

R.C. JAIN AND ASSOCIATES LLP

NEWSLETTER

January 2025

“The secret to living is giving.”

- Anonymous



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[Notification No.1 /2025/ F.No. 275/25/2023-IT(B)]

On January 2, 2025, the Ministry of Finance issued Notification No. 1/2025, stating that no income tax shall be deducted at source (TDS) under Chapter XVII of the Income-tax Act, 1961, on payments received by the National Credit Guarantee Trustee Company Limited (NCGTCL). NCGTCL is a company established and wholly financed by the Central Government to operate credit guarantee funds.

[Notification No.2 /2025/ F.No. 275/110/2024-IT(B)]

The Central Government has issued Notification No. 02/2025 (S.O. 20(E)) under sub-section (1F) of section 197A of the Income-tax Act, 1961. This notification specifies that no tax shall be deducted at source under Chapter XVII of the Act on payments made to a credit guarantee fund that is:

- Established and wholly financed by the Central Government.
- Managed by the National Credit Guarantee Trustee Company Limited.

[Referred to in sub-clause \(ii\) of clause \(46B\) of section 10 of the Income-tax Act.](#)

[Notification No.3 /2025/ F. No. 275/109/2024-IT(B)]

The Central Government has issued Notification No. 3/2025 (S.O. 21(E)) under sub-section (1F) of section 197A of the Income-tax Act, 1961. This notification specifies that buyers are exempt from deducting tax at source under section 194Q when purchasing goods from a seller who is a Unit located in an **International Financial Services Centre (IFSC)**. To avail this exemption, the seller must provide the buyer with a statement-cum-declaration in Form No. 1, as outlined in Notification **S.O. 1135(E), dated March 7, 2024**. The buyer, upon receiving this form, should not deduct tax on payments made to the seller and must report these payments in their TDS returns. This exemption is applicable only during the specified ten consecutive assessment years chosen by the seller. The notification comes into effect on January 1, 2025.

[Notification No. 4 /2025 F. No. 196/1/2023-ITA-I]

This notification, issued under clause (46) of section 10 of the Income-tax Act, 1961, exempts specified income of 'The Commissioners for the Rabindra Setu, Kolkata' (PAN AABTT2734P), a body established under the Howrah Bridge (Amendment) Act, 1965, from income tax. This notification shall be effective subject to certain conditions .

The exemption applies retrospectively for assessment years 2019-2020 to 2023-2024, covering financial years 2018-2019 to 2022-2023.

[Notification No. 5 /2025 F. No. 300196/37/2019-ITA-I]

The notification grants tax exemption to the Karnataka State Horticulture Development Agency under clause (46) of Section 10 of the Income-tax Act, 1961, for specified income sources. This notification shall be effective subject to certain conditions

The exemption applies to assessment years 2021-22 to 2024-25 (covering financial years 2020-21 to 2023-24).

[Notification No. 6 /2025 F. No. 275/108/2024-IT(B)]

The notification provides an exemption to *Units of International Financial Services Centres (IFSC)* from being considered as "buyers" under Section 206C(1H) of the Income-tax Act, 1961, when purchasing goods. The key points are:

- Buyers must submit a *statement-cum-declaration* in **Form 1A** to sellers, declaring the 10 consecutive assessment years for which they claim tax deduction under Section 80LA.
- Sellers must stop collecting tax on payments received from buyers after receiving the declaration.and must report details of exempt payments in the tax collection statement (as per Section 206C(3) and Rule 31AA).
- The exemption applies only during the declared 10 consecutive assessment years for which the buyer claims Section 80LA benefits.

The notification is effective from **January 1, 2025**.

[Notification No. 07/2025/F. No. 203/20/2024/ITA-II]

The notification approves the *Central Power Research Institute (CPRI), Bengaluru* as a **Research Association** for *Scientific Research* under Section 35(1)(ii) of the Income-tax Act, 1961.Donations made to CPRI for scientific research will qualify for tax deduction under Section 35(1)(ii).

Effective from the **Previous Year 2024-25** Valid for **Assessment Years 2025-26 to 2029-30**.

This enables donors to claim tax benefits for contributions to CPRI during the specified period.

