KrayMan®

Demystifying Complexities

TAX EDGE

Monthly Tax & Regulatory Updates

Tax • Regulatory • Assurance • Legal

August 2025

www.krayman.com

Contents

Goods & Services Tax ('GST')

GST

GST revenue collection for July 2025 Rs. 1,95,735 crore (7.5% higher than GST revenue in July 2024)

The gross GST revenue collected in the month of July 2025 is Rs. 1,95,735 crore as below:

IGST (Integrated Goods and Services Tax)	Rs. 1,03,536 Crore
CGST (Central Goods and Services Tax)	Rs. 35,470 Crore
SGST (State Goods and Services Tax)	Rs. 44,059 Crore
Compensation cess	Rs. 12,670 Crore
Total (rounded off)	***Rs. 1,95,735 Crore***

The gross GST collection for July 2025 stood at Rs. 1.96 lakh crore, representing a 7.5% year-on-year growth, driven by a consistent increase in domestic transactions (6.7%) and strong increase in imports (9.7%). After considering refunds, the net GST revenue for July 2025 stands at Rs. 1.68 lakh crore, reflecting a growth of 1.7% compared to the same period last year.

Please Click Here to read the revenue report dated 1 August 2025 released by the GST Network.

GST Network (GSTN) issues advisory on extension of due date for filing Form GSTR-3B (Summary return) in few districts of Maharashtra

In view of the natural calamity caused by heavy rains, the due date for filing of Form GSTR-3B for July-2025 tax period has been extended from 20 August 2025 to *27 August 2025* for the following districts of Maharashtra state - Mumbai (city), Mumbai (sub-urban), Thane, Raigad, Palghar.

Please Click Here to read the advisory dated 21 August 2025 issued by GSTN.

Please Click Here to read the Press Release dated 21 August 2025 issued by Ministry of Finance.

Please Click Here to read Notification no. 12/2025 dated 20 August 2025 issued by the Central Board of Indirect Taxes & Customs (CBIC).

Prime Minister (PM) Shri Narendra Modi proposes next generation GST reforms on the 79th Independence Day of India

On the 79th Independence Day of India, PM Shri Narendra Modi highlighted how the GST regime, introduced in 2017, has been a major reform that benefited the country. He also stressed the need for the next wave of GST reforms to support common citizens, farmers, the middle class and small businesses (MSMEs).

To build a self-reliant India, the Central Government has proposed new GST reforms based on 3 main pillars:

- Structural reforms
- Rate rationalization
- Ease of living

The proposals have been shared with the Group of Ministers (GoM) under the GST Council for review.

Key areas identified for next-generation reforms include the rationalisation of tax rates to benefit all sections of society, especially the common man, women, students, middle class and farmers.

Reforms will also seek to reduce classification-related disputes, correcting inverted duty structures in specific sectors, ensuring greater rate stability and further enhancing ease of doing business. These measures would strengthen key economic sectors, stimulate economic activity and enable sectoral expansion.

GST

Key Pillars of the Proposed Reforms

Pillar 1 Structural reforms	Pillar 2 Rate Rationalization	Pillar 3 Ease of Living
• Inverted duty structure correction - The correction of inverted duty structures to align input and output tax rates so that there is a reduction in the accumulation of input tax credit (ITC). This would support domestic value addition. • Resolving classification issues – Resolve classification issues to streamline rate structures, minimise disputes, simplify compliance processes and ensure greater equity and consistency across sectors. • Stability and Predictability - Provide long-term clarity on rates and policy direction to build industry confidence and support better business planning.	• Reduction of taxes on common-man items and aspirational goods - This would enhance affordability, boost consumption, make essential and aspirational goods more accessible to a wider population. • Reduction of slabs - Essentially move towards simple tax with 2 slabs – standard and merit. Special rates only for select few items. • Compensation Cess - The end of compensation cess has created fiscal space, providing greater flexibility to rationalize and align tax rates within the GST framework for long-term sustainability.	• Registration - Seamless, technology-driven, time-bound, especially for small businesses and startups. • Return - Implement pre-filled returns, thus reducing manual intervention and eliminating mismatches. • Refund - Faster and automated processing of refunds for exporters and those with inverted duty structure.

The Central Government's proposal, anchored on the above pillars, has been shared with the GoM for further deliberations. The Central Government has taken this initiative with the aim of building a constructive, inclusive and consensus-based dialogue among all stakeholders.

The GST Council, when it meets next, will deliberate on the recommendations of GoM. Every effort will be made to facilitate early implementation so that the intended benefits are substantially realised within the current financial year.

