



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SETUP BY AN ACT OF PARLIAMENT)

BHUJ BRANCH OF ICAI (WIRC)

KATIRA COMPLEX, SANSKAR NAGAR RD, SANSKAR NAGAR, BHUJ, GUJARAT 370001

E-NEWSLETTER



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Chairperson's Communique



Another productive and dynamic month has gone by that overflowed with activities aimed towards professional and personal development of our members.

- During the month of January, Bhuj Branch of ICAI has organised Celebration on Republic Day alongwith Indoor Games at Branch premise.
- During the month Income Tax Office has also organised at our Branch premise **The outreach programme on problems faced related to registration u/s 80G & 12A application, condonation of delays and pending grievances**, where all the members were present.

In the coming month, branch is planning to organise Orientation Training Programme for students of Bhuj Branch. Further for the development in the field of technology branch is planning to organise full fledged 3 days course on Artificial Intelligence for our members.

I take this occurrence to remark a sense of gratefulness to the faculties for enriching the members with their knowledge and branch Managing Committee for their joint participation.

With Regards,

CA Jagdish Hirani

Chairperson – Bhuj Branch of WIRC of ICAI.

MANAGING COMMITTEE

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Chairperson

CA Bharghav Shankarwala
Vice Chairperson & Treasurer

CA Manisha Joshi
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CA Hardik N. Thakkar
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CA Vijay Thacker
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CA Zahir Memon
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When will FII stop selling?

CA Jigar Kshatriya B.Com., ACA

If you are an investor in capital markets, this is the only question we have these days. Mutual funds schemes have surrendered their 12 months gains and turning negative. India has turned into worst performing market from best performing market. Is FII selling going to stop anytime soon? Can we buy in these markets? Should we stop our SIP or should we step up SIPs?



Answers to all above questions are subjective matter and no direct answer.

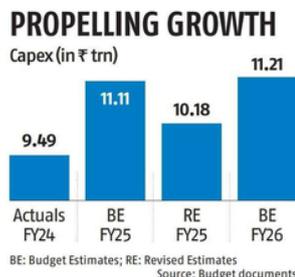
What we can do is understand why FIIs are selling aggressively?

Let’s say for example, a certain Foreign hedge fund had invested \$1,000 at 82rs a year ago into Indian markets. Now, from September 2024 US FED started cutting rates aggressively making their local markets attractive again while RBI had maintained status quo rates till now and cutting rate for the first time in February 2025 since 2020. As of now Rupee has depreciated to 88rs making their \$1000 value as \$931.82 effectively. Further to add fuel to the fire, their investments in Indian markets has also gone down as smallcap & midcap faced much more pressure. This has triggered a chain reaction with more FII selling & more rupee depreciation.

Domestic Institutions have tried to absorb those immense selling. Mutual funds net inflow for Jan 2025 approx Rs. 40,000 Crs Following are the returns of some Smallcap & Midcap funds as on 11th Feb 2025:

Returns	Nippon India Small Cap Dir	HDFC Small Cap Dir	Quant Small Cap Dir	Mirae Asset Large & Midcap Dir	HDFC Mid-Cap Opportunities Dir
YTD	-13.63	-11.83	-11.12	-8.25	-9.89
1 Day	-2.84	-2.69	-2.72	-2.24	-2.47
1 Week	-4.47	-3.52	-4.87	-3.86	-3.7
1 Month	-9.56	-8.35	-8.5	-4.79	-6.07
3 Months	-13.31	-11.58	-13.11	-8.74	-7.58
6 Months	-13.1	-9.36	-15.14	-10.02	-6.72
1 Year	5.88	1.95	-1.8	4.7	10.46
2 Years	28.59	24.39	28.33	18.93	30
3 Years	22.1	19.52	20.21	12.13	24.25
5 Years	30.47	26.12	39.78	18.76	25.74

Valuations are also a concern not to forget, as our GDP growth rate of 6.4% is the lowest since last 4 years. With Budget 2025 giving major benefits to middle class, we see capex target more or less same as last year itself.



Let's now talk about Mr. President who has taken everyone country by storm with his "Reciprocal Tariff" policy. India certainly is most affected by this policy as we levy higher taxes on imports compared to US. With Modi-Trump meeting on cards, we can expect positive developments hopefully.

What should we do?:

1. As a trader:

- **Keep a watch on US Dollar Index (DXY):** Dollar Index has been a significant factor contributing to the decline in Indian markets. This has also led to major FII & FPI selling. Keep track of Dollar index vis-à-vis Global news
- **Follow Trend:** For trading purpose, identifying Uptrend, downtrend & sideways trend is most important. If there is a higher high & lower high formation then it's uptrend. If Lower low & higher low formation then it's a downtrend.

