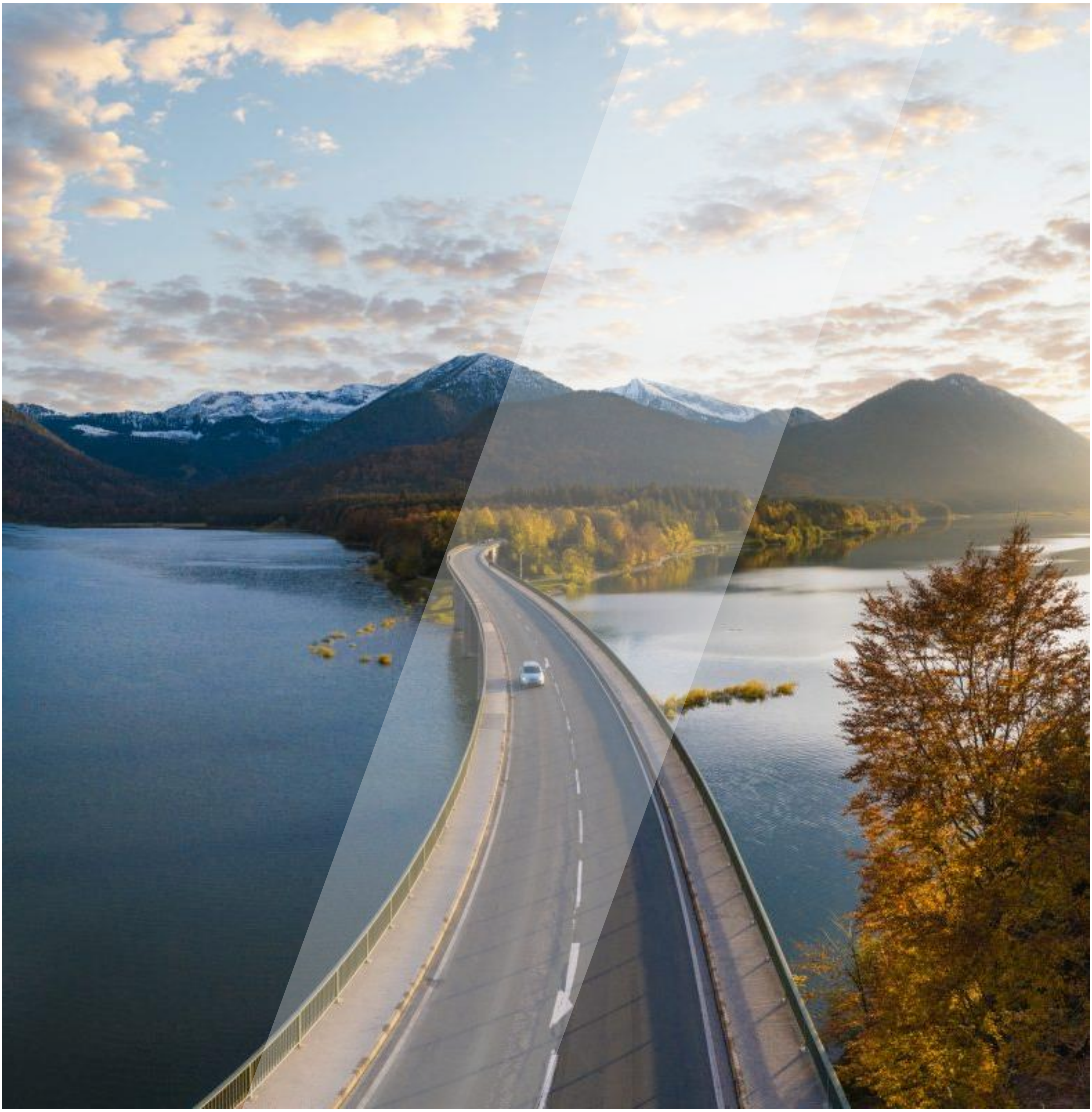

The Monthly Messenger

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S N Dhawan & CO LLP
Chartered Accountants

The Monthly messenger

India | Accounting News

Frequently Asked Questions (FAQs) on Guidance Note on Financial Statements of Non-Corporate Entities- 8 July 2025

The Institute of Chartered Accountants of India (ICAI) had earlier issued the *Guidance Note on Financial Statements of Non-Corporate Entities* (‘Guidance Note’) to prescribe standardized formats for the financial statements of non-corporate entities. The Guidance Note became effective for accounting periods beginning on or after 1 April 2024 and it superseded the ‘Technical Guide on Financial Statements of Non-corporate entities’ issued earlier in 2022.