[Notification No. 08/2025/F. No. 370153/01/2025-TPL]

This notification explains a clarification related to the **Direct Tax Vivad Se Vishwas Scheme, 2024** for resolving tax disputes. A specific issue arose where a tax order was passed **on or before July 22, 2024** (referred to as the "specified date"), the person still had time to file an appeal against this order as of **July 22, 2024** but when the person filed the appeal **after July 22, 2024** but **within the allowed time** no request for delay condonation (excusing a late filing) was needed or made.

The Government clarified that these appeals will be treated as **pending appeals** as of **July 22, 2024**, making them eligible under the scheme. person filing such an appeal will be considered an **appellant** under the scheme and the disputed tax amount will be calculated based on the appeal and all other provisions and rules of the scheme will apply to these cases.

In essence, this order ensures that appeals filed shortly after July 22, 2024 (but within the allowed time), are still eligible to benefit from the scheme.

[Notification No. 09/2025/F.No.370142/18/2024-TPL]

This notification introduces a new rule under the Income-tax Act, 1961, specifically for **non-residents** operating **cruise ships** in India. They added rules to the Income-tax Rules, 1962, under a new section (6GB) for computing profits and gains from the business of operating cruise ships by non-residents with certain condition for Eligibility. These rules apply from the date of their publication in the **Official Gazette**.

This rule outlines tax-related conditions for non-resident cruise operators running large passenger ships for leisure purposes in Indian waters.

Circular No. 01/2025

This circular provides **guidance on the Principal Purpose Test (PPT)** under India's Double Taxation Avoidance Agreements (DTAAs). The PPT is a rule to prevent misuse of tax treaties by ensuring that treaty benefits are only granted for genuine transactions and not for tax avoidance.

In short PPT ensures tax treaties are used for legitimate purposes and not for tax avoidance. This circular explains how the PPT will apply to India's treaties, provides timelines, clarifies exceptions for certain treaties, and gives guidance for case-by-case evaluations.

~Compiled by Karthy Mudaliar

Case Law-1

Reduction in share capital of a subsidiary company and subsequent proportionate reduction in the shareholding of the Assessee would be squarely covered within the ambit of the expression 'sale, exchange or relinquishment of asset' used in section 2(47) of the Income-tax Act, 1961.

SUPREME COURT OF INDIA
Principal Commissioner of Income-tax

v.

Jupiter Capital (P.) Ltd.*

J.B. Pardiwala And R. Mahadevan, JJ.

Special Leave Petition No. 63 Of 2025[†]

January 2, 2025

Facts of the Case:

1. The Assessee-company was engaged in the business of investing in shares, leasing, financing, and money lending. It had invested in an Indian company by purchasing shares. The said company incurred losses, eroding its net worth.
2. The company filed a petition before the High Court for a reduction of its share capital to set off the loss against paid-up equity share capital. The High Court ordered for the reduction in share capital.
3. Consequently, the assessee's shareholding was proportionately reduced. The face value of shares remained the same even after the reduction in share capital.
4. During the year, the Assessee claimed long-term capital loss on the sale of shares of the subsidiary company. The Assessing Officer held that the reduction in shares did not result in the transfer of a capital asset as envisaged in section 2(47).
5. On appeal, the Commissioner (Appeals) held that any extinguishment of rights would involve parting the sale of a percentage of shares to another party or divesting rights therein.
6. On second appeal, the Tribunal reversed the order passed by the Commissioner (Appeals) and allowed the appeal filed by the Assessee.
7. On appeal by revenue, the High Court affirmed the order passed by the Tribunal.

Conclusion:

1. The Supreme Court held that no error, not to speak of any error of law, could be said to have been committed by the High Court in passing the impugned order.
2. Reduction of capital amounts to transfer is no longer *res integra* in view of the *Kartikeya V. Sarabhai v. CIT* case. Section 2(47) provides that relinquishment of an asset or extinguishment of any right there in amounts to a transfer of a capital asset.
3. The reduction in share capital proportionately reduces the rights of preference shareholders to dividends, share capital, and net assets upon liquidation.
4. Such a reduction of the right of the capital asset clearly amounts to a transfer within the meaning of section 2(47).
5. The expression 'extinguishment of any right there in' is of wide import, covering every possible transaction resulting in the destruction of any bundle of rights the Assessee has in a capital asset.
6. In this case, reduction in shareholding due to the reduction in share capital and the subsequent payment received constitutes a 'transfer' under section 2(47).
7. Therefore, the reduction in share capital of the subsidiary company and the subsequent proportionate reduction in the shareholding of the Assessee falls within the ambit of 'sale, exchange or relinquishment of asset' used in section 2(47).