2. As a Long term Investor:

- **Focus on Fundamentals:** If you are an investor then keep looking for a value buy as short term fluctuations will give better opportunities to accumulate good companies at a bargain price.
- **Keep a track of Quarterly results & Management commentary:** Last 2 quarterly results have been muted by most of NIFTY50 companies. Some commentaries have been positive giving good future prospects. Focusing on management commentary of the Industry will give fair idea about the company in long run.

Conclusion:

Nobody knows when will FIIs stop selling but we certainly know that India will have an edge as an emerging market in next decades to come.

Journey of Income Tax Act from year 1922 to 2025

CA. Chunauti H. Dholakia

“Nothing is certain except death and taxes”.

These words of Benjamin Franklin used in relevance to ratification of U.S. constitution are still relevant in case of levy of direct and indirect taxes. Since starting of the journey in year 1922, the Income Tax Act has travelled through many stations such as changes in provisions, addition and deletion of sections etc. It stayed once at a junction of change in full Act and reached recently at a new junction of revamp of full Act again. It is interesting to revise this journey of Income Tax Act since its inception.



Implementation of income tax system first time in India

In India, system of direct taxation is in force since ancient times. There are references in Manu Smriti and Arthashastra to a variety of tax measures. Collection of Income tax was well-organized and it was major part of revenue of the States. But there was no separate Income Tax Act. In year 1922, first time Income Tax Act was enacted. In year 1921, All India Income Tax Committee was appointed. On the recommendation of this committee, Income Tax Act, 1922 was introduced. This Act marked an important change by shifting the administration of income tax from the hands of Provincial Government to the Central Government. This Act laid a foundation for the modern income tax system in India. It defined charge of income tax and outlined five heads of income and provided for various exemptions and deductions.

In 1924, Central Board of Revenue Act constituted the Board as a statutory body with functional responsibilities for the administration of the Income-tax Act. Commissioners of Income-tax were appointed separately for each province and Assistant Commissioners and Income-tax Officers were provided under their control. The amendments to the Income tax Act, in 1939, made two vital structural changes: (i) appellate functions were separated from administrative functions; a class of officers, known as Appellate Assistant Commissioners, thus came into existence, and (ii) a central charge was created in Bombay. In 1940, with a view to exercising effective control over the progress and inspection of the work of Income-tax Department throughout India, the very first attached office of the Board, called Directorate of Inspection (Income Tax) was created. As a result of separation of executive and judicial functions, in 1941, the Appellate Tribunal came into existence. In the same year, a central charge was created in Calcutta also. Before independence, many changes were made in the Income Tax Act, 1922.

Implementation of Income Tax Act, 1961

Over the years, Courts and other stakeholders commented on the illogical arrangement of the provisions of the Act. After India gained independence in year

the Law Commission and Enquiry Committee made several recommendations to replace the Income Tax Act, 1922 with new Act. Meetings were held with various associations such as ICAI, Federation of Indian Chamber of Commerce and Industries, Bar Association (New Delhi), The Tax payer's Association of India, Bombay etc. The then Finance Minister Shri Morarji Desai with Past President of ICAI Shri G.P. Kapadia, Shri N.A. Palkhiwala, B.P.Pddar and other leading personalities of various associations participated in the meetings. It is interesting to note that minutes of such meetings of the select committee on the Income Tax Bill, 1961 is available on the portal of parliament digital library. (To access the minutes, [Click here](#)). Main points of discussion with such association includes change in definition of "relatives", "year", provisions related to accumulation of income by charitable trusts, taxation of entertainment allowance, advance payment of salary, taxation of income of non-residents, capital gain etc. In November, 1956, a press communique was issued and suggestions were invited from the public.

In the Income Tax Act, 1922, provisions dealing with the same topic or subject matter were scattered through the various chapters of the Act. Hence thorough knowledge of the whole Act was necessary to understand all the provisions related to certain point. The committee found illogical arrangements of provisions, inaccuracy in use of language and high degree of obscurity. These defects made it difficult to have a glimpses of real intention of the legislature. Hence the Government asked the committee to revise the Act so as to make it more intelligible without affecting its basic tax structure. The Committee recommended simplification of language of the Act by splitting up the sections into independent sections. Based on such recommendations and suggestions, the Income Tax Act, 1961 was introduced and came into effect from 1 April, 1962. It replaced the Income tax Act, 1922. It is interesting to note that at the time of introduction of Income Tax Act, 1961 also, the tax structure was not altered and no major change affecting the substance of law was made in the substantive provisions.

