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Chartered Accountants



SPCM
LEGAL

SAMĀCĀRA

MAY

2025

Maharashtra
Day
(May 1)



World
Laughter Day
(May 4)



Mother's
Day
(May 11)







Budda Purnima/
Vesak
(May 12)



SAMĀCĀRA – MAY 2025

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SAMĀCĀRA – MAY 2025

INDEX

SR. NO.	PARTICULARS	PAGE NO.
1.	Editorial	05-07
2.	Glimpse Of Event	08-09
3.	Income Tax, PF and ESIC due date calendar for the month of May 2025	10-11
4.	GST due dates for the month May 2025	12-13
5.	Tax Audit: Chapter 9 - Clause 21 of Form No. 3 CD	14-24
6.	Gist of GST Notification	25-25
7.	GST Updates	26-27
8.	The USD-Gold Equation: Understanding Its Impact on Indian Gold Prices	28-33

SAMĀCĀRA – MAY 2025

EDITORIAL

As we settle into the rhythm of FY 2025–26, the month of May calls for deeper focus—on execution, compliance, and delivery. While April laid the foundation for the financial year, May is the time to convert strategic intent into measurable outcomes and ensure smooth implementation of evolving regulatory changes.

A prominent theme this month is the digital transformation in compliance. The Ministry of Corporate Affairs continues its phased rollout of the V3 forms, aiming to enhance transparency and streamline corporate reporting. Simultaneously, the Central Board of Direct Taxes (CBDT) has begun issuing important clarifications on amendments introduced by the Finance Act, 2025—particularly in relation to TDS/TCS provisions and MSME payments. These updates carry significant implications for cash flow management, accounting treatments, and audit planning, and merit close attention from all professionals.

On the GST front, developments are expected in the e-invoicing ecosystem, especially as smaller businesses are progressively brought into its fold. We encourage both clients and practitioners to remain proactive: review internal processes, update systems, and ensure preparedness to avoid compliance disruptions.

National Recognition: SPCM at “Amrut Dayan Kumbha”

We are delighted to share that SPCM was well represented at the prestigious national conference “Amrut Dayan Kumbha”, jointly hosted by AIFTA, MTPA, GSTPAM, and NMTPA:

- CA Suhas P. Bora served as a Panelist in the session on the Interplay of the Bharatiya Nyaya Sanhita (BNS) with Direct and Indirect Tax Laws.
- Adv. Abhay H. Bora led a highly engaging session titled “*GST ki Sansad*”.
- Adv. Sanket S. Bora spearheaded the RERA OPD, providing expert solutions and addressing key queries under the real estate regulatory framework.

Our presence at such forums reflects our commitment to contributing meaningfully to India’s evolving tax and legal landscape. We were also pleased to have four other members from the SPCM family in attendance, further reinforcing our culture of continuous learning and national engagement.

On a personal note, I’m honoured to have received appreciation from the Chairman of the Direct Taxes Committee of ICAI for my contribution to the publication “CAs’ Handbook on Writ Petition”. Such recognitions reaffirm our responsibility to keep contributing knowledge to the profession.

Tribute to the Nation’s Defenders: Operation Sindoor:

This month also witnessed the Indian Army’s resolute and successful counter-terror operation—Operation Sindoor—in response to the recent terrorist attack in the Pahalgam region of Jammu & Kashmir. The coordinated action by our armed forces and security agencies reflects

India's unwavering stance against terrorism and its steadfast commitment to national security. We salute the courage, precision, and sacrifice of our brave soldiers who neutralised the threat and safeguarded civilian life.

At SPCM, we believe leadership lies not just in adapting to change, but in anticipating it. May is an ideal month to reflect, recalibrate, and refine our goals for the year.

Let us remember—sustained success is built not on occasional brilliance, but on consistent, thoughtful action.

“Behind every number, there is a story. Chartered Accountants help the world read it right.”

Wishing you all a productive and fulfilling month ahead!

Warm wishes on Mother's Day and Buddha Pournima—may the values of compassion, resilience, and wisdom continue to guide our path.

Thanking You,
With Warm Regards,



CA. Suhas P. Bora
Founder Partner,
SPCM and Associates,
Chartered Accountants



GLIMPSE OF EVENT

Our mentor, CA Suhas P. Bora sir's felicitation as Panel speaker at National conference on the subject of Interplay of BNS and Direct Tax Act





A proud moment for the SPCM Family as our mentor, CA Suhas P. Bora sir received appreciation from the Chairman of the Direct Taxes Committee of ICAI for his contribution to the publication "CAs' Handbook on Writ Petition".