The Accounting Standards Board (ASB) and the Auditing and Assurance Standards Board (AASB) of ICAI have now issued a set of FAQs, serving as an addendum to the Guidance Note.

The FAQs clarify specific applicability of Accounting Standards to Non-company Entities, provide references to the revised classification criteria for non-company entities applicable from 1 April 2024, and highlight disclosure requirements for Micro, Small, and Medium-Sized Non-company Entities (MSMEs).

For more information, click here

Technical Guide on Accounting for Expenditure on Corporate Social Responsibility (CSR) Activities (Revised July 2025 Edition)

The Corporate Laws and Corporate Governance Committee of the Institute of Chartered Accountants of India (ICAI) has released the revised edition of Technical Guide on Accounting for Expenditure on Corporate Social Responsibility Activities.

The objective of this Technical Guide (TG) is to provide guidance on recognition, measurement, presentation and disclosure of expenditure on activities relating to Corporate Social Responsibility.

This revised edition has been issued in view of the **evolving regulatory landscape and emerging practical considerations in CSR accounting**. It aims to provide continued clarity, relevance, and guidance to professionals in navigating the accounting and reporting aspects of CSR with confidence and consistency.

This revised edition of the Technical Guide incorporates the latest amendments, circulars, and guidance issued by the Ministry of Corporate Affairs (MCA), providing updated and practical guidance on key aspects of CSR accounting and compliance.

For more information, click here

India | Auditing News

Exposure Draft - 'Guidance Note on Tax Audit under section 44AB of the Income-tax Act,1961' for Public Comments- 4 July 2025

The Direct Taxes Committee (DTC) of the Institute of Chartered Accountants of India (ICAI) has issued an Exposure Draft of the revised Guidance Note on Tax Audit under Section 44AB of the Income-tax Act, 1961 for public comments. This revised edition incorporates recent legislative changes brought in by the Finance (No. 2) Act, 2024 and the Finance Act, 2025, along with the latest amendments to Form No. 3CD notified by CBDT vide its notification no. 23/2025 dated 28 March 2025, effective from 1 April 2025. The Exposure Draft builds on the 2023 edition of the Guidance Note and Implementation Guide issued by ICAI in June 2024, offering updated and comprehensive guidance to assist members in effectively conducting tax audits in line with the current regulatory framework.

The Exposure Draft is open for public comments until 20 July 2025

For more information, [click here]

India | Regulatory News

Companies (Restriction on number of layers) Amendment Rules, 2025-27 June 2025

The Ministry of Corporate Affairs (MCA) has issued Companies (Restriction on number of layers) Amendment Rules, 2025 to amend Companies (Restriction on number of layers) Rules, 2017. The amended rules introduce a revised 'Form CRL-1' that aims to modify the reporting requirements with respect to the number of layers of subsidiaries that companies can have, reflecting ongoing adjustments to corporate governance regulations.

The amendment rules shall come into force with effect from 14 July 2025.

For more information, [click here]

Companies (Incorporation) Amendment Rules, 2025-27 June 2025

The Ministry of Corporate Affairs (MCA) has issued Companies (Incorporation) Amendment Rules, 2025 to amend the Companies (Incorporation) Rules, 2014. The change under this amendment is the substitution of the existing Form INC-22A within, with a new e-Form No. INC-22A that includes several mandatory fields and enhanced requirements. The amendment aims to strengthen corporate governance and enhanced transparency.

The amendment rules shall come into force with effect from 14 July 2025.

For more information, [click here]

Companies (Listing of equity shares in permissible jurisdictions) Amendment Rules, 2025- 3 July 2025

The Ministry of Corporate Affairs (MCA) has issued Companies (Listing of equity shares in permissible jurisdictions) Amendment Rules, 2025 to amend the Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024. The amended rules notify the substitution of **Form LEAP-1** (Form used for submission of Prospectus with the Registrar) under the Second Schedule of the said rules.

The amendment rules shall come into force with effect from the date of their publication in the Official Gazette.