The enactment of the Income Tax Act, 1961, was a landmark event that consolidated and simplified various provisions to create a more coherent and comprehensive statute. This Act was periodically updated to incorporate new provisions, rates and exemptions.

After implementation of Income Tax Act, 1961 many administrative and tax reforms were carried out. It includes following reforms:

- Introduction of Voluntary Disclosure Scheme
- Introduction of system of Permanent Account Number in year 1972.
- Allotment of appellate functions to a new cadre of Commissioner known as Commissioner (Appeals) in year 1978.
- Introduction of computerized system for processing of challans and PAN in year 1983.

- Introduction of Minimum Alternate Tax in year 1997.
- Introduction of section 260A to enable direct appeal to High Court and introduction of 1/6 scheme and penalty for non-filing of return in year 1998.
- Introduction of computerized processing of returns all over the country in year 2002.
- Launching of website of Income tax department (www.incometaxindia.gov.in) in year 2002.
- Introduction of Fringe Benefit Tax (FBT) and Securities Transaction Tax (STT) in year 2004.
- Introduction of Banking Cash Transaction Tax (BCCT) in year 2005.
- Launching of project for enabling e-filing of returns in year 2006.
- Set-up of Centralized Processing Centre (CPC) in Bengaluru year 2009.
- Launching of TRACES (TDS Reconciliation, Accounting and Correction Enabling System) in year 2012.
- Introduction of presumptive taxation scheme in year 2016.
- Shifting of base year from 1981 to 2001 for computation of capital gains in year 2017.
- Introduction of new tax regime in year 2020.
- Introduction of new tax regime as default regime in year 2023.
- Introduction of new Income Tax Bill in year 2025.

Introduction of new Income Tax Bill, 2025

Since introduction of the Income Tax Act, 1961 the Act was amended nearly 65 times with more than 4000 amendments. Many sub-sections, proviso, explanations, clauses, explanation to provisos were introduced, which made the Act bulky and difficult to understand. Some sections became redundant over the time. Hence it became necessary to make the Act concise, lucid and easy to understand. Hence meetings and brain storming sessions were held with industry and professional associations. Also, in comprehensive consultation process, total 20976 suggestions were received for simplification and removal of redundancy. In the past, in year 2009 and 2019, attempts were made for simplification of the Act. Based on such recommendations and suggestions, the new Income Tax Bill, 2025 has been introduced.

The new income Tax Bill containing 622 pages has 536 sections having 2.60 Lakh words. About 1200 provisos and 900 explanations were removed in new Bill. More than 57 tables are introduced to make the provisions easy to understand and simplified cross-reference system is adopted.

The Bill has not changed tax structure and substance of provisions. But wherever required, the Bill divided the old section into various sections to make it easy to understand. The procedural aspect and specific details are proposed to be provided by way of Rules. Concept of “previous year” and “assessment year” has been replaced with “tax year”. Taxation of Non-Profit Organizations (NPO) has been

divided in 7 sub-parts. Provisions related to TDS and TCS are made easier to comprehend by providing tables. All the provisions related to salaried employees have been consolidated. Also, separate schedules are included for many provisions including provisions related to exemptions for specific incomes and persons.

After passing of the Income Tax Bill in Parliament, the Bill will become the Income Tax Act, 2025. New rules and forms will be notified. Also, software system will be updated to incorporate relevant changes. It is certain that further journey of the Income Tax Act from year 2025 will be more interesting and exciting.

GST Updates – Notifications, Circulars, Order, Instructions, RoDs, Press Releases For the month of January 2024

-CA Deep Koradia B.Com., FCA, DISA(ICAI)

Sr No	Notification No	Category	Date	Description	Keyword / Reference/ Comment	Link
1	1/2025	Central Tax	10-01-25	Seeks to extend the due date for furnishing FORM GSTR-1 for the month of December, 2024 and the quarter of October to December, 2024, as the case may be	For Dec-24, GSTR-1 Monthly extended to 13th, GSTR-1 QRMP Extended to 15th	Click here
2	2/2025	Central Tax	10-01-25	Seeks to extend the due date for furnishing FORM GSTR-3B for the month of December, 2024 and the quarter of October to December, 2024, as the case may be	For Dec-24, 3B Monthly Due date extended to 22nd. QRMP extended to 24 Or 26	Click here
3	3/2025	Central Tax	10-01-25	Seeks to extend the due date for furnishing FORM GSTR-5 for the month of December, 2024	For Dec-24, GSTR-5 Due date Extended to 15th	Click here