The Government has reaffirmed its commitment to evolving the GST into a simple, stable and transparent tax system — one that supports inclusive growth, strengthens formal economy and enhances ease of doing business across the country.

Please Click Here to read the Press Release dated 15 August 2025.

Karnataka High Court's decision in case of M/s. Alstom Transport India Limited - Secondment of expatriate employees not taxable as manpower supply under GST

The Karnataka High Court has on 15 July 2025 allowed the writ petition against the demand of GST in a case involving secondment of expats to the taxpayer from overseas group entities. The tax department in the case of *Alstom Transport India Limited* v. *Commissioner* had alleged that the activity amounted to receipt of manpower and recruitment services from abroad and was thus liable to IGST under reverse charge.

Highlights of the judgment

- Nature of secondment - The Court held that the secondment of expatriate employees from overseas group entities to the Indian entity does not constitute manpower supply services under GST
- Employer - Employee Relationship: The expatriates were found to be under the direct control and supervision of the Indian entity, with formal employment agreements, salary payments and withholding tax deductions made by the taxpayer. This established a clear employer-employee relationship
- GST implications - Services rendered by employees to their employer are excluded from GST under Entry 1 of Schedule III of the CGST Act
- Reimbursements not consideration - Reimbursements made to foreign entities for social security and retirement benefits (without markup or service charge) were not treated as consideration for services
- CBIC Circular support - The Court relied on CBIC's Circular no. 210/4/2024-GST, which allows the value of supply to be deemed as 'Nil' in related party transactions where no invoice is issued and full ITC is available
- Distinction from Northern Operating Systems (NOS) case - The Court distinguished this case from the Supreme Court's ruling in NOS, noting that in NOS, the foreign entity retained control and issued invoices for services. In contrast, Alstom's expatriates were fully integrated into the Indian entity, with no invoices or profit markup involved
- Outcome - The High Court quashed the IGST demand and confirmed that no GST liability arises on such secondment arrangements

The ruling is a welcome move in the direction of providing clarity and relief to companies engaging expatriate employees under similar arrangements.

Please Click Here to read the complete judgment of Karnataka High Court dated 15 July 2025.

Direct tax

Direct tax

Gross Direct Tax collection for Financial Year (FY) 2025-26 (upto 11 August 2025) is Rs. 7.99 lakh crore, 1.87% lower than gross collection for corresponding period last year

The Central Board of Direct Taxes (CBDT) has released the following statistics:

For the period 1 April 2025 till 11 August 2025	Amount (Rs.)	Remarks
Gross direct tax collection	Rs 7.99 lakh crore	1.87% lower than gross collection for corresponding period last year
Net direct tax collection (after adjustment of refunds)	Rs 6.64 lakh crore	3.95% lower than net collection for corresponding period last year
Refunds issued	Rs 1.35 lakh crore	9.81% higher than refunds issued for corresponding period last year

Please Click Here to read the Press Release dated 11 August 2025.

Revised Income-tax (No. 2) Bill 2025 & the Taxation Laws (Amendment) Bill 2025 receive Presidential Assent

The Income-tax Bill 2025 was initially tabled in the Lok Sabha on 13 February 2025. The objective was simplification of the complex language of the Income-tax Act, 1961 and elimination of redundant provisions in the Act. On the same day (i.e, 13 February 2025), a Parliamentary Select Committee was formed to review the Income-tax Bill 2025.

The Parliamentary Select Committee submitted a detailed report on 16 July 2025, exceeding 4500 pages and including its recommendations as well as an amended version of the Income-tax Bill 2025 which was presented to the Lok Sabha on 21 July 2025.

The Government of India accepted most of the recommendations of the Parliamentary Select Committee along with feedback from other stakeholders. This process necessitated corrections in drafting, alignment, consequential changes and cross-referencing. To avoid confusion arising from multiple versions of the Income-tax Bill 2025, the Government of India withdrew the Income-tax Bill 2025 from the Lok Sabha with an intent to replace it with a fresh bill (Revised Income-tax Bill 2025), providing a clear and updated version with all changes incorporated.

Consequently, the Government of India tabled the Revised Income-tax Bill 2025 before the Lok Sabha on 11 August 2025, which was approved by Lok Sabha on the same day. The Rajya Sabha also approved it on 12 August 2025. In parallel, the Government of India introduced the Taxation Laws (Amendment) Bill 2025 (Amendment Bill) to implement specific changes to the Income-tax Act 1961, which received approval from both the Lok Sabha and Rajya Sabha. Notably, the Revised Income-tax Bill 2025 incorporated all changes introduced by the Amendment Bill.