Case Law-2

Where assessee-trust was created for the purpose of following and propagating Jainism, since objects of the assessee were confined to the benefit of a particular religious community or caste, i.e., Jains, which was a specific violation under clauses (c) and (d) to Explanation to section 12AB(4), read with section 13(1)(b), the assessee-trust was not entitled to registration under section 12AB.

IN THE ITAT AHMEDABAD BENCH 'C'

Soudharma Brihad Tapogachchiya Tristutik Jain Sangha Samarpanam

v.

CIT(Exemption)*

DR. BRR KUMAR, VICE PRESIDENT

AND T.R. SENTHIL KUMAR, JUDICIAL MEMBER

IT APPEAL NO. 1571 (AHD) OF 2024

JANUARY 3, 2025

Facts of the Case:

1. The assessee-trust was created with the objects of following the principles of Lord Mahavira and to confirm to the main objectives, subsidiary objectives, and principles of Jainism. The Assessee filed an application for registration under section 12AB.
2. The Commissioner (Exemption) denied registration on the grounds that the objects of the trust were confined to the benefit of a particular religious community or caste namely "Jains", which was a specific violation as defined in Explanation to section 12AB(4).
3. On appeal, it was undisputed that the Assessee trust was created on 5-1-2023, and the new provisions of section 12AB applicable from 1-4-2021 were relevant. The main objects of the trust indicated that all the objects enumerated were related to religious activities more particularly relating to the "Jain community" and to propagate "Jainism", which was a violation under clauses (c) and (d) to Explanation to section 12AB(4).
4. Section 13(1)(b) excludes the benefit of sections 11 and 12 to a charitable institution created or established after the commencement of the Act, income thereof the trust for the benefit of any particular religious community or caste.

Conclusion:

- A conjoint reading of sections 11, 12, 12A, and 12AA makes it clear that registration under sections 12A and 12AA is a condition precedent for availing benefit under sections 11 and 12.
- Section 13(1)(b) prescribes circumstances wherein the exemption would not be available to a religious or charitable trust otherwise falling under section 11 or 12.
- The Commissioner (Exemption) considered the provisions of section 13(1)(b), applicable only in the case of charitable trust or institution created or established after the commencement of this Act and only for the benefit of any particular religious community or caste, namely 'Jains', thus denying the registration within the provision of the amended law.
- The assessee trust, being purely for the religious activities of a particular community, is not entitled to registration as per the specified violation under Explanation (d) of section 12AB(4).

~Compiled by Amrit Bodwani

NOTIFICATION No. 01/2025 – CENTRAL TAX

The Government of India has extended the deadline for filing outward supply details (**FORM GSTR-1**) under GST. The new deadlines are:

- For monthly return filers for the tax period of December 2024, the deadline was extended to **13th January 2025**.
- For quarterly return filers for the period from October to December 2024, the deadline was extended to **15th January 2025**.

NOTIFICATION No. 02/2025 – CENTRAL TAX

The Government has extended the deadline for filing GST returns in **FORM GSTR-3B** for December 2024 and the quarter from October to December 2024 as follows:

For monthly filers, the deadline for filing was extended to **22nd January 2025**.

For quarterly return filers, the deadlines are based on the location of the registered person's business:

- For Registered persons whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep., the deadline is **24th January 2025**.
- For Registered persons whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi., the deadline is **26th January 2025**.

NOTIFICATION No. 03/2025 – CENTRAL TAX

The Government has extended the deadline for every registered non-resident taxable person who has to furnish return in form GSTR-5 for the period during which they carry out business transactions in India for December 2024. The extended due date was **15th January 2025**.

NOTIFICATION No. 04/2025 – CENTRAL TAX

The Government of India has extended the deadline for filing the Input Service Distributor's return (FORM GSTR-6) for December 2024. The extended deadline was set to **15th January 2025**, as per the powers granted under the Central Goods and Services Tax Act, 2017.