4	4/2025	Central Tax	10-01-25	Seeks to extend the due date for furnishing FORM GSTR-6 for the month of December, 2024	For Dec-24, GSTR-6 Due date Extended to 15th	Click here
5	5/2025	Central Tax	10-01-25	Seeks to extend the due date for furnishing FORM GSTR-7 for the month of December, 2024	For Dec-24, GSTR-7 Due date Extended to 12th	Click here
6	6/2025	Central Tax	10-01-25	Seeks to extend the due date for furnishing FORM GSTR-8 for the month of December, 2024	For Dec-24, GSTR-8 Due date Extended to 12th	Click here
7	7/2025	Central Tax	23-01-25	Central Tax Notification to amend CGST Rules, Central Goods and Services Tax (Amendment) Rules, 2025	CGST Rules amended for incorporating provision for granting Temporary GSTIN to those who is not required to take reg but need to make payment	Click Here
8	8/2025	Central Tax	23-01-25	Central Tax Notification for waiver of the late fee	GSTR-9C' late fee waived for FY 17-18 to 22-23, if filled by 31-03-2025	Click Here
9	01/2025	Central Tax Rate	16-01-25	Seeks to amend Notification no. 01/2017-Central Tax (Rate)	GST Good's Rate Changed in NN 01-2017	Click Here

10	02/2025	Central Tax Rate	16-01-25	Seeks to amend Notification no. 02/2017-Central Tax (Rate)	GST Good's Exemptions Changed in NN 02-2017	Click Here
11	03/2025	Central Tax Rate	16-01-25	Seeks to amend Notification no. 39/2017-Central Tax (Rate)	03-2017 CTR Amended which prescribes the lower Rate of GST when Supplied to Economical weaker section, subject to the condition mentioned there in.	Click here
12	04/2025	Central Tax Rate	16-01-25	Seeks to amend Notification no. 08/2018-Central Tax (Rate)	Sale of old car under Chapter 87 attracts 18% of GST (from previous 12%) on Margin Value	Click Here
13	05/2025	Central Tax Rate	16-01-25	Seeks to amend Notification No 11/2017 - Central Tax (Rate) dated 28th June, 2017 to implement the recommendations of the 55th GST Council.	GST Services's Rate Notification Updated 11-2017. Now A Restaurant can give declaration as it's a specified premise and opt for 18% with ITC.	Click Here
14	06/2025	Central Tax Rate	16-01-25	Seeks to amend Notification No 12/2017-Central Tax (Rate) dated 28th June, 2017 to implement the recommendations of the 55th GST Council.	GST Services's Exemptions Notification Updated 12-2017	Click Here

15	07/2025	Central Tax Rate	16-01-25	Seeks to amend Notification No 13/2017-Central Tax (Rate), dated 28th June, 2017 to implement the recommendations of the 55th GST Council..	Change in RCM Notification 13-2017. Sponsor Ship Service Provider other than Body corporate only now covered in RCM. Now RCM removed for composition tax payer in case of Renting of commercial property	Click Here
16	08/2025	Central Tax Rate	16-01-25	Seeks to amend Notification No 17/2017-Central Tax (Rate), dated 28th June, 2017 to implement the recommendations of the 55th GST Council.	RCM on Ecommerce Operator, Specified Premise Definition made in Sync with 11-2017 CTR	Click here
17	01/2025	Integrated Tax Rate	16-01-25	Seeks to amend Notification no. 01/2017-Integrated Tax (Rate)	GST Good's Rate Changed in NN 01-2017	Click Here
18	02/2025	Integrated Tax Rate	16-01-25	Seeks to amend Notification no. 02/2017-Integrated Tax (Rate)	GST Good's Exemptions Changed in NN 02-2017	Click Here
19	03/2025	Integrated Tax Rate	16-01-25	Seeks to amend Notification no. 40/2017-Integrated Tax (Rate)	40-2017 CTR Amended which prescribes the lower Rate of GST when Supplied to Economical weaker section, subject to the condition mentioned there in.	Click Here

