India	Reserve Bank of India.]

[17][11	Services supplied by individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm to bank or non-banking financial company (NBFCs).	Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm.	A banking company or a non-banking financial company, located in the taxable territory.]
[18][12.	Services provided by business facilitator (BF) to a banking company	Business facilitator (BF)	A banking company, located in the taxable territory
13	Services provided by an agent of business correspondent (BC) to business correspondent (BC).	An agent of business correspondent (BC)	A business correspondent, located in the taxable territory.
14	Security services (services provided by way of supply of security personnel) provided to a registered person: Provided that nothing contained in this entry shall apply to, – (i)(a) a Department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies; which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 of the said Act and not for making a taxable supply of goods or services; or (ii) a registered person paying tax under section 10 of the said Act.	Any person other than a body corporate	A registered person, located in the taxable territory.]
[19][15.	Services provided by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient, provided to a body corporate.	Any person, other than a body corporate who supplies the service to a body corporate and does not issue an invoice charging central tax at the rate of 6 per cent. to the service recipient	Any body corporate located in the taxable territory.]

[20][16.	Services of lending of securities under Securities Lending Scheme, 1997 (“Scheme”) of Securities and Exchange Board of India (“SEBI”), as amended.	Lender i.e. a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the Scheme of SEBI	Borrower i.e. a person who borrows the securities under the Scheme through an approved intermediary of SEBI.]

Disclosure Requirements under the Companies Act, 2013

Inputs by: CS Sadhna Sharma

INTRODUCTION

Transparency through adequate disclosures is pivotal for efficient functioning of organisations and enabling informed investment decisions. Indian company mandate extensive disclosures by companies to shareholders, investors and other stakeholders. However, concerns have been raised from time to time regarding the efficiency and adequacy of the disclosure regime.

KEY DISCLOSURE REQUIREMENTS UNDER THE COMPANIES ACT, 2013

1. **Disclosures by Directors (Section 184 & 164)**
   a) MBP-1 - Disclosure of interest in other entities by directors, submitted in the first Board Meeting of each financial year or when there is a change.
   b) DIR-8: Declaration by directors confirming non-disqualification, submitted annually.
2. **Board's Report (Section 134)**

   Every company, except One Person Company, is required to attach a detailed Board's Report with its financial statements, disclosing:
   a) Financial summary and highlights
   b) State of the company's affairs
   c) Details of directors and KMP appointments/resignations
   d) Number of board meetings held
   e) Directors' Responsibility Statement
   f) Details of subsidiaries, associates, and joint ventures
   g) Explanations or comments on qualifications by the auditor or secretarial auditor
   h) Conservation of energy, technology absorption, and foreign exchange earnings
   i) CSR activities
3. **Related Party Transactions (Section 188)**

   Details of contracts or arrangements with related parties must be disclosed in the Board's Report along with a justification for entering into such contracts. Approval may be required by Board or Shareholders depending on thresholds.
4. **Loans and Investments (Section 186)**

   Disclosure in financial statements of loans given, guarantees provided, securities extended, and investments made, along with the purpose.
5. **CSR Reporting (Section 135)**

   If CSR is applicable, the Board's Report must include:
   a) Details of the CSR policy and projects undertaken
   b) Amount spent/unspent
   c) Reason for not spending, if applicable
6. **Managerial Remuneration (Section 197 & Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)**
   a) Ratio of remuneration of each director to median employee remuneration
   b) Remuneration details of directors and top employees
7. **MGT-7 / MGT-7A – Annual Return**
   a) Shareholding pattern
   b) Details of directors and KMPs
   c) Promoters and changes during the year
   d) Certification by PCS for listed companies and prescribed unlisted companies

DISCLOSURES SPECIFIC TO LISTED COMPANIES

Events which shall be disclosed without any application of the guidelines for materiality:
1. Acquisition, merger, demerger, restructuring, or disposal of major units or subsidiaries.
2. Issuance, forfeiture, split, consolidation, buyback, or alteration of securities.
3. New or revised credit ratings.
4. Disclosure of board meeting outcomes within stipulated time.
5. Significant non-routine agreements and their changes or terminations.