NOTIFICATION No. 05/2025 – CENTRAL TAX

The Government of India, through the Ministry of Finance, has issued a notification extending the deadline for registered persons required to deduct tax at source under section 51 of the Central Goods and Services Tax Act, 2017. The time limit for submitting the return in FORM GSTR-7 for the month of December 2024, which is due under section 39(3) of the Act, has been extended to **January 12, 2025**. This extension was granted by the Commissioner based on recommendations from the GST Council. GSTR-7 is filed by persons required to deduct tax at source (TDS), such as government departments, local authorities, or other notified entities, while making payments to suppliers.

NOTIFICATION No. 06/2025 – CENTRAL TAX

The Government of India has issued a notification extending the deadline for submitting the GSTR-8 form. This form contains details about goods or services supplied through e-commerce operators. The original deadline for the month of December 2024 was extended until **January 12, 2025**. This extension was made under the powers of the GST Act, after a recommendation from the GST Council.

NOTIFICATION No. 07/2025 – CENTRAL TAX

A new rule has been added (**Rule 16A**), which allows the government to give a temporary identification number to a person who is not required to be registered under GST but needs to make a payment under GST law. This can apply to businesses or individuals who may not need full registration but still have GST-related obligations. Some people or businesses might have to make GST payments (for example, they might be involved in a one-time transaction or a special circumstance) but do not need to be fully registered under GST. Instead of leaving them without any official identification in the system, they will now be given a temporary number. This will be done by issuing an order in Part B of Form GST-REG-12.

Changes in Rule 19 (Composition Taxpayer)

Rule 19 deals with amendment of registration. The words “or in the intimation furnished by the composition taxpayer in FORM GST CMP-02” have been added in the rule which means that if there is any amendment to be made in the intimation furnished by the composition taxpayer in Form GST CMP-02 then that is also to be done on the common portal within 15 days of such change.

Changes in Rule 87 (Payment of GST)

Rule 87 talks about how payments are made through the common GST portal (the official online system for GST payments and filings). A reference has been added to Rule 16A, which relates to the new temporary identification number. This means that when payments are made by those with a temporary ID number (as per Rule 16A), it will now be processed through the common portal.

NOTIFICATION No. 08/2025 – CENTRAL TAX

The Government has issued a notification waiving the late fee for filing reconciliation statement (**FORM GSTR-9C**) under GST for financial years **2017-18 to 2022-23**. The waiver applies to taxpayers who were required to submit FORM GSTR-9C along with FORM GSTR-9 but failed to do so initially. The waiver applies if they submit the missing FORM GSTR-9C by 31st March 2025. However, no refund will be given for late fees already paid.

NOTIFICATION No. 01/2025- CENTRAL TAX (RATE)

New GST Rate Addition:

A new item, "**Fortified Rice Kernel (FRK)**", is added to the list under the **2.5%** GST rate category. This item is now included after the existing item 98A.

Definition of 'Pre-packaged and Labelled':

The term "pre-packaged and labelled" now refers to products intended for retail sale that are in packages weighing no more than **25 kg or 25 litres**. These packages must meet the labelling requirements of the Legal Metrology Act.

NOTIFICATION No. 02/2025- CENTRAL TAX (RATE)

A new entry has been inserted in the GST schedule of Notification 02/2017 – Central Tax which states the goods, the supply of which is to be treated as exempt. "**Gene Therapy**" has been inserted at Serial Number 105A in the said schedule.

Gene therapy is a medical treatment that involves altering the genetic material within a person's cells to treat or prevent disease. This amendment indicates that products or services related to this innovative medical treatment are now recognized and exempted accordingly under GST.

NOTIFICATION No. 03/2025- CENTRAL TAX (RATE)

The amendment adds a new item under the existing GST notification (No. 39/2017 – CT(R)) related to food supplies. It specifies that the supply of food inputs for food preparations put up in unit containers and intended for free distribution to economically weaker sections of the society under a programme duly approved by the Central Government or any State Government will also be subject to reduced rate of 2.5% as the food preparations intended for such use itself are vide Notification No. 39/2017 – CT(R).

NOTIFICATION No. 04/2025- CENTRAL TAX (RATE)

The amendment changes the GST rate for old and used vehicles (other than old and used petrol LPG or CNG driven motor vehicles of engine capacity of 1200 cc or more and of length of 4000 mm or more, old and used diesel driven motor vehicles of engine capacity of 1500cc or more and of length of 4000 mm and old and used motor vehicles of engine capacity exceeding 1500 cc, popularly known as Sports Utility Vehicles (SUVs) including utility vehicles) from 6% to 9%.

