MUKUND&ROHIT

CHARTERED ACCOUNTANTS

NEWSLETTER

OCTOBER 2025

The four-slab system (5%, 12%, 18%, 28%) has been largely replaced. Most items under 12% or 28% have been moved to either 5% or 18% slabs.
A new 40% slab is introduced for “sin” or “demerit”/ luxury goods.

Regulation of Tax Audits per Partner

The Institute of Chartered Accountants of India (ICAI) has notified a limit: a partner in an accounting/audit firm can conduct no more than 60 tax audits annually. This rule will come into force from April 2026.

India’s Credit Rating Upgrade: A Boost for Economic Confidence

In August 2025, Standard & Poor’s (S&P) upgraded India’s sovereign credit rating from ‘BBB-’ to ‘BBB’ with a stable outlook—the first upgrade in 18 years. This milestone reflects India’s robust economic growth, fiscal discipline, and resilience amid global uncertainties.
Key Drivers
Strong Economic Growth: India’s GDP growth averaged 8.8% from FY22 to FY24, with S&P projecting 6.5% growth in FY26.
Monetary Stability: Inflation-targeting policies have anchored expectations, maintaining macroeconomic stability.

Global Resilience: Limited reliance on trade and strong domestic consumption have shielded India from external shocks.

Implications:
The upgrade enhances investor confidence, lowers borrowing costs, and signals India as a reliable destination for foreign investment, paving the way for sustainable economic growth.

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New GST Rates in India 2025

A Major Reform After Six Decades

Goods and Services Tax (GST) rates in India are crucial for every segment of the economy. Every time the GST Council meets, Indian enterprises and consumers alike are watching out for the next set of GST rate changes. India's GST regime is undergoing a landmark transformation with the 56th GST Council meeting unveiling GST 2.0 - next-generation reforms simplifying tax slabs to 5%, 18%, and 40%. Effective from September 22, 2025, these reforms aim to ease compliance, boost consumption, and fuel economic growth.

Amendments in GST law

- The most awaited 56th GST Council meeting happened 3rd September 2025. The council rationalised the GST rate structure from four GST slabs (5%, 12%, 18%, 28%) to a simplified structure:
- Standard rate: 18% - Applicable to most goods and services
- Merit rate: 5% - For essential items and priority sectors
- Demerit rate: 40% - Selective application to sin goods and luxury items

Amendments in GST law

- GST on individual health & life insurance has been made exempted.
- GST on dairy products, 33 lifesaving drugs and educational essentials have been brought down to Nil rate.
- GST on daily essentials, agriculture goods, health care equipment have been brought down to 5%.
- GST on electronic appliances, small cars and motor cycles (≤350cc) have been brought down to 18%.
- GST on sin goods such as pan masala, aerated waters, caffeinated beverages, carbonated beverages of fruit drinks / with fruit juice has been increased to 40%.
- All these GST rate changes will be effective from 22nd Sept 2025 except tobacco products.T

Advisory for Filing Pending GST Returns before Expiry of Three Years

As per the Finance Act, 2023 (Act No. 8 of 2023), effective from 01st October 2023 vide Notification No. 28/2023 – Central Tax dated 31st July 2023, taxpayers will not be allowed to file their GST returns after the expiry of three years from the due date of furnishing the said return.

Key Advisory:

- Returns not filed within three years from their due date will be permanently barred from filing.
- This restriction will be applicable on the GST portal beginning 1st October 2025 for all returns due up to the September 2025 tax period.
- Returns for which the due date expired three years back (or more) and are still pending will no longer be accepted after this cutoff date.

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Restriction applies

This restriction applies to the following sections:

- Section 37 – Outward Supply
- Section 39 – Payment of Liability
- Section 44 – Annual Return
- Section 52 – Tax Collected at Source

- **Accordingly, the following GST return forms will be impacted: GSTR-1, GSTR-1A, GSTR-3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR-7, GSTR-8, and GSTR-9/9C.**

GST Form	Barred Period
GSTR-1/IFF	Aug 2022
GSTR-1Q	April – June 2022
GSTR-3B/M	Aug 2022
GSTR-3BQ	April – June 2022
GSTR-4	FY 2021-22
GSTR-5	Aug 2022
GSTR-6	Aug 2022
GSTR-7	Aug 2022
GSTR-8	Aug 2022
GSTR-9/9C	FY 2020-21

ICAI notifies rules to limit annual tax audits to 60 per partner

To discourage audit assignment concentration among senior partners and curb anti-competitive practices, the Institute of Chartered Accountants of India (ICAI) has set new guidelines. Effective April 2026, these guidelines limit each accounting firm partner to a maximum of 60 tax audits annually. The audit of a head office and its branches will be considered a single assignment.

What Changes Will Occur Under the New Framework?

Under the current framework, Section 44AB of the Income Tax Act, 1961 limits the number of tax audits a Chartered Accountant can sign to 60. However, this is interpreted as an individual cap rather than a firm-level restriction. In practice, this has enabled larger firms to pool audit assignments across partners. For example, a firm with five partners could sign up to 300 audits (5 x 60), and technically, a single senior partner could sign all 300 using the quotas of junior partners or dormant ones.