भारतीय सनदी लेखाकार संस्थान
(संसदीय अधिनियम द्वारा स्थापित)
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

To
CA. Suhas P. Bora
SPCM and Associates
5th Floor, Center Point Building,
Near Mitra Mandal Chowk, Parvati,
Parvati Paytha, Pune- 411009

Date: 10/02/2025

Subject: Appreciation for Your Contribution to the Publication – CAs' Handbook on Writ Petition".

Dear Suhas Bora,

I would like to express our deepest appreciation on behalf of the Committee for your outstanding contribution to the publication "CAs' Handbook on Writ Petition". Your thorough understanding of the legal framework surrounding writ petitions and your ability to present it in a clear, accessible manner have made this handbook an invaluable resource for Chartered Accountants involved in legal practice.

Your insights into the procedural aspects of writ petitions and their practical implications are commendable, and we are truly grateful for your dedication to this project.

Captioned publication is hosted at <https://www.icai.org/post/icai-publications-committee-on-economic-commercial-laws-wto>, making it accessible to a wider audience.

Thank you once again for your contribution. We look forward to future collaborations.

Best regards,

CA. Chandrashekhar V. Chitale
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DUE DATES

Income Tax due date calendar for the month of May
2025:

DATE	DUE DATE FOR
07-05-2025	<ul style="list-style-type: none"> Due date for deposit of Tax deducted/collected by an office of the government for the month of April, 2025. However, all sum deducted by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income tax Challan
15-05-2025	<ul style="list-style-type: none"> Quarterly statement of TCS deposited for the quarter ending March 31, 2025. Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB and 194M in the month of March, 2025. Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of April, 2025
30-05-2025	<ul style="list-style-type: none"> Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194M and 194S in the month of April, 2025. Quarterly TCS certificate in respect of tax collected by any person for the quarter ending March 31st, 2025.
31-05-025	<ul style="list-style-type: none"> Quarterly statement of TDS deposited for the quarter ending March 31, 2025.

DATE	DUE DATE FOR
	<ul style="list-style-type: none"> Quarterly statement of tax deposited in relation to transfer of virtual digital asset under section 194S to be furnished by an exchange for the quarter ending March 31, 2025. Application for allotment of PAN in case of non-individual resident person, which enters into a financial transaction of Rs. 2,50,000 or more during FY 2024-25 and has not been allotted any PAN Application for allotment of PAN in case of person being managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer of the person referred to in Rule 114(3)(v) or any person competent to act on behalf of the person referred to in Rule 114(3)(v) and who has not allotted any PAN.

" Life is 10% what happens to me and 90% of how I react to it."

— Charles Swindoll

**GST due dates for the month May 2025: -**

DUE DATE	RETURN	PERIOD	DESCRIPTION
10 th May	GSTR-7 (Monthly)	April'25	Summary of Tax Deducted at Source (TDS) and deposited under GST laws.
10 th May	GSTR-8 (Monthly)	April'25	Summary of Tax Collected at Source (TCS) and deposited by E-commerce operators under GST laws.
11 th May	GSTR-1 (Monthly)	April'25	Summary of outward supplies where turnover exceeds Rs.5 crore or have not chosen the QRMP scheme for the quarter of April-June 2025.
13 th May	Furnishing Invoices in IFF Facility (Quarterly)	April-June 2025	Taxpayers who have opted for the Invoice Furnishing Facility (IFF) and choose to upload B2B outward supply invoices for first two months of the quarter. The B2B invoices relating to last month of the quarter are too uploaded while filing GSTR – 1 along with B2C invoices of entire quarter.
13 th May	GSTR-6	April'25	Details of ITC received and distributed by ISD.
13 th May	GSTR-5 (Monthly)	April'25	Summary of outward taxable supplies & tax payable by a non-resident taxable person.
20 th May	GSTR-3B (Monthly)	April'25	Summary of outward supplies, ITC claimed, and net tax payable

DUE DATE	RETURN	PERIOD	DESCRIPTION
			for taxpayers with turnover more than Rs.5 crore in the last FY or have not chosen the QRMP scheme for the quarter of April-June 2025.
20 th May	GSTR-5A (Monthly)	April'25	Summary of outward taxable supplies and tax payable by OIDAR.