NOTIFICATION No. 05/2025- CENTRAL TAX (RATE)

The amendment omits the definition of “declared tariff” from the Notification No. 11/2017 – Central Tax (Rate) which states the rates to be charged for various services. The amendment changes how “**specified premises**” are defined for GST purposes, specifically for hotel accommodation services.

“**Specified premises**” now includes:

- a) A premises where the supplier provided hotel accommodation services in the previous year, with individual room rates of any single unit above **Rs. 7,500 per day**; OR
- b) A premises for which a declaration has been filed between January 1st and March 31st of the preceding year, stating it is a “specified premises”; OR
- c) A premises for which a declaration was filed when applying for GST registration, within 15 days of registration, to declare it as “specified premises.”

New Declaration Formats (Annexures VII, VIII and IX):

A new declaration format (Annexure VII) has been introduced for registered persons who provide hotel accommodation services. This declaration is required to be filed with the GST authority, confirming that the premises will be treated as a “specified premises” for the given financial year. The declaration applies to the entire financial year and continues to apply for subsequent financial years as well unless a new declaration (Annexure IX) is filed, stating the premises is no longer “specified.” The persons applying for the registration can file a declaration as per Annexure VIII within 15 days of obtaining acknowledgement for the registration application for declaring the premises to be “specified premises.”

NOTIFICATION No. 06/2025- CENTRAL TAX (RATE)

- Change to “**Transmission and Distribution**” (Serial No. 25A):
The phrase “**transmission and distribution**” in Serial Number 25A of Notification No. 12/2017 – Central Tax (Rate) is replaced with “**transmission or distribution.**”
This makes it clear that the supply of services by way of providing metering equipment on rent, testing for meters/transformers/capacitors etc., releasing electricity connection, shifting of meters/service lines, issuing duplicate bills etc., which are incidental or ancillary to the supply of transmission **or** distribution of electricity provided by electricity transmission and distribution utilities to their consumers will be exempted from GST.
- New Entry for Insurance Services (After Serial No. 36A):
A new entry is added for insurance services provided by the Motor Vehicle Accident Fund against contributions made by insurers out of the premiums collected for third party insurance of motor vehicles.
This fund, which is set up under the Motor Vehicles Act, 1988, provides insurance coverage against motor vehicle accidents.
The GST rate for these services is **nil**, meaning they are exempt from GST.
- Addition to National Skill Development Corporation (NSDC) Training Partners (Serial No. 69):

The list of entities that qualify for specific GST exemptions is updated.

Now, training partners approved by the National Skill Development Corporation (NSDC) are added to the list. These training providers will also benefit from certain GST exemptions or benefits.

- Definition of “declared tariff” is to be excluded from Notification No. 12/2017 – Central Tax (Rate) with effect from 1st April, 2025.
- Definition of “insurer” is to be included in Notification No. 12/2017 – Central Tax (Rate) as “insurer” has the same meaning as assigned to it in sub-section (9) of section 2 of the Insurance Act, 1938 (4 of 1938).”

NOTIFICATION No. 07/2025- CENTRAL TAX (RATE)

In Serial No. 4 Sponsorship Services, the persons providing the sponsorship services will now specifically exclude "body corporate" for the purpose of applicability of RCM. This means that body corporates providing sponsorship services to any person will have to charge GST under FCM. Persons other than body corporate providing sponsorship services to body corporate or partnership firm located in the taxable territory, the body corporate or partnership firm will have to pay GST under RCM. Further, persons other than body corporate providing sponsorship services to persons other than body corporate or partnership firm located in the taxable territory, the supplier other than body corporate will have to pay GST under FCM.

In Serial No. 5AB which specifies applicability of RCM for services by way of renting of any immovable property other than residential dwelling by any unregistered person to any registered person, the phrase "any registered person" will now exclude persons who have opted for the composition levy. Hence, now it is to be read as any unregistered person providing renting of any immovable property other than residential dwelling to any registered person **other than a person who has opted to pay tax under composition levy**, such registered persons will be liable to pay GST under RCM.