Statement from ICAI President

ICAI President described the reform as a step toward professional integrity and accountability. He stated:

"The limit of 60 would be the aggregate limit (under the new guidelines) in respect of all tax audits signed by a member, both in his capacity and as a partner of an accounting firm."

He also clarified the ethics behind banning proxy signing:

"Moreover, a partner of a firm won't be able to sign any tax audit report on behalf of any other partner."

According to the ICAI President, the objective is to discourage the concentration of audit assignments with a few senior individuals, and to curb anti-competitive conduct that arises when a handful of partners control audit volume beyond reasonable professional limits.

Comparative Snapshot – Before and After

In accordance with the provisions of Section 405 of the Companies Act, 2013, companies are required to file MSME Form I with the Registrar of Companies (ROC) if they have outstanding dues payable to Micro and Small Enterprises (MSMEs) which remain unpaid for more than 45 days from the date of acceptance or deemed acceptance of goods or services.

Aspect	**Current Framework**	**Proposed Framework (Effective FY26)**
Audit Limit per partner	60 audits per CA; firm-level pooling allowed	60 audits aggregate per partner (individual + firm roles)
Firm-Level Flexibility	One partner may sign any number of audits using others' quotas	Strictly capped at 60 per partner
Proxy Signing	Allowed	Prohibited
Responsibility Allocation	Often centralised in a few hands	Decentralised; direct signing responsibility enforced

What's Next?

While the ICAI has approved the proposal, the notification and operational guidelines are expected to be issued soon. The institute is likely to provide detailed directions for implementation, including tracking mechanisms, compliance declarations, and penalties for non-compliance.

Conclusion

ICAI's proposed audit cap is more than a numerical adjustment; it is a systemic correction aimed at fostering ethics, independence, and professional diligence in audit practice.

As India's financial reporting ecosystem matures, such measures are critical to ensuring the credibility of audit opinions and the health of the regulatory environment.

Filing of MSME Form I with the Registrar of Companies (ROC):-

Form MSME-1 is filed by companies to report payments due to registered MSME suppliers that are outstanding for more than 45 days. As per the MSMED Act, buyers must pay MSMEs within the agreed time or within 15 days if no date is set, but not later than 45 days. If this timeline is breached, companies must file Form MSME-1 with the ROC. It helps the government monitor delayed payments. Filing is only needed when such dues exist—no need to file a 'Nil' return if there are no pending payments.

Important Advisory:

All companies having such outstanding dues are strongly advised to ensure timely compliance with the above filing requirements to avoid penal consequences. Non-filing or delayed filing may attract penalties under the Companies Act.

Key Points:

- Governing Provision: Section 405 of the Companies Act, 2013.
- Objective: To report delays in payments to MSME vendors.
- Applicability: Filing is mandatory only if there are such outstanding dues. Nil returns are not required.

Filing Deadlines:

- For the half-year ending 31st March (October–March period): Filing due by 30th April.
- For the half-year ending 30th September (April–September period): Filing due by 31st October.

COMPLIANCE CALENDAR

TDS/TCS	
7	Payment for Oct 2025
14	Issue of TDS Certificates for tax deducted u/s 194-IA, 194-IB, 194M in Sep 2025
14	Issue of TDS Certificate for Non salary TDS returns.
30	Deposit of TDS u/s 194-IA on payment made for purchase of property in Oct 2025 in Form 26QB.
30	Deposit of TDS u/s 194M for Nov 2025 on payments made to resident contractors or professionals greater than 50 lacs pa by individual/HUF not subject to tax audit in Form 26QD

Income Tax	
15	Form 24G Statement.
31	Tax Audit Report Filing (Form 3CA/3CB & 3CD).
31	ITR Filing for businesses/taxpayers whose accounts require Audit.

FEMA	
8	ECB-2 Return -By Borrowers of ECB through AD Bank for Sep 2025.

GST, INDIRECT TAXES & CORPORATE AND ALLIED LAWS	
10	Return for Authorities deduction Tax at source-GSTR7 for Sep 2025