As of 21 August 2025, both the Revised Income-tax Bill 2025 and the Amendment Bill have received President’s assent and are, hence, enacted. The respective Acts will be published in the Official Gazette, with the Revised Income-tax Bill 2025 effective from 1 April 2026, thereby replacing the age-old Income-tax Act of 1961. Meanwhile, the Taxation Laws (Amendment) Act 2025 will take effect from 1 April 2025 or earlier.

Key amendments as per the Revised Income-tax Bill 2025

- Personal Taxation
  - ✓ Standard deduction under the concessional regime clarified at Rs.75,000, eliminating ambiguity
  - ✓ Unified Pension Scheme (UPS) given parity with National Pension Scheme (NPS), ensuring equal tax treatment.
- Exemptions for Sovereign Funds
  - ✓ Relaxations extended to Saudi Arabia’s Public Investment Fund (PIF) subsidiaries, at par with Abu Dhabi Investment Authority (ADIA) subsidiaries.
  - ✓ Exemption window extended up to 31 March 2030.

Direct tax

- Capital Gains
  - ✓ Rules on conversion / transfer of assets aligned with current Income-tax Act, 1961.
  - ✓ National Highway Authority of India (NHAI) / Rural Electrification Corporation (REC) bonds automatically qualify for exemption – no fresh notification required.
  - ✓ Removal of 'similar computation' phrase to curb litigation around set-off.
- Withholding tax (Tax Deducted at Source – TDS) / Tax Collected at Source (TCS)
  - ✓ Thresholds clarified – TDS on purchase of goods applies only on amounts exceeding Rs.50 lakh.
  - ✓ TCS exemption for Liberalized Remittance Scheme (LRS) remittances towards education reintroduced.
  - ✓ Withholding obligation on payments from non-resident to another non-resident reinstated.
- Procedural Corrections
  - ✓ Reassessment notices must include a 'show cause' requirement.
  - ✓ Tax audit thresholds aligned with Income-tax Act 1961.
  - ✓ Non-residents under presumptive scheme exempt from audit.
  - ✓ Representative assessee liability restricted to tax only.
  - ✓ Filing requirements reinstated for certain taxpayers omitted in the draft.
- Charitable & Religious Trusts
  - ✓ Definitions rationalized – Anonymous donations and 'general public utility' provisions clarified.
  - ✓ Registration orders to be passed within 1 month (reduced from 3 months) from the end of the month in which application is made
  - ✓ Tainted investments taxed differently depending on whether acquired voluntarily or via donations.
- International Tax
  - ✓ 'Reasonably attributable' test for business connection restored.
  - ✓ Clarification on treaty undefined terms and royalties / Fee for technical services (FTS) carve-outs.
  - ✓ Adjustments to Associated Enterprise (AE) definition; some ambiguity remains.

Although the Revised Income-tax Bill 2025 predominantly continues the policy of Income-tax Act 1961 in a simplified language, businesses may need to consider the new provisions to ensure compliance by making necessary modifications in their systems and processes before 1 April 2026. The Government is still reviewing the Income-tax rules and forms to align them with the new law.

Please Click Here to read the Revised Income-tax Bill, 2025 passed by Lok Sabha on 11 August 2025.

Direct tax

Increase in monetary limit on income of employees for the purpose of calculating taxable perquisites

Background

As per Income-tax Act, 1961 perquisites are benefits or amenities provided by an employer to an employee in addition to salary. U/s 17(2)(iii) of the Income-tax Act, certain benefits or amenities provided by an employer are considered perquisites and are taxable only in the hands of specified employees. These include:

- Employees who are directors of a company,
- Those having a substantial interest in the company, and
- Employees whose monetary income under the head 'salaries' crosses the prescribed threshold. This threshold limit was fixed at *Rs. 50,000*, beyond which an employee would qualify as a specified employee.

Further as per clause (vi) of the first proviso to Section 17(2), expenses incurred by the employer on *medical treatment abroad* for an employee or his / her family, including travel costs for the patient, family members, or an attendant, were tax exempt up to a certain limit. Earlier, this exemption applied only where the employee's gross total income (excluding such travel cost) did not exceed *Rs.2,00,000.*

These provisions ensured that such exemptions applied only to employees within a specified income bracket.

The Finance Act, 2025 removed these static thresholds and delegated powers to the CBDT to prescribe the monetary limits from time to time, ensuring alignment with current economic conditions and greater flexibility in taxation of perquisites. This amendment was aimed at aligning the taxation of perquisites with changing standards of living and prevailing economic conditions, thereby ensuring greater flexibility and fairness.

Notification no. 133/2025 issued by CBDT on 18 August 2025

Pursuant to this amendment, the CBDT has notified new limits by way of the insertion of Rules 3C and 3D in the Income-tax Rules, 1962.