6. Fraud, defaults, or arrests involving the entity, promoters, or key personnel.
7. Changes in directors, key managerial personnel, senior management, auditors, or compliance officer.
8. Auditor resignation reasons to be disclosed within 24 hours.
9. Independent director resignation reasons to be disclosed within 7 days.
10. Appointment/discontinuation of share transfer agent.
11. Notices, resolutions, and circulars sent to stakeholders or advertised.
12. Proceedings of AGMs and EGMs.
13. Amendments to Memorandum or Articles of Association.
14. Regulatory or judicial actions against the entity or key persons.
15. Voluntary revision of financial statements or board report under Section 131.

In the dynamic landscape of corporate governance, ensuring timely compliance under the Companies Act, 2013 is not just a regulatory obligation, but also a reflection of an organization's ethical standing and operational discipline. Both private and public limited companies are required to adhere to a structured set of annual compliance requirements to avoid penalties and legal consequences.

KEY ANNUAL COMPLIANCE REQUIREMENTS

1. Directors must submit Form MBP-1 (Disclosure of Interest) at the first board meeting of the financial year.
2. Directors must give a Declaration of Non-Disqualification using Form DIR-8 once every financial year.
3. Public companies must hold at least four board meetings each year—one in every quarter, and maintain proper minutes.
4. Annual General Meeting (AGM) must be held by 30th September 2025 for FY 2024-25 (within 6 months from the end of the financial year).
5. File the Annual Return using Form MGT-7 or MGT-7A (except for OPCs) within 60 days of the AGM.
6. Submit Financial Statements using Form AOC-4 (with Board's Report and Auditor's Report) within 30 days of the AGM.
7. If due, file Form ADT-1 for appointment or reappointment of the auditor within 15 days of the AGM.
8. Every director must complete their KYC using Form DIR-3 KYC by 30th September 2025.
9. All companies must maintain statutory registers regularly—either manually or through software.

ADDITIONAL COMPLIANCES FOR PUBLIC COMPANIES/COMPANIES OTHER THAN SMALL

1. Secretarial Audit Report (Form MR-3) is required for listed companies or public companies with either paid-up share capital of ₹50 crore or more, or turnover of ₹250 crore or more.
2. CSR Report must be prepared and disclosed if the company meets the criteria under Section 135 (based on net worth, turnover, or net profit).
3. Report on AGM (Form MGT-7) must be filed by listed companies within 30 days of the AGM.
4. Unlisted public companies/companies other than companies must convert their physical shares into demat form as it is now mandatory.

NON-COMPLIANCE PENALTY

Non-compliance with the rules and regulations of the Companies Act in India can result in penalties for the company and its defaulting members. Penalties typically involve fines imposed for the duration of the non-compliance. Additionally, delays in annual filings may incur additional fees. Therefore, companies should fulfil their compliance obligations promptly to avoid penalties and financial repercussions.