NOTIFICATION No. 08/2025- CENTRAL TAX (RATE)

The change is being made to an older GST notification, Notification No. 17/2017 – Central Tax (Rate), which specifies the supplies that if made through Electronic Commerce Operator (ECO) like Ola, Uber, Zomato, Swiggy, etc. the ECO will have to pay tax to Government instead of the supplier. In the said notification, supply of restaurant service other than the services supplied by restaurant, eating joints etc. located at specified premises are also covered. The said term “specified premises” that is used in the said notification will now have the same meaning as the new definition of “specified premises” introduced in clause (xxxvi) of Notification No. 11/2017 – Central Tax (Rate) as already explained above.

Same Tax (Rate) notifications from 01 to 08 are issued for Integrated Tax (Rate) and Union Territory Tax (Rate).

NOTIFICATION No. 01/2025- COMPENSATION CESS (RATE)

This notification provides an exemption from the Compensation Cess under the Goods and Services Tax (GST) Act for the intrastate and interstate supply of taxable goods. Specifically, it reduces the **compensation cess rate to 0.1%** for the supply of goods by a registered supplier to a registered recipient for export. To qualify for this exemption, certain conditions must be met.

Conditions for Exemption:

1. The registered supplier must issue a tax invoice for the supply of goods to the registered recipient.
2. The recipient must export the goods within **90 days** from the date of issue of the tax invoice by registered supplier.
3. The recipient must include both the GST Identification Number (**GSTIN**) of the supplier and the tax invoice number in the shipping bill or export bill.
4. The recipient must be registered with an Export Promotion Council or Commodity Board recognized by the Department of Commerce.
5. The recipient must place an order with the supplier for procuring goods at a concessional rate, with a copy provided to the supplier's jurisdictional tax officer.
6. The goods must be transported directly from the supplier's location to the export location or a registered warehouse from where the said goods are to be moved to the export location.
7. If goods from multiple suppliers are aggregated before export, the goods must first be moved to a registered warehouse from where the said goods are to be moved to export location.
8. In cases of aggregated supplies, the recipient must endorse the receipt of goods on the tax invoice and obtain an acknowledgment of receipt of goods in the registered warehouse from the warehouse operator. The endorsed tax invoice and the acknowledgement of the warehouse operator shall be provided to the registered supplier as well as to the jurisdictional tax officer of such supplier.
9. After export, the recipient must provide proof of export being **shipping bill/bill of export** containing details of the GSTIN and tax invoice of the supplier along with proof of export general manifest or export report having been filed to the supplier and the jurisdictional tax officer of such supplier.

The exemption applies only if the recipient exports the said goods **within 90 days** from the date of issue of tax invoice. The notification is effective immediately.

~Compiled by Sanish Naik

RBI/2024-25/126
FMRD.FMD.No.10/14.01.006/2024-25
January 07, 2025

Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025

- Investment through **General route**:
 - Eligible non-residents: Foreign Portfolio Investors
 - Securities with residual maturity up to one year shall not exceed 30 per cent of the total investment of the FPI in each category.
 - An FPI may invest only in corporate debt securities with original/residual maturity of above one year.
 - Investment in corporate debt securities by an FPI (including its related FPIs) shall not exceed 15 per cent of prevailing investment limit for these securities in case of long-term FPIs and 10 per cent of prevailing investment limit for other FPIs.
- Further Investment can be done via 2 ways:
 1. Voluntary Retention Route (VRR)
 2. Fully Accessible Route

Transactions that breach investment limits will not be accepted and must be reversed. Violations by FPIs (Foreign Portfolio Investors) are subject to SEBI's regulatory action. Minor violations can be regularized with custodian approval within five working days, but any unaddressed minor violations or major violations must be reported by custodians to SEBI.

Notification No.
FEMA 395(3)/2025-RB
January 14, 2025

Foreign Exchange Management (Mode of Payment and Reporting of Non- Debt Instruments)

Key points from the provided information on modes of payment and remittance of proceeds across various schedules under the Foreign Exchange Management (FEM) Regulations:

- Schedule I (Equity Instruments of Indian Companies):
 - **Mode of Payment**: Payment for equity instruments must be made via inward remittance or from repatriable foreign currency/Rupee accounts.
 - **Issuance Timeline**: Equity instruments must be issued within 60 days of receiving the payment.