***"Twenty years from now you will be more
disappointed by the things that you didn't do than
by the ones you did do, so throw off the bowlines,
sail away from safe harbor, catch the trade winds
in your sails. Explore, Dream, Discover"***

— Mark Twain

INCOME TAX

TAX AUDIT: CHAPTER 9

TAX AUDIT - CLAUSE 21 OF FORM NO. 3 CD

We have started with a series on Tax Audit u/s 44AB of the Act considering practical aspects to be taken care of for issue of the Tax Audit reports.

In chapter - 1 we discussed about the applicability of Tax Audit u/s 44AB of the Income Tax Act.

In chapter - 2 we discussed about the meaning of the terms "Sales", "Turnover" and "Gross Receipts".

In chapter – 3 we discussed about "Clauses 1 to 8A of Form No. 3 CD."

In chapter – 4 we discussed about "Clauses 9 to 12 of Form No. 3 CD"

In chapter – 5 we discussed about "Clauses 13 of Form No. 3 CD"

In chapter – 6 we discussed about "Clause 14 and 15 of Form No. 3 CD"

In chapter – 7 we discussed about "Clause 16 and 17 of Form No. 3 CD"

In chapter – 8 we discussed about "Clause 21 of Form No. 3 CD"



**In the series of Article on Tax Audit provisions, we will discuss about
“Clause 21 of Form No. 3 CD”**

Clause 21 (a) - Furnish the details of amounts debited to the profit and loss account, being in the nature of Capital, Personal, Advertisement Expenditure, etc:

- **Expenditure of Capital Nature**

- Expenditure of capital nature which is debited to profit and loss account has to be reported.
- The disclosure should include loss on sale of PPE (fixed assets), loss on sale of Investments, etc.
- Though certain capital expenditure like on scientific research u/s 35 is allowable under income Tax, yet as per accounting principles, that cannot be debited to profit and loss. If debited auditor apart from reporting under this clause should suitably report in his audit report in para 3a of Form 3CB.
- Preliminary expense cannot be recognised as an asset in view of AS 26, hence is charged fully to profit and loss and is to be reported in this clause. The admissible amount u/s 35D is to be reported in clause 19 of Form 3CD.
- The tax auditor should keep the above principle in mind and if the same are not followed by the assessee, then the auditor should qualify the Tax Audit Report.

- **Expenditure of Personal Nature**

- Personal expenses of the assessee are not allowable while computing Income from Business or Profession.
- It should be noted that the word ‘Personal’ is confined to and attached with the “assessee” and not necessarily to and with persons other than the assessee.
- The Tax Auditor should also collect information from Statutory Audit Report (In case of companies, statutory auditor is required to

report if personal expenses are debited to statement of profit & loss) and also based on his audit procedures and report the same under clause.

- **Expenditure on advertisement being souvenir, brochure, tract, pamphlet, etc published by a Political Party**
 - The Tax Auditor should keep in mind that no deduction is allowed in respect of expenditure incurred by an assessee on advertisement in any souvenir, brochure, tract, pamphlet or the like published by a political party as per s. 37(2B).
 - The expenditure of this nature should be segregated and reported under this clause. In case a trade union or labour union is promoted or formed by a political party but have a distinct legal entity, then expenditure incurred by way of advertisement given in the souvenir, brochure, tract, pamphlet or journal published by the trade union or the labour union is not required to be indicated in this clause.
 - Deduction u/s 80GGB & 80GGC for donations to political parties and electoral trust is not to be considered in this clause and is to be reported in clause 33 of form 3CD.
- **Expenditure incurred at clubs**
 - Details should be verified for entrance fees and subscription as well as expenditure incurred for club services and facilities used.
 - If the expenditure incurred at club is of personal nature, then the same should be reported above (in expenditure of personal nature), as the same are not allowable.
- **Expenditure for any purpose which is an offence or is prohibited by law or expenditure by way of penalty or fine for violation of any law (enacted in India or outside India)**