- Rule 3C: For Section 17(2)(iii), the threshold salary income is now Rs.400,000 (instead of Rs. 50,000). Employees earning above this limit will be treated as specified employees for perquisite taxation.
- Rule 3D: For Section 17(2)(vi), the prescribed gross total income is now Rs.800,000 (instead of Rs. 200,000). Accordingly, employer-funded foreign medical travel and related expenses will be taxable if the employee's income exceeds this revised limit.

Please Click Here to read Notification no. 133/2025 dated 18 August 2025.

Tax exemption on income earned by non-residents on Over The Counter (OTC) derivatives entered into with Foreign Portfolio Investor (FPI) located within an International Financial Services Centre (IFSC) – Necessary changes made in Income-tax Rules, 1962

Section 10(4E) of the Income-tax Act provides tax exemption on income earned by non-residents from the transfer of specified derivative contracts entered into with offshore banking units located within an International Financial Services Centre (IFSC).

To align with the amendments introduced by the Finance Act, 2025, CBDT has notified the below changes in Rule 21AK of the Income-tax Rules, 1962.

- The exemption now extends to OTC derivatives, which are non-exchange traded and often customized to suit the requirements of sophisticated investors
- The scope of the tax exemption has been broadened to cover contracts entered into not only with offshore banking units but also with FPIs operating within IFSCs.
- Rule 21AK has been updated to specifically make reference to OTC derivatives and FPIs, ensuring consistency with the Finance Act, 2025.

Please Click Here to read Notification no. 126 dated 28 July 2025.

Relaxation of time limit for processing of Income-tax returns (ITRs) filed electronically which were incorrectly invalidated by Central Processing Centre (CPC), Bengaluru

Reportedly, it has been brought to the notice of CBDT that CPC has received grievances regarding erroneous invalidation, due to various technical reasons, while processing the ITRs filed electronically for different Assessment Years (AYs). The time limit for processing these ITRs has lapsed, latest being 31 December 2024 for AY 2023-24 [i.e, 9 months from the end of the financial year in which the ITR is made, in accordance with second proviso to Section 143(1) of the Income-tax Act, 1961].

Given the above, CBDT has relaxed the time limit prescribed in second proviso to Section 143(1) of the Income-tax Act. CBDT has directed that ITRs filed electronically upto 31 March 2024 which have been erroneously invalidated by CPC shall now be processed. The intimation u/s 143(1) in respect of processing of such ITRs can now be sent to the taxpayer by *31 March 2026*.

All subsequent effects, including issue of refund along with interest, shall also follow in these cases. In those cases where PAN-Aadhaar linkage is not found, refund of any amount of tax shall not be made as laid down in Circular no.03/2023 dated 28 March 2023.

Please Click Here to read Circular no. 10 dated 28 July 2025.

Corporate Law & Regulatory

The 'Promotion & Regulation of Online Gaming Bill, 2025' receives assent from the President of India

The President of India has given her assent to the 'Promotion and Regulation of Online Gaming Bill, 2025'. The Bill was passed by the Lok Sabha on 20 August 2025, seeking a blanket ban on real-money gaming in India. The Government has said that the move addresses risks of fraud, money laundering and terror financing while encouraging the growth of e-sports and skill-based online games. It proposes penalties of up to 3 years imprisonment and fines of Rs 1 crore for offenders.

Please Click Here to read the Press Release dated 21 August 2025 issued by the Government of India.

Ministry of Corporate Affairs (MCA) highlights initiatives taken by the Government of India to simplify & facilitate registration of start-ups, including in tier-2 cities

The Government of India has undertaken a number of steps to simplify and facilitate the registration of companies including start-ups throughout the country, including in small and medium cities. Some of the important measures are given below.

- A single integrated new web form called SPICe+ along with AGILE PRO-S has been deployed. This form provides 11 services related to ‘starting a business’ namely:
  - ✓ Name Reservation
  - ✓ Incorporation
  - ✓ Permanent Account Number (PAN)
  - ✓ Tax Deduction Account Number (TAN)
  - ✓ Director Identification Number (DIN)
  - ✓ Employees’ Provident Fund Organisation (EPFO) Registration
  - ✓ Employees’ State Insurance Corporation (ESIC) Registration
  - ✓ GST number
  - ✓ Bank Account Number
  - ✓ Profession Tax Registration (Mumbai, Kolkata and Karnataka)
  - ✓ Delhi Shops and Establishment Registration.
- Zero fee is now charged for incorporation of all companies with authorized capital upto Rs. 15 lakh or with up to 20 members where no share capital is applicable
- A Central Registration Centre (CRC) has been set up for name reservation and incorporation of companies & Limited Liability Partnerships (LLPs)
- The LLP Incorporation Form called FiLLiP has also been integrated with CBDT to provide PAN / TAN at the time of Incorporation of LLP itself.