For more information, click here

Lot 3 forms Frequently Asked Questions (FAQs)- 7 July 2025

The Ministry of Corporate Affairs (MCA) has mandated that 38 e-forms, previously accessible on the Version 2 (V2) portal, must now be filed exclusively through the Version 3 (V3) portal of MCA with effect from 14 July 2025.

MCA has now released FAQs that aim to address common queries and procedural concerns of stakeholders regarding the transition to V3. Stakeholders are advised to review the FAQs carefully to ensure smooth filing and compliance with the new requirements.

For more information, click here

Companies (Corporate Social Responsibility Policy) Amendment Rules, 2025 – 7 July 2025

The Ministry of Corporate Affairs (MCA) has issued Companies (Corporate Social Responsibility Policy) Amendment Rules, 2025 to amend the Companies (Corporate Social Responsibility Policy) Rules, 2014. This amendment notifies the substitution of **e-form CSR-1 – Registration of Entities for undertaking CSR Activities.** The amendment rules shall come into force with effect from 14 July 2025.

For more information, click here

Advisory w.r.t. Form MGT-7 certification under MCA V3 Portal- 18 July 2025

The Ministry of Corporate Affairs (MCA) recently made annual filing forms available on the MCA21 V3 portal. As per the Companies (Management and Administration) Amendment Rules, 2025, certification in Form MGT-8 has been integrated with the E-form MGT-7 on V3 portal i.e. the certification from Form MGT-8 has been embedded as a static field within Form MGT-7.

The Institute of Company Secretaries of India (ICSI) has issued an advisory dated 18 July 2025, regarding certification under Form MGT-7 on the MCA V3 portal. As per MCA FAQs (FAQ No. 37), any qualifying remarks can currently be included as an 'Optional Attachment' in Form MGT-7, with reference to the embedded Form MGT-8.

To ensure continued due diligence and professional credibility, it is advised to members to continue certifying compliances under Form MGT-8 on the letterhead of a Peer Reviewed Practice Unit along with the UDIN generated as per the ICSI guidelines and be attached as an optional attachment to Form MGT-7, until the MCA issues further clarification on the matter.

For more information, click here

Master Circular for listing obligations and disclosure requirements for Non-convertible Securities, Securitized Debt Instruments and/ or Commercial Paper-11 July 2025

The Securities and Exchange Board of India (SEBI) issued a Master Circular dated 11 July 2025, for the listing obligations and disclosure requirements related to Non-convertible Securities, Securitized Debt Instruments, and Commercial Paper. This circular consolidates all applicable circulars and directions etc. issued until 30 June 2025, into a single document to provide stakeholders with easy access to the relevant regulations.

The provisions of the Master Circular shall come into effect immediately upon issuance, and it supersedes the previous circulars listed in Annex-1. All listed companies are advised to review and comply with the updated guidelines.

For more information, click here

Master Circular for Credit Rating Agencies (CRAs)-11 July 2025

The Securities and Exchange Board of India (SEBI) issued a Master Circular for CRAs dated 11 July 2025. The circular compiles all operational and procedural guidelines that were previously issued under the SEBI (Credit Rating Agencies) Regulations, 1999. The said regulation prescribes guidelines for registration of Credit Rating

Agencies (CRAs), general obligations of CRAs, manner of inspection and investigation and code of conduct applicable on CRAs.

The Master Circular includes chapter-wise details of various directions and clarifications issued over time. It also supersedes multiple individual circulars listed in the Appendix.

For more information, click here

Master Circular for ESG Rating Providers (ERPs)-11 July 2025

The Securities and Exchange Board of India (SEBI) issued a Master Circular for ERPs dated 11 July 2025 which specifies the procedural/disclosure requirements and obligations with respect to ERPs, thereby consolidating all the directions applicable to ERPs at one place.

The provisions of the Circular shall come into force with immediate effect.

For more information, click here

Extension towards Adoption and Implementation of Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)-30 June 2025

The Securities and Exchange Board of India (SEBI) had earlier introduced The Cybersecurity and Cyber Resilience Framework (CSCRF) that mandates regulated entities (REs) to implement robust measures to safeguard their IT systems, ensure data security, and maintain operational continuity in the face of cyber threats. Considering the challenges highlighted and to promote the ease of compliance, SEBI has extended the deadline for CSCRF compliance for all REs (except Market Infrastructure Institutions (MIIs), KYC Registration Agencies (KRAs), and Qualified Registrars to an Issue and Share Transfer Agents(QRTAs)) by two months i.e. 31 August 2025.