- This point has been substituted by the IT (Fourth Amendment) Rules, w.e.f. 05-03-2024. The change has been made to align the reporting in line with Explanation 3 to section 37 as inserted vide the Finance Act, 2022.
 - Earlier it read as “Expenditure by way of penalty or fine for violation of law or otherwise or for offence or which is prohibited by law”. Now it specifically mentions such expenditure whether incurred in India or outside India, both are to be reported as the same are not allowed as a deduction. Reporting requirement for penalty and fines paid for violation of law in force in a country outside India earlier was to be made in the residual clause in 21(a).
 - It must be borne in mind that expressing any opinion as to the allowability or otherwise of the amount of penalty or fine for violation of law is not required. Only required details of such items as have been charged in the books of accounts is to be given.
 - This clause covers only penalty or fine for violation of law and not the payment for contractual breach or liquidator damages.
 - The difference between the amount prohibited by law and the amount paid which is compulsory in nature under the relevant statute is to be kept in mind.
 - Details are to be given under this clause if the penalty, etc. are debited to profit & loss account, even if the assessee is contesting before the higher authorities. Where the assessee is required to pay an amount being purely compensatory in nature, then the same is allowable u/s 37(1) and is not reportable under this clause.
- **Expenditure by way of any other penalty or fine not covered above**
 - This is the residual clause to disclose any other penalty or fine, which is not covered in any other clause of 21(a)
 - **Expenditure incurred to compound an offence under any law for the time being in force, in India or outside India.**
 - This point has been inserted by the IT (Fourth Amendment) Rules, w.e.f. 5-3-2024. The change has been made to align the reporting



in line with Explanation 3 to section 37 as inserted vide the Finance Act, 2022.

- In this clause any expenditure incurred by the assessee during the year to compound an offence under any law for the time being in force, in India or outside India is to be reported.
- Examples of few compounding could be under Companies Act, 2013, Income Tax Act, 1961, etc.
- **Expenditure incurred to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be for the time being in force, governing the conduct of such person.**
 - This point has been substituted by the IT (Fourth Amendment) Rules, w.e.f. 5-3-2024. The change has been made to align the reporting in line with Explanation 3 to section 37 as inserted vide the Finance Act, 2022.
 - If, there is any benefit or perquisite given either in cash or in kind, in whatever form and the value of benefit or perquisite is debited to the profit and loss account, and acceptance of such benefit or perquisite is in violation of any law or rule or regulation or guideline, as the case may be for the time being in force, then reporting is required in this clause.
 - The tax auditor should also reconcile such benefits with tax deducted at source u/s 194R.

Clause 21(b) - Amounts inadmissible u/s 40(a)

This clause deals with amounts which are inadmissible as deductions u/s 40(a). Following are items which being not allowed as deductions is to be reported: -

- U/s 40(a)(i)



- Disclosure is of any interest, royalty, fees for technical services or other sum chargeable under the Income-tax Act which is payable outside India or in India to a non-resident or a foreign company on which tax is deductible at source and:
 - Details of payment on which such tax has not been deducted which shall include,
 - Date of Payment
 - Amount of Payment
 - Nature of Payment
 - Name and Address of the payee
- or
 - after deduction has not been paid during the previous year or in the subsequent year on or before the due date of filing return u/s 139(1) [in notified Form 3CD, it seems to have inadvertently referred to section 200(1)]
- The amount inadmissible is to be disclosed which in this case is 100% of the expenditure.
- U/s 40(a)(ia)
 - Disclosure is of any expenditure payable to any resident on which TDS is deductible under Chapter XVII-B and:
 - such tax has not been deducted, or
 - after deduction, the has not been paid on or before the due date of filing return u/s 139(1).
 - The amount inadmissible is to be disclosed which in this case is 30% of the expenditure.
 - Any amount which is not admissible as deduction during the year and though TDS is required to be deducted, but not deducted under Chapter XVII-B, should not be disclosed here for example expenditure disallowed u/s 40A(3), 40A(3A), 43B including 43B(h), etc.
 - Payments for sums which are not claimed as expenditure (example, immovable property not being stock, capital payments, etc) are not to be disclosed in this clause.