20	04/2025	Integrated Tax Rate	16-01-25	Seeks to amend Notification no. 09/2018-Integrated Tax (Rate)	Sale of old car under Chapter 87 attracts 18% of GST (from previous 12%) on Margin Value	Click Here
21	05/2025	Integrated Tax Rate	16-01-25	Seeks to amend Notification No 8/2017-Integrated Tax (Rate), dated 28th June, 2017 to implement the recommendations of the 55th GST Council.	GST Services's Rate Notification Updated 08-2017. Now A Restaurant can give declaration as it's a specified premise and opt for 18% with ITC.	Click here
22	06/2025	Integrated Tax Rate	16-01-25	Seeks to amend Notification No 9/2017-Integrated Tax (Rate), dated 28th June, 2017 to implement the recommendations of the 55th GST Council.	GST Services's Exemptions Notification Updated 09-2017	Click Here
23	07/2025	Integrated Tax Rate	16-01-25	Seeks to amend Notification No 10/2017-Integrated Tax (Rate), dated 28th June, 2017 to implement the recommendations of the 55th GST Council..	Change in RCM Notification 10-2017. Sponsor Ship Service Provider other than Body corporate only now covered in RCM. Now RCM removed for composition tax payer in case of Renting of commercial property	Click Here

24	08/2025	Integrated Tax Rate	16-01-25	Seeks to amend Notification No 14/2017-Integrated Tax (Rate), dated 28th June, 2017 to implement the recommendations of the 55th GST Council.	RCM on Ecommerce Operator, Specified Premise Definition made in Sync with Services Rate NN	Click Here
25	01/2025	Compensation Cess (Rate)	16-01-25	Seeks to prescribe Compensation cess rate of 0.1% on supply of taxable goods by a registered supplier to a registered recipient for export subject to specified conditions.	0.10% Merchat Export Sale Rate also prescribed on CESS	Click here
26	244/2024	Circular - CGST	28-01-25	Regularizing payment of GST on co-insurance premium apportioned by the lead insurer to the co-insurer and on ceding /re-insurance commission deducted from the reinsurance premium paid by the insurer to the reinsurer.	Explained recently made amendment in SCH III and also regularise the same for past period "payment of GST on co-insurance premium" on as Is basis	Click Here

27	245/2024	Circular - CGST	28-01-25	Clarifications regarding applicability of GST on certain services.	<ul style="list-style-type: none"> - No GST on Penal Charges by Banks or NBFCs - Payment Gateway transaction upto 2000 exempted via Entry No 34 - Services provided of Research by Govt entities against Grant received has been exempted - payment of GST on services provided by Training Partners approved by the National Skill Development Corporation has been exempted and also regularised for past period - Delhi Municipal Corporation's own exps to upkeep their premise is not exempted - Delhi Development Authority is not local authority - RCM on commercial property for Composition Tax payer removed and regularised 	Click Here
28	246/2024	Circular - CGST	30-01-25	Clarification on applicability of late fee for delay in furnishing of FORM GSTR-9C	<p>Late fee for GSTR-9 and 9C is same. If GSTR-9 filled but 9C missed, then Late fee will be applicable till the date of 9C. However, for FY 17-18 to 22-23, late fee of 9C waived (over and above applicable till the date of filling G9) IF filled before 31-03-25</p>	Click here

29	01/2025	Instructio n	13-01- 25	GUIDELINES FOR ARREST AND BAIL IN RELATION TO OFFENCES PUNISHABLE UNDER THE CGST ACT, 2017 - REG.	Ground of arrest must be communicated to the person and also in written as annexure to Arrest Memo	Click Here
30	02/2025	Instructio n	07-02- 25	Procedure to be followed in department appeal filed against interest and/or penalty only, related to Section 128A of the CGST Act, 2017	Where Departmental appeal is due to wrong interest calculation and/or wrong imposition or non-imposition of penalty , Benefit of 128A will be available and Dept should withdraw the appeal	Click here

DUE DATES CALENDAR

DATE	COMPLIANCE
7th February 2024	TDS Payment for Jan 2025
10th February 2024	Professional Tax (PT) on Salaries for Jan 2024
11th February 2024	GSTR 1 (Monthly) for Jan 2025
13th February 2024	GSTR 1 IFF (Optional) (Jan 2025) for QRMP
15th February 2024	Provident Fund (PF) & ESI Returns and Payment for Jan 2025
15th February 2024	Issue of TDS Certificates in Form 16A for Oct to Dec 2025
20th February 2024	GSTR 3B for Jan 2025 (Monthly)
22nd February 2024	GSTR 3B (Oct-Dec 2024) for South India
25th February 2024	GST Challan Payment if no sufficient ITC for Jan 2025 (for all Quarterly Filers)

PHOTO GALLERY OF BRANCH EVENTS