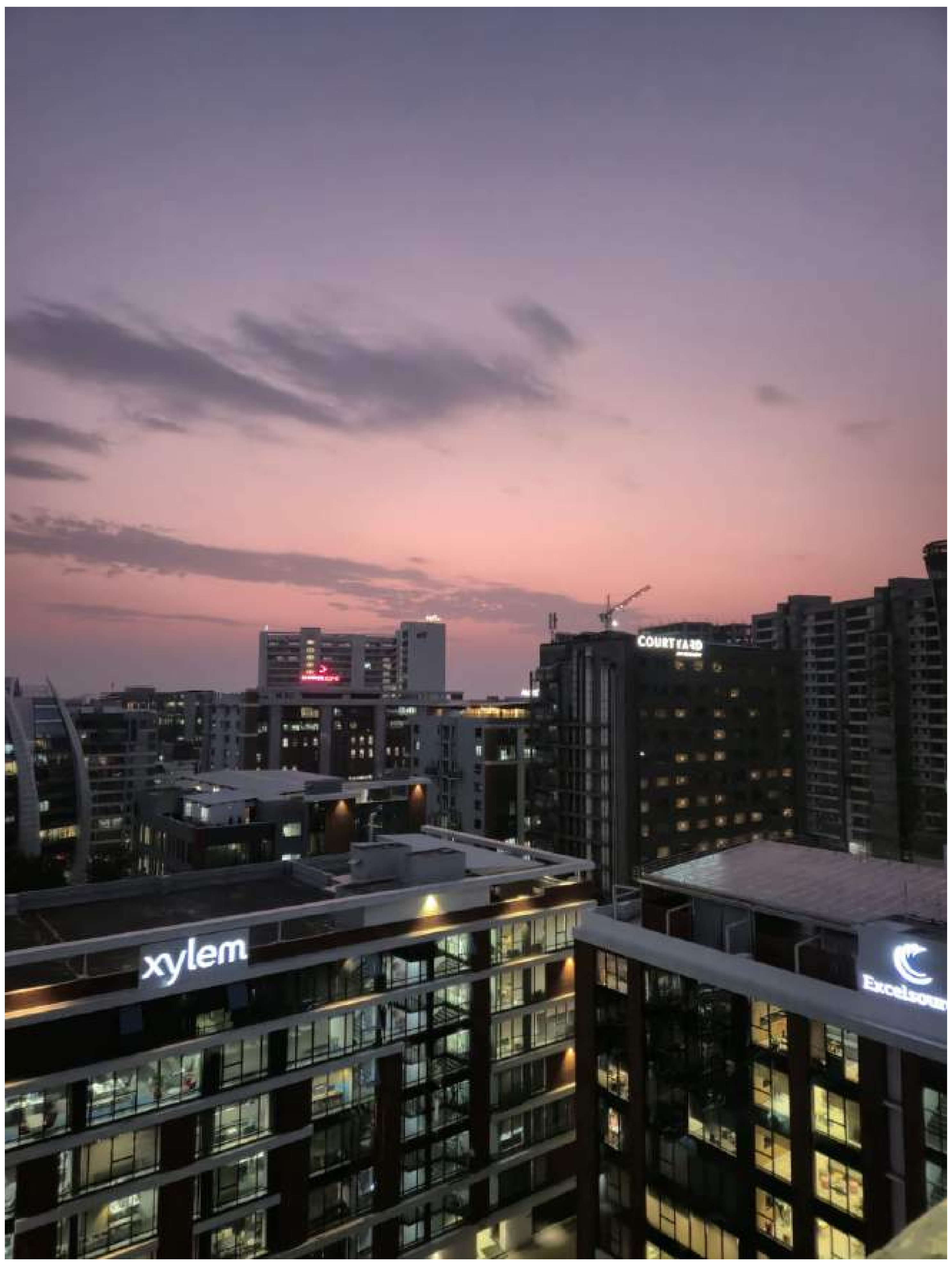
September,2025

COMPLIANCE CALENDAR

10	Details of supplies effected through e-commerce operator & the amount of tax collected-GSTR8 for Sep 2025.
11	Details of outward supplies of taxable goods and/or services effected – GSTR 1 for Sep 2025.
13	Invoice Furnishing Facility (IFF) for Sep 2025 in Lieu of GSTR1 for QRMP Filing.
13	Return for non-resident foreign taxable person – GSTR 5 for Sep 2025.
13	Return for Input Service Distributor – GSTR 6 for Sep 2025.
20	GSTR 3B for Sep 2025 if aggregate turnover above Rs. 5 crores.
20	Return for OIDAR Service Provider – GSTR 5A for Sep 2025.
22	GSTR 3B for Sep 2025 if aggregate turnover below Rs. 5 Cr (Note 1).
24	GSTR 3B for Sep 2025 if turnover below Rs. 5 Cr (Note 2).
29	Filing of MGT-7/MGT-7A for companies & OPC for F.Y.2024-25.
31	Professional Tax - Monthly Return Tax Liability of Rs.1,00,000/- & Above for Sep 2025.
15	P.F & ESIC- Payment for Sep 2025.

Note 1:For Andaman and Nicobar Islands,Andra Pradesh ,Chhattisgarh,Dadra&Nagar Haveli,Gujarat,Goa, Karnataka,Kerala,Lakshadweep,Madhya Pradesh,Maharashtra,Puducherry,Tamil Nadu,Telangana
Note 2:For Rest of India

CREATIVE CORNER



-Vedant Rana

-Shivya Chella

CREATIVE CORNER

White

White is the color of pure delight,
A quiet glow, soft and bright.
Though simple it seems to the eye,
It holds all colors that blend and lie.

Black

Black is the shade of silent night,
Feared by some, yet calm and right.
Empty it seems, yet full of space,
A quiet depth, a hidden grace.

~Vyom Siddhapura

NEWSLETTER CREDIT

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