- In the details, name and address of the payee is also to be disclosed.
- U/s 40(a)(ic) - Fringe Benefit Tax (not applicable now).
- U/s 40(a)(ia) – Wealth Tax (not applicable now, abolished w.e.f. 1.4.2016).
- U/s 40(a)(iib) - Any amount paid by way of a Royalty, License Fees, Service Fees, Privilege Fees, Service Charges or any other fees or charge by whatever name called, which is levied exclusively on or which is appropriated, directly or indirectly, from a State Government undertaking by the State Government.
- U/s 40(a)(iii) - Any payment towards 'Salaries', if it is payable outside India; or to a non-resident, and if the tax has not been paid thereon nor deducted therefrom.
- U/s 40(a)(iv) - Any payment to a provident or other fund established for the benefit of employees of the assessee.
- U/s 40(a)(v) - Any tax actually paid by an employer referred to in clause (10CC) of section 10.

Clause 21(c) - Amount debited to profit and loss account being, interest, salary, bonus, commission or remuneration inadmissible under section 40(b)/40(ba) and computation thereof:

- It should be ensured that the inadmissible amount under section 40(b)/40(ba) and such information is disclosed in respect of interest/ remuneration paid to partner of partnership firm / LLP or a member of an Association of persons (AOP)/Body of individuals (BOI).
- The word "inadmissible" implies that the tax auditor will have to examine the facts, apply the conditions for allowance or disallowance and accordingly determine the prima facie inadmissibility of the deduction and also quantify the same.
- Salary, bonus, commission or remuneration or interest are not admissible, unless the following conditions are satisfied:
 - Remuneration is paid to working partner(s).

- Remuneration or interest is authorised by the partnership deed / LLP Agreement and is in accordance with the partnership deed / LLP Agreement.
- Remuneration or interest does not pertain to a period prior to the date of execution of partnership deed / LLP Agreement.
- Remuneration does not exceed the limits prescribed under section 40(b).
- Interest does not exceed the simple interest calculated at the rate of 12%.
- In case remuneration and interest is payable / paid to non-resident partners and tax is not deducted and paid u/s 195, the same is not admissible u/s 40(a)(i). Reporting should be carefully done in clause 21(b) with cross reference to this clause.

Clause 21(d) – Disallowance / deemed income u/s 40A(3)/ 40A(3A):

- Disallowance u/s 40A(3) / deemed income u/s 40A(3A) is to be disclosed under this clause where payments are made other than by account payee cheque / draft exceeding the specified limits.
- It should be noted that expenditure limit per person per day has been decreased from AY 2018-19 from Rs. 20000/- to Rs. 10000/-. Expenditure includes purchases too.
- The Tax Auditor should obtain a list of all the payments exceeding Rs.10,000/- per person per day (Rs.35,000 in case of plying, hiring or leasing goods carriages) made by the assessee during the relevant year other than by account payee cheque / draft which should include the list of payments exempted in terms of Rule 6DD with reasons. This list should be verified by the tax auditor with the books of account in order to ascertain whether the conditions for specific exemption granted under clauses of Rule 6DD are satisfied. Details of payments which do not satisfy the above conditions should be stated under this clause.
- In case expenditure is incurred in earlier previous years, but payment is made in the previous year under tax audit, then also the limits discussed above needs to be verified and payments made in excess of the limits would be deemed to be income of current previous year u/s 40A(3A) and is to be reported in clause 21(d)(B).



- The tax auditor has to take into account the technological advancements in the field of banking and information technology. It may be noted if the payment is made by use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed in rule 6ABBA, then as they are specifically excluded from the sections, itself, the such payments are not liable for disallowance as the main intention of provisions of sec. 40(3)/ (3A) and should not be reported.
- It is also to be verified that the payment was made by account payee cheque or account payee draft. Crossed cheques are not account payee as held in few cases.
- Along with nature of payment, name and PAN / Aadhar of the person is also to be disclosed.
- Where the assessee did not possess necessary evidence to enable the auditor to verify that the payment made was through account cheque or account payee draft, the same should be accordingly reported, which may be as under:
- Though we have not observed any payment in excess of Rs.10000/- or Rs.35000/- (in case of plying, hiring or leasing goods carriages) to have been made in contravention of section 40A(3) / 40(3A) read with rule 6DD, however the assessee did not possess necessary evidence to verify the same.

Clause 21(e) - Provision for gratuity not allowable u/s 40A(7):

- Details of provision made for gratuity but not paid would be disallowed u/s 40A(7) and is to be disclosed under this clause.
- It is to be noted that in case of provision for payment to approved gratuity fund, the same is not to be disclosed in this clause as the same is reportable u/s 43B i.e., in clause 26 of Form 3CD.