- The application process for startup recognition under the Startup India initiative has been streamlined and made entirely digital through an interactive Startup India portal and the National Single Window System (NSWS) making the same accessible from any part of the country.
- To promote startup recognition and to handhold entrepreneurs, workshops are held across States with support of State nodal agencies for startups and regional stakeholders such as incubators.

In addition, the MCA has introduced several digital initiatives to enhance transparency, efficiency and speed in service delivery for reducing compliance burden and enhancing user experience.

Vide Companies (Amendment) Act, 2017, the requirement of Section 7(1)(c) in respect of furnishing 'affidavits' by the first directors and the subscribers at the time of incorporation regarding their not being convicted of offences indicated therein, was changed. After the amendment, the first directors and the subscribers are required to furnish a 'declaration' in this regard. Simplification through amendment in rules and forms has been carried out from time to time on the basis of suggestions of stakeholders.

Please Click Here to read the Press Release dated 19 August 2025 issued by the MCA.

Compliance calendar

Compliance calendar for the month of September 2025

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7th September	August 2025	TDS / TCS deposit	Non-Government Deductors
10th September		a) GSTR-7 (TDS return under GST) b) GSTR-8 (TCS return under GST)	a) Person required to deduct TDS under GST b) Person required to collect TCS under GST
11th September		GSTR-1 (Outward supply return)	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2024-25 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2024-25 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
13th September		GSTR-6 [Return by input service distributor (ISD)]	Person registered as ISD
		GSTR-5 (Return by Non-resident)	Non-resident taxable person (NRTP)
		Invoice Furnishing Facility - IFF (Details of outward supplies of goods or services)	Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2024-25 and opted for QRMP Scheme
15th September		Deposit of PF & ESI contribution	All Deductors
	July-Sep 2025	Deposit of 45% (2nd Installment) of Advance Tax for FY 2025-26	Taxpayers liable to pay advance tax
	FY 2024-25	Income Tax Return (ITR)	Individuals (including expatriates) & Non corporates not liable for Tax Audit.

Compliance calendar

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
20th September	August 2025	GSTR-3B (Summary return)	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2024-25 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2024-25 and not opted for QRMP scheme
		GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return]	OIDAR services provider
25th September		Form GST PMT-06 (payment of tax for QRMP filers)	Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2024-25 and opted for QRMP scheme
30th September	FY 2024-25	a) Filing of KYC details of directors in Form Web KYC b) Filing of KYC details in Form DIR-3 KYC c) Statutory audit under Companies Act d) Due date of holding Annual General Meeting (AGM) for all the Companies e) Filing of Form FC-3 (Annual accounts and list of places of business in India) with ROC f) Filing of Annual Activity Certificate (AAC) and audited financials g) Revised annual return on Foreign Assets & Liabilities (FLA) on the basis of Audited Financial Statements h) Filing of Tax Audit Report u/s 44AB	a) All directors / designated partners who hold Director Identification No (DIN) b) All directors / designated partners who have been allotted DIN during FY 2024-25 c) All Companies d) All Companies e) Liaison/Branch/Project office in India f) Liaison/Branch/Project office in India g) All companies & LLPs having Foreign Direct Investment (FDI) h) Taxpayers whose books of accounts are required to be tax-audited and not subject to transfer pricing (who are required to submit their Income-tax Return on or before 31 October 2025)

About KrayMan

KrayMan Consultants LLP (KrayMan) is an accounting & consulting Firm headquartered in Gurugram & serving Clients across India for more than 13 years.

We were founded in 2012 by professionals from Big 4 accounting firms & industry background. We are a team of Chartered Accountants, Company -
- Secretaries, Advocates & MBAs.

We specialize in India-Entry, Accounting, Taxation, Legal, Regulatory, Assurance, HR, Payroll, Loan staffing and Global Capability Center services. We provide services in the areas of Compliance, Advisory & Litigation.

We have been serving Domestic as well as International Clients from countries like USA, Japan, Australia, EU etc.

We have been Awarded under the category 'Small Business Award 2021' by the International Business Council of Australia. We are an ISO/IEC 27001:2022 compliant Firm.

Write To Us

For any assistance, please write to us at:
communications@krayman.com

Contact Us

1170 A, 11th Floor, Tower B1, Spaze i-Tech Park,
Sector 49, Sohna Road, Gurugram 122018 (India)
T +91 (124) 4309418