Some Important Compliances for the m/o May, 2025

S.No.	Compliance	Due Date
1	Due Date for Deposit of Tax deducted/collected for the month of April,2025	7th May 2025
2	Due Date of GSTR-7 for the month of April, 2025 (For TDS Deductors u/s 51 - Section 39(3)).	10th May 2025
3	Due Date of GSTR-8 for the month of April, 2025 [For TCS collection by E-Commerce Operators - Section 52(4)].	10th May 2025
4	Due Date of GSTR-1 for the month of April, 2025 (Monthly Taxpayers)	11th May 2025
5	Due Date of GSTR-5 for the month of April, 2025 [Return by Non Resident Taxpayers - Rule 63 - Section 39(5)]	13th May 2025
6	Due Date of GSTR-6 for the month of April, 2025 [For Input Service Distributors - Rule 65 & Section 39(4)].	13th May 2025
7	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194M, 194S in the month of March 2025	15th May 2025
8	Quarterly statement of TCS deposited for the quarter ending March 31, 2025	15th May 2025
9	Due Date of GSTR-3B for the m/o April, 2025 (Monthly Taxpayer) - Either Compulsory taxpayer > 5 cr. or Voluntary taxpayer < 5 cr.	20th May 2025
10	Due Date of GSTR-5A for the month of April 2025 (Return by OIDAR Service Providers)	20th May 2025
11	Challan for depositing GST for the first month of the quarter by taxpayers who have opted for the QRMP Scheme for Apr-June 2025	25th May 2025
12	Due Date of GSTR-11 for the month of April 2025 (Statement of inward supplies by persons having Unique Identification Number (UIN)).	28th May 2025
13	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194M, 194S in the month of March, 2025	30th May 2025
14	Issue of TCS certificates for the 4th Quarter of the Financial Year 2024-25	30th May 2025
15	Form 11 (Annual returns of an LLP for FY 2024-25) An annual statement for submitting details of the business of the LLP and its partners. All registered LLPs should file the form within 60 days from the close of the end of the financial year.	30th May 2025
16	PAS-6 (Filed half-yearly) (For the period of October'24 – March'25) Reconciliation of Share Capital Audit Report to be filed after 60 days from the end of each half-year by unlisted public companies.	30th May 2025
17	Quarterly statement of TDS deposited for the quarter ending March 31, 2025	31st May 2025
18	Application for allotment of PAN in case of non-individual resident person, which enters into a financial transaction of Rs. 2,50,000 or more during FY 2024-25 and hasn't been allotted any PAN	31st May 2025
19	Statement in Form no. 10 to be furnished to accumulate income for future application under section 10(21) or section 11(1) (if the assessee is required to submit return of income on or before July 31, 2025)	31st May 2025
20	Statement of donation in Form 10BD to be furnished by reporting person under section 80G(5)(iii) or section section 35(1A)(i) in respect of the financial year 2024-25	31st May 2025
21	Certificate of donation in Form no. 10BE as referred to in section 80G(5)(ix) or section section 35(1A)(ii) to the donor specifying the amount of donation received during the financial year 2024-25.	31st May 2025

Other Economic Development

April 2025 marked a significant period for India's economic landscape, characterized by robust growth projections, strategic industrial initiatives, and enhanced global partnerships. Here's an overview of the key developments:

Economic Growth Outlook

India continues to solidify its position as one of the world's fastest-growing major economies:

- International Monetary Fund (IMF): Raised India's GDP growth forecast for FY25 to 7%, attributing this to strong private consumption and favorable demographic trends.

- Asian Development Bank (ADB): Also revised its projection upwards to 7%, citing robust investment demand and improving rural consumption.
- Fitch Ratings: Increased its estimate to 7.2%, highlighting a recovery in consumer spending and sustained investment momentum.

Industrial and Strategic Initiatives

- Steel Industry Expansion: India is encouraging domestic companies to acquire overseas assets of essential raw materials like iron ore and coking coal. This move aims to support the country's goal of expanding steelmaking capacity from 200 million tons to 300 million tons by 2030.

- Apple's Manufacturing Shift: In response to escalating U.S.-China trade tensions, Apple plans to relocate most of its U.S.-bound iPhone production to India by the end of 2026. This strategic shift is expected to more than double iPhone production in India to over 80 million units annually.

International Collaborations

India-Saudi Arabia Energy Projects: India and Saudi Arabia are exploring joint ventures in refinery and petrochemical sectors, along with feasibility studies for electricity grid interconnectivity. These initiatives aim to strengthen energy cooperation and infrastructure integration between the two nations.

U.S.-India Trade Relations: During his official visit to India, U.S. Vice President JD Vance emphasized the importance of strengthening U.S.-India relations. Discussions included progress toward a potential bilateral trade deal aimed at increasing market access, reducing tariffs, and supporting mutual economic growth.

Infrastructure Milestone

Katra–Srinagar Vande Bharat Express: Prime Minister Narendra Modi inaugurated the first Vande Bharat Express train connecting SMVD Katra and Srinagar on April 19, 2025. This high-speed train enhances connectivity in the Jammu and Kashmir region, promoting tourism and economic development.

Summary

India's economic trajectory in April 2025 reflects a blend of strong growth forecasts, strategic industrial expansions, and deepening international partnerships. These developments underscore the nation's commitment to sustainable economic development and its growing influence on the global stage.

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