The provisions of this Circular shall come into force with immediate effect.

For more information, **click here**

Reserve Bank of India (Pre-payment Charges on Loans) Directions, 2025- 2 July 2025

The Reserve Bank of India (RBI) has issued the RBI (Pre-payment Charges on Loans) Directions, 2025 which are aimed particularly at protecting individual borrowers and supporting Micro and Small Enterprises (MSEs) by eliminating unfair charges that could discourage early loan repayments. As per the new Directions, no pre-payment charges shall be levied on the floating rate loans granted to individuals for non-business purposes and on floating rate loans granted for business purposes to individuals and MSEs irrespective of the source of funds used for pre-payments.

These directions shall come into effect for all loans and advances sanctioned or renewed on or after 1 January 2026. These provisions will apply across all Commercial Banks (excluding payment banks), co-operative banks, NBFCs and All India Financial Institutions.

For more information, **click here**

RBI issues draft Master Direction – Digital Banking Channels Authorisation (Directions), 2025 - 22 July 2025

The Reserve Bank of India (RBI) has released a draft Master Direction on Digital Banking Channels Authorisation.

According to the draft norms, both commercial and co-operative banks need to put in place comprehensive policies for all digital banking channels, that align with statutory and regulatory requirements, including liquidity management and operational risks. The draft master direction lays out eligibility criteria for providing view-only banking facility in the digital mode and for providing a transactional banking facility to customers. Transactional banking shall only be allowed with the express permission of RBI, as per the draft norms. It also compiles prior circulars and directions on technological issues in digital banking.

The comments on the draft Directions are invited from public/stakeholders until 11 August 2025.

For more information, click here

Clarification regarding CBDT's Circular No. 5/2025 dated 28.03.2025 for waiver on levy of interest under section 201(1A) (ii)/ 206C(7) of the Income-tax Act, 1961, as the case may be, in specific cases- reg.-1 July 2025

The Central Board of Direct Taxes (CBDT) has issued a Circular No. 8/2025 dated 1 July 2025 to clarify the application process under Circular dated 28 March 2025 for waiver on levy of interest under sections 201(1A)(ii) i.e. Interest for late payment of TDS to the Central Government and 206C(7) i.e. Interest for late payment of TCS to the Central Government ,of the Income-tax Act, 1961.

The current circular confirms that the competent authorities, i.e. CCIT/ DGIT/ Pr.CCIT can pass order for interest waiver after **the date of the circular's issuance**, i.e. **28-03-2025**. However, such applications must be submitted within one year from the end of the financial year in which interest was charged. For instance, if the interest charged pertains to FY 2023-24, the application for waiver of such interest can be filed by 31.03.2025 i.e. one year from the end of FY 2023-24.

For more information, click here

Partial Modification of Circular No.3 of 2023 dated 28-3-2023 regarding consequences of PAN becoming inoperative as per Rule 114AAA of the Income-tax Rules, 1962 – 21 July 2025

The Central Board of Direct Taxes (CBDT) has issued a partial modification to its earlier Circular No. 03/2023, dated 28 March 2023, which outlined the consequences of a Permanent Account Number (PAN) becoming inoperative under Rule 114AAA of the Income-tax Rules, 1962. Further, the CBDT, through Circular No. 06/2024 dated 23 April 2024 provided relief to deductors/collectors from applicability of higher TDS/ TCS rates under section 206AA/206CC of the Act for transactions entered upto 31 March 2024, where PAN becomes operative post linkage of Aadhar on or before 31 May 2024.

To address issues raised by deductors/collectors over short TDS/TCS deductions, CBDT, through Circular No. 9/2025 dated 21 July 2025 (modifying Circular No. 03/2023), has clarified that no liability under Sections 206AA/206CC will arise in the following cases:

- If the payment is made between 1 April 2024 and 31July 2025, and the PAN is linked with Aadhaar and made operative by 30 September 2025.
- If the payment is made on or after 1 August 2025, and the PAN is linked and made operative within two months from the end of the month in which the payment is made.

For more information, click here

International | Accounting News

Request for Information on Post-implementation Review of IFRS 16 Leases by IASB- 30 June 2025

International Accounting Standards Board (IASB) has recently issued 'Request for Information on Post-implementation Review (PIR) of IFRS 16 Leases' for public comments as part of its due process to evaluate whether the Standard is broadly working as intended for investors, companies, auditors and regulators. IFRS 16, which became effective in January 2019, brought a significant change in lease accounting to improve information that companies provide about their lease arrangements to investors and other users of financial statements.