Clause 21(f) - Any sum paid by the assessee as an employer not allowable u/s 40A(9)



- Section 40A(9) disallows expenditure incurred on setting up or formation of, or as contribution to, any fund, trust, company, association of persons, body of individuals, society registered under the Societies Registration Act, 1860, or other institution for any purpose, except where such sum is so paid, for the purposes and to the extent provided by or under clause (iv) or clause (iva) or clause (v) of sub-section (1) of section 36, or as required by or under any other law for the time being in force.
- Under this clause, the Tax Auditor is required to ensure that details of payments which are not allowable under this section is disclosed.

Clause 21 (g) - Particulars of any liability of a Contingent nature:

- The Tax Auditor should be mindful of distinction between the Contingent Liability and the Provision. The Tax Auditor should scrutinize the accounts relating to Provisions/ Outstanding Liabilities to ensure that they do not contain any provision for contingent Liabilities.
- Though this clause requires only disclosure of contingent liability, yet only the contingent liability for which provision has been made in the books should be disclosed in this clause as the same is not allowable as a deduction.
- The Tax Auditor should also refer the Accounting Policies adopted by the assessee as mentioned in the Financial Statements in this regard.
- Further, the Tax Auditor should check whether Contingent liability disclosed in earlier years have been provided in the books in the relevant previous year; if yes, then the basis for provision of the same.

Clause 21(h) - Amount of deduction inadmissible in terms of section 14A in respect of the expenditure incurred in relation to income which does not form part of the total income.

- The Tax Auditor is required to report the amount of expenditure incurred by an assessee in relation to an income which is exempt under the Act.
- The tax auditor should examine the details of amount of inadmissible expenditure as furnished by the assessee. While carrying out such examination the tax auditor is entitled to rely on the management representation. However, Standard on Auditing (SA) 580, Written Representations may be referred to.
- The tax auditor should verify the amount of inadmissible expenditure as estimated by the assessee with reference to established principles of allocation of expenditure based on logical parameters like proportion of exempt and taxable income recorded, turnover, man-hours spent to earn the relevant income etc.
- The tax auditor should also verify the amount disallowable as per rule 8D.

Clause 21(i) - Amount inadmissible under the proviso to section 36(1) (iii).

- The said provision was amended by Finance Act 2015 and is in line with ICDS IX (Borrowing Costs), where interest paid in respect of amount borrowed for purpose of business is not allowed till the date asset was first put to use.
 - The Tax Auditor while reporting under this sub clause should refer to the Accounting Policy adopted by the assessee in this regard. He should evaluate whether the Accounting Policy is in line with principles laid down in AS-16.
-

**GST****GIST OF GST NOTIFICATION**

NOTIFICATION NO	DATE	SUBJECT / HIGHLIGHTS
Instruction No. 05/2025-GST	02-05-2025	<p>Instructions have been issued to the Commissioners to ensure that the officers under their jurisdiction are suitably sensitized/ instructed to expeditiously provide the records/ information available with them/ required to be maintained by them, to the C&AG audit team, as and when required.</p> <p>In cases where the documents sought by the audit team are available with the taxpayer, a letter may be sent to the concerned taxpayer requesting that they provide the documents expeditiously.</p>
Instruction No. 04/2025-GST	02-05-2025	<p>Instructions for processing of applications for GST registration –regarding. It is mainly issued on account of nature of clarifications being sought by the officers with respect to information submitted in the application FORM GST REG-01 and seeking of additional documents which are not prescribed in the List of Documents appended to FORM GST REG-01.</p>

GST UPDATES

1. Advisory on reporting values in Table 3.2 of GSTR-3B

- a. Table 3.2 of Form GSTR-3B captures the inter-state supplies made to unregistered persons, composition taxpayers, and UIN holders out of the supplies declared in Table 3.1 & 3.1.1 of GSTR-3B. The values in Table 3.2 of GSTR-3B auto-populates from corresponding inter-state supplies declared in GSTR-1, GSTR-1A, and IFF in requisite tables.
- b. From April-2025 tax period, inter-state supplies auto-populated in Table 3.2 of GSTR-3B will be made non-editable. The GSTR-3B shall be filed with the auto-populated values as generated by the system only.
- c. Therefore, in case any modification/amendment is required in auto-populated values of Table 3.2 of GSTR-3B, same can be done only by amending the corresponding values in respective tables of GSTR-1A or through Form GSTR-1/IFF filed for subsequent tax periods.
- d. To ensure that GSTR-3B is filed accurately with the correct values of inter-state supplies, it is advised to report the correct values in GSTR-1, GSTR-1A, or IFF. This will ensure the auto-populated values in Table 3.2 of GSTR-3B are accurate and compliant with GST regulations.