- **Refunds:** If not issued within 60 days, the payment must be refunded within 15 days through the same channels.
 - **Sale Proceeds:** Sale proceeds can be remitted or credited to repatriable accounts.
- Schedule II (Investments by FPIs):
- **Mode of Payment:** Payment must be via inward remittance or from funds in a foreign currency or Special Non-Resident Rupee (SNRR) account.
 - **Sale Proceeds:** Sale proceeds can be remitted or credited to a foreign currency or SNRR account.
- Schedule VI (Investments in LLPs):
- **Mode of Payment:** Payments for capital contributions must come via inward remittance or from repatriable accounts.
 - **Disinvestment Proceeds:** Proceeds can be remitted or credited to a repatriable account.
- Schedule VII (Investments by FVCIs):
- **Mode of Payment:** Payments must be made via inward remittance or from foreign currency/SNRR accounts.
 - **Sale/Maturity Proceeds:** These proceeds can be remitted or credited to a foreign currency or SNRR account.
- Schedule VIII (Investments in Investment Vehicles):
- **Mode of Payment:** Payments can be made via inward remittance, share swap, or from repatriable accounts.
 - **Sale/Maturity Proceeds:** Proceeds can be remitted or credited to a repatriable account.
- Schedule X (Indian Depository Receipts - IDRs):
- **Mode of Payment:** NRIs/OCIs can invest from NRE/FCNR(B) accounts, and FPIs can use foreign currency or SNRR accounts.
 - **Sale/Maturity Proceeds:** Redemption or conversion of IDRs must comply with the Overseas Investment Rules, 2022.

RBI/2024-25/106

DoR.SIG.FIN.REC.56/26.03.001/2024-25

January 20, 2025

Guidelines on Settlement of Dues of borrowers by ARCs

- Every ARC must have a policy approved by the Board for settling dues with borrowers.
- The settlement amount should be paid in one lump sum.
- Independent Advisory Committee (IAC) must evaluate settlement proposals, especially for high-value accounts (> ₹1 crore).
- The IAC consists of professionals with legal, financial, or technical backgrounds and provides recommendations to the ARC.
- The Committee responsible for reviewing the settlement proposals must have at least two independent directors, chaired by one, and meet other prescribed criteria.

~ Compiled by Purav Vakil

Brief on Adjudication Order passed by Registrar of Companies

Section No. and Name	Section 155 of the Companies Act, 2013 Prohibition to Obtain More than One DIN
Date of Order	03 rd October, 2024
Name of Director	Mrs. Anubama
Name of ROC	Registrar of Companies, Tamil Nadu, Chennai
Brief Facts	<p>Mrs. Anubama has submitted an adjudication application in form GNL-1</p> <p>Prohibits individuals from obtaining more than one Director Identification Number (DIN).</p> <ul style="list-style-type: none">• Mrs. Anubama obtained her first DIN (01918570) on January 9, 2008, and used it to become a director in multiple Companies. She later resigned from these positions.

	<ul style="list-style-type: none"> • She inadvertently obtained a second DIN (060564762) on April 23,2013, and used it to become a director in some Companies. She later resigned from these positions as well. • She is currently a designated partner in two LLPs. • She applied to surrender the second DIN using Form DIR-5, but the form was returned for resubmission due to the violation of Section 155. 						
Reply by Director	The application submitted by Mrs. Anubama claims that the contravention was not committed with any malicious intent and did not cause any prejudice to stakeholders.						
Penalty	<p>Period of non-compliance: 3802 days, from April 1, 2014, to August 27, 2024.</p> <table border="1"> <thead> <tr> <th>Name of the Defaulter</th><th>Amount (Rs.)</th></tr> </thead> <tbody> <tr> <td>Penalty on Director (Mrs. Anubama)</td><td>Rs. 50,000 + 3802*500 = 19,51,000/-</td></tr> <tr> <td>Total Penalty</td><td>19,51,000/-</td></tr> </tbody> </table>	Name of the Defaulter	Amount (Rs.)	Penalty on Director (Mrs. Anubama)	Rs. 50,000 + 3802*500 = 19,51,000/-	Total Penalty	19,51,000/-
Name of the Defaulter	Amount (Rs.)						
Penalty on Director (Mrs. Anubama)	Rs. 50,000 + 3802*500 = 19,51,000/-						
Total Penalty	19,51,000/-						

~Compiled by Omkar Pawar

HUNAR ART



~ Aayush Shah

Allow us to tell you more!



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