The Accounting Standards Board (ASB) ICAI has also invited various stakeholders to provide their feedback / comments on the said PIR of IFRS 16 latest by 31 August 2025. This feedback will help the IASB determine whether any clarifications, amendments, or additional guidance are needed to enhance the effectiveness of IFRS 16.

For more information, **click here**

IFRS for SMEs Accounting Standard modules- 8 July 2025

The International Financial Reporting Standard (IFRS) Foundation has developed stand-alone modules, for each section of the IFRS for SMEs Accounting Standard. These modules are designed to provide support for individuals interpreting financial statements prepared using the IFRS for SMEs Accounting Standard. The modules are still not approved by IASB and are valuable resources for understanding and applying the Standard.

For more information, **click here**

Tentative Agenda Decision on Updates to Committee's agenda decisions for IFRS 18-11 July 2025

The IFRS Interpretations Committee (IC) has issued a Tentative Agenda Decision (TAD) addressing 'Updates to the Committee's agenda decisions for IFRS 18' and sought public comments globally. IC issues such Agenda Decisions to explain how the applicable accounting principles in IFRS Standards apply to particular transactions.

The Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) has also invited comments from stakeholders in India on the TAD issued by the IFRS (IC), to encourage active participation in international standard-setting and implementation thereof.

TAD is open for public comments until 25 August 2025.

For more information, click here

Tentative Agenda Decision on Determining and Accounting for Transaction Costs (IFRS 9)- 11 July 2025

The IFRS Interpretations Committee (IC) has issued a Tentative Agenda Decision (TAD) on 'Determining and Accounting for Transaction Costs (IFRS 9)' and sought public comments globally. IC issues such Agenda Decisions to explain how the applicable accounting principles in IFRS Standards apply to particular transactions.

The Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) has also invited comments from stakeholders in India on the TAD issued by the IFRS (IC), to encourage active participation in international standard-setting and implementation thereof.

TAD is open for public comments until 25 August 2025.

For more information, **click here**

Tentative Agenda Decision on Embedded Prepayment Option (IFRS 9)- 11July 2025

The IFRS Interpretations Committee (IC) has issued a Tentative Agenda Decision (TAD) on 'Embedded Prepayment Option (IFRS 9)' and sought public comments globally. IC issues such Agenda Decisions to explain how the applicable accounting principles in IFRS Standards apply to particular transactions.

The Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) has also invited comments from stakeholders in India on the TAD issued by the IFRS (IC), to encourage active participation in international standard-setting and implementation thereof.

TAD is open for public comments until 25 August 2025.

For more information, **click here**

International | Regulatory News

ISSB proposes enhancements to the SASB standards and consequential amendments to IFRS S2- 3 July 2025

The International Sustainability Standards Board (ISSB) has published two exposure drafts proposing amendments to the Sustainability Accounting Standards Board (SASB) Standards and consequential amendments to the industry-based guidance on implementing International Financial Reporting Standard 2 (IFRS S2) Climate -related disclosures. The proposed amendments :

1) present a comprehensive review of nine priority industries (all eight industries within the extractives and minerals processing sector and the processed foods industry);

2) support the implementation of IFRS S1 and IFRS S2 through timely enhancements to the SASB standards

The draft is open for comments until 30 November 2025.

For more information, **click here**

ISSB publishes educational material on its industry-based guidance- 10 July 2025

The International Sustainability Standards Board (ISSB) has published educational material on how to use its industry-based guidance, which comprises the Sustainability Accounting Standards Board (SASB) standards and the 'Industry-based Guidance on Implementing IFRS S2'.

The educational material explains:

- requirements in ISSB Standards that companies 'shall refer to and consider the applicability of' the ISSB industry-based guidance;
- considerations related to applying the ISSB industry-based guidance; and
- disclosure requirements about how a company has used the ISSB industry-based guidance.

This educational material can provide helpful context for stakeholders reviewing the proposed amendments to the SASB Standards in the Exposure Draft *Proposed Amendments to SASB Standards*. It has no effect on the proposed enhancements and does not add to or otherwise change the requirements in the ISSB Standards.

For more information, **click here**