2. Reporting of HSN codes in Table 12 and list of documents in table 13 of GSTR-1/1A:

Vide Notification No. 78/2020 – Central Tax dated 15th October 2020, it is mandatory for the taxpayers to report minimum 4 digits or 6 digits of HSN Code in table-12 of GSTR-1 on the basis of Aggregate Annual Turnover (AATO) in the preceding Financial Year. To facilitate the taxpayers, these changes are being implemented in

a phase-wise manner on GST Portal wherein Phase 2 was implemented on GST Portal effective from 01st November 2022.

In continuation of the phase wise implementation, Phase-3 of reporting of HSN codes in Table 12 of GSTR-1 & 1A shall be implemented from **May 2025** return period. Further, table 13 of GSTR-1/1A is also being made mandatory for the taxpayers from the said tax period.

The changes implemented are as under:

- i. Manual user entry of HSN will not be allowed.
- ii. HSN code can be selected from drop down only.
- iii. A customized description in HSN master will auto populate in a new field called “Description as per HSN Code”.

Validation with regards to value of the supplies In Table-12

- i. These validations will validate the value of B2B supplies shown in different Tables viz: 4A, 4B, 6B, 6C, 8 (recipient registered), 9A, 9B (registered), 9C (registered), 15 (recipient registered), 15A (recipient registered) with the value of B2B supplies shown in table-12.
- i. Similarly, validations will validate the value of B2C supplies shown in different tables viz: 5A, 6A, 7A, 7B, 8 (recipient unregistered), 9A (export), 9A (B2CL), 9B (unregistered), 9C (unregistered), 10, 15 (recipient unregistered), 15A (recipient unregistered) with the value of B2C supplies shown in Table-12.
- ii. In case of amendments, only the differential value will be taken for the purpose of validation.

However, initially these validations have been kept in warning mode only, that means warning or alert message shall be shown in case of mismatch in values, whereas taxpayers will be able to file GSTR-1 in such cases. Further, in case B2B supplies are reported in other tables of GSTR-1, in that case B2B tab of Table-12 cannot be left empty.

FINANCE AND VALUATIONS

THE USD-GOLD EQUATION: UNDERSTANDING ITS IMPACT ON INDIAN GOLD PRICES

Gold continues to be a core asset in Indian households, investment portfolios, and even central bank reserves. For Indian investors and professionals alike, understanding what moves the price of gold — particularly in the Indian market — is critical for wealth planning, business forecasting, and advisory functions.

While international market trends set the baseline for gold prices, Indian gold prices are also influenced by domestic variables, most notably the **USD-INR exchange rate**. This article breaks down the key global and local factors that affect gold prices and explains the strong correlation between the Indian rupee's exchange rate with the US dollar and the domestic price of gold.

1. What Drives Gold Prices Globally?

Gold is a globally traded commodity and its price is determined on international exchanges in US dollars (USD). The following are the most critical global factors influencing gold prices:

a) US Dollar Index (DXY):

- The US dollar and gold usually move in opposite directions.
- When the dollar strengthens, gold becomes more expensive for holders of other currencies, reducing demand and lowering its price.
- Conversely, a weaker dollar boosts global gold demand and pushes prices up.

b) Interest Rate Environment:

- Gold is a non-yielding asset, which means it does not pay interest or dividends.

- When interest rates rise (especially real interest rates, i.e., adjusted for inflation), the opportunity cost of holding gold increases, making it less attractive.
- Lower interest rates, on the other hand, drive investors toward gold, especially as a hedge against economic instability.

c) Inflation and Monetary Policy:

- Gold is traditionally viewed as a hedge against inflation. Higher inflation, especially unexpected inflation, tends to drive gold prices higher.
- However, if central banks respond to inflation with aggressive rate hikes, that can cap or reverse gold's gains.

d) Geopolitical and Systemic Risk:

- During geopolitical crises, wars, or financial instability, gold acts as a "safe haven" asset.
- This demand surge is often fear-driven, with investors moving money away from risk assets to gold.

e) Central Bank Purchases and ETF Flows:

- Central banks (especially in emerging economies) buying gold as a reserve diversification strategy can lead to long-term upward pressure on prices.
- Similarly, high inflows into exchange-traded funds (ETFs) backed by physical gold signal strong investor sentiment.

2. What Influences Gold Prices in India?

While international benchmarks (like LBMA spot gold price) set the base price, Indian gold prices are significantly shaped by local

conditions. The single most critical factor is the **USD-INR exchange rate**, due to India's heavy reliance on gold imports.

a) USD-INR Exchange Rate – The Most Important Variable:

- India imports more than 85% of its gold demand.
- These imports are priced in US dollars. So any depreciation of the Indian rupee directly increases the landed cost of gold.
- Even if the international price of gold remains unchanged, a weakening rupee will raise domestic prices.

b) Import Duty and Indirect Taxes:

- Import duty on gold currently stands at around 15% (including Social Welfare Surcharge).
- Over and above this, GST at 3% is levied on gold sales.
- Any change in these rates directly affects domestic gold prices.

c) Seasonal and Cultural Demand:

- India's demand for gold is strongly tied to cultural and seasonal factors such as weddings, Diwali, and Akshaya Tritiya.
- During these periods, jewellers often charge a premium over the base price to account for demand surges.

d) Dealer Premiums and Refining Margins:

- Refiners and authorised dealers add their own margins, which vary depending on market dynamics and physical demand.

3. How the USD-INR Rate Impacts Gold Prices in India

This is the most critical relationship to understand for anyone dealing with gold in India — whether as an investor, importer, or advisor.

a) When the Rupee Weakens Against the USD:

- The cost of importing gold rises.
- Domestic gold prices increase even if international gold prices are flat or declining.
- This effect is purely currency-driven and can override other downward global trends.

b) When the Rupee Strengthens Against the USD:

- Gold imports become cheaper.
- Even if international gold prices rise moderately, a stronger rupee can cushion the impact and keep domestic prices in check.
- A stable or appreciating rupee helps control inflation in gold prices.

c) Example:

Let's assume international gold prices remain constant at USD 1,900 per ounce.

USD/INR Rate Gold Price in INR (before duty & tax)

80	₹152,000 per 10 grams
83	₹157,700 per 10 grams

A 3.75% depreciation in INR results in a nearly ₹5,700 increase in gold price per 10 grams — purely due to currency movement. This illustrates how sensitive Indian gold prices are to the rupee-dollar exchange rate.

4. Illustrations:

Understanding these relationships is vital when advising clients in wealth management, taxation, or business planning. Here are a few common market scenarios:

Scenario	Global Gold Price	USD-INR Rate	Indian Gold Price
Dollar strengthens, INR weakens	Falls	Weakens	May still rise due to rupee effect
Dollar weakens, INR strengthens	Rises	Strengthens	May stay flat due to opposing impact
Global price stable, INR weakens	Stable	Weakens	Rises
Global price falls, INR strengthens	Falls	Strengthens	Falls further

This matrix helps forecast price direction more accurately, especially for clients making large purchases or managing gold-linked portfolios.

5. Key Takeaways

- Indian gold prices are not driven by international prices alone — the **USD-INR exchange rate is a major determinant**.
- A depreciating rupee **can neutralize or reverse** any benefit from falling global gold prices.
- Therefore, gold in India should always be viewed through a two-pronged lens: **international benchmarks** and **domestic currency trends**.
- Professionals advising clients on gold should monitor:
 - The US Dollar Index (DXY)
 - US Fed interest rate outlook
 - Indian rupee movement against USD
 - Changes in import duty or trade policy

Conclusion:

In India, gold pricing is not a function of just international market trends. It is intricately tied to currency dynamics — particularly the performance of the Indian rupee against the US dollar. The interplay between global gold prices and the USD-INR rate creates a unique pricing structure in India that can often behave counter-intuitively.

For professionals involved in wealth management, trade finance, or investment planning, tracking the exchange rate alongside global gold trends is essential. Gold may be a global asset, but in India, it is very much a currency-sensitive commodity. Understanding this dual influence enables more accurate forecasting, better client advice, and smarter investment decisions.

***“I am not a product of my circumstances.
I am a product of my decisions”***

–Stephen Covey

THANK YOU!

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