

EDITION 3

June 2025

# Plus Point

(MONTHLY REGULATORY UPDATES)

Prepared by:



**CA CIRCLE INDIA**

[WWW.CACIRCLEINDIA.COM](http://WWW.CACIRCLEINDIA.COM)



+91 88824 45911



[cacircleindia.com](http://cacircleindia.com)



[cacircleindia@gmail.com](mailto:cacircleindia@gmail.com)

# ABOUT PUBLICATION

This Monthly e-published professional journal is curated by a well-informed team of experienced professionals, tailored to cater to the interests of its members. While the journal does not employ a peer-review process, the editorial staff ensures the accuracy and verifiability of its content.

The e-journal features a collection of articles, news updates, and images covering diverse topics in applied science and professional domains. It is designed for professionals, aspiring students, and businesspersons, offering practical insights relevant to the field of commerce.

The publication provides the latest news, in-depth analysis, editorial commentary, and book reviews of interest to association members. Often presented in the form of newsletters, it also emphasizes professional development by offering:

- Articles aimed at enhancing skills in the commerce and finance sectors
- Simplified explanations of complex financial topics
- Updates on current events relevant to professionals
- Practical applications of the latest amendments and illustrated reports
- Due dates and compliance requirements related to Income Tax, GST, ROC, and other regulatory obligations

This e-journal serves as a valuable resource for professionals, students, and businesspersons alike, enabling them to stay informed and up-to-date with industry changes, thereby fostering continuous professional growth.

## Disclaimer

This Publication is intended for educational and informational purposes only and does not constitute professional advice. It includes a compilation of updates, data, and articles shared by professionals or available on the internet. While every effort has been made to ensure accuracy, some errors or omissions may exist. If you identify any discrepancies, please inform us so that corrections can be made in future editions. Reproduction, distribution, or storage of any part of this book in any form without prior written permission is strictly prohibited. All legal disputes related to this publication shall be subject to the jurisdiction of Delhi. Thank you for your cooperation.

## **CALL FOR ARTICLES – INVITATION TO CONTRIBUTE**

We invite professionals, subject experts, academicians, and thought leaders to contribute insightful articles for publication in **our upcoming monthly edition**.

With an active and engaged readership of **ApX 5,000 professionals**, your insights can make a real impact across the finance, taxation, law, audit, and emerging tech communities.

 **Send your article to:**  
cacircleindia@gmail.com

 **Last Date for Submission: 30<sup>th</sup> of Each Month**

### **Article Guidelines:**

- Content should be original and relevant to professionals (finance, audit, tax, law, AI tools, etc.)
- Word count: 500–1500 words or as preferred
- Include your name, designation, and a brief professional bio

Selected articles will be published with full author credits in both **our digital edition and Website**.

### **Why Contribute?**

- Reach an audience of 5,000+ professionals.
- Enhance your personal brand and thought leadership.
- Contribute to professional dialogue and development.

Let your voice be heard.

Be a part of our growing professional community.

Invitation by Editorial Team

Plus Point -CA Circle India



# CONTENT INSIDE

## Part 1: Income Tax

- Income Tax Return Due Date Extended  
But Audit Deadlines Must be Addressed

## Part 2: Indirect Tax

- Hard Lock on GSTR 3B
- Time Bar for GST Returns
- Appeal & waiver Updates
- E- Way Bill & E Invoice Updates
- Summary: Additional GST Changes

## Part 3: Corporate Affairs

- MCA 21: V3 Migration
- Compliance Calendar and Key Deadlines
- Changes in various ROC Forms at V3 Portal
- IBC Moratorium Exceptions: A Lifeline for  
Corporate Debtors
- Companies Cost Audit Records and Audit Rules
- Form ADT-1: Mandatory or Optional

## Part 4: Important Case Laws

- Purchaser Not Liable for Supplier's GST Default
- GST Authorities Can Block Utilized ITC Under  
Rule 86A

## ABOUT CA CIRCLE INDIA

The publication is brought to you by CA Circle India, an ISO-certified, non-profit organization dedicated to the professional growth of CAs, CS, CMAs and finance professionals.

CA Circle India is a dynamic and forward-thinking entity committed to empowering finance professionals through skill development, knowledge-sharing, and networking opportunities. With a vision to foster excellence in the accounting and finance sectors, CA Circle India provides a collaborative platform that encourages innovation and professional advancement.

VISIT US AT

[WWW.CACIRCLEINDIA.COM](http://WWW.CACIRCLEINDIA.COM)

SOCIAL LINKS





# PART 1 : INCOME TAX

## CBDT EXTENDS ITR FILING DUE DATE TO SEPTEMBER 15, 2025: TIMELY RELIEF, BUT AUDIT DEADLINES MUST ALSO BE ADDRESSED

In a significant move welcomed by taxpayers and professionals alike, the Central Board of Direct Taxes (CBDT) has extended the **due date for filing Income Tax Returns (ITRs) for the assessment year 2025-26. Returns originally due by July 31, 2025, can now be filed until September 15, 2025.** This extension comes in response to the delayed release of ITR utilities, which have not been made available to taxpayers and tax professionals as of mid-June 2025.

### Why the Extension Was Needed

The annual income tax filing season is a critical period for millions of taxpayers across India. Timely availability of ITR utilities—software tools provided by the Income Tax Department for preparing and submitting returns—is essential for smooth compliance. This year, the delay in releasing these utilities has left taxpayers and professionals with little time to collate data, reconcile TDS credits, and file accurate returns.

Recognizing these practical challenges, the CBDT's decision to extend the deadline is both prudent and necessary. It provides much-needed breathing space for individuals and businesses to comply with statutory requirements without the pressure of last-minute rush or inadvertent errors.

### Implications for Taxpayers and Professionals

The extension to September 15, 2025, is expected to ease the compliance burden for:  
**Salaried individuals - Small businesses - Professionals - Other non-audit taxpayers**

It also ensures that taxpayers have adequate time to verify TDS credits, gather supporting documents, and address any discrepancies in Form 26AS or Annual Information Statement (AIS).

### Need for Timely Extension of Audit-Linked Deadlines

While the extension for non-audit ITRs is a welcome step, it is equally important that the deadlines for tax audit reports and ITRs requiring compulsory audits are also extended in tandem. Traditionally, the due date for filing tax audit reports (Form 3CA/3CB/3CD) and related ITRs is set a month or so after the non-audit ITR deadline. However, if the audit deadline remains unchanged, professionals may face a compressed timeline to complete audit work, increasing the risk of errors and non-compliance.

### A coordinated extension would:

- Ensure fairness and parity for all taxpayers
- Allow auditors sufficient time for quality checks and compliance
- Reduce last-minute bottlenecks and system overloads

# PART 2 : INDIRECT TAX

---

## 1. Hard Lock on GSTR-3B (Effective July 2025)

**GST RETURN FILING HARD  
LOCKING OF AUTO-POPULATED  
VALUES IN GSTR-3B FORM**

**Non-Editable GSTR-3B:** Starting with the July 2025 tax period (returns due in August 2025), the GSTN will make Table-3 of GSTR-3B non-editable if values are auto-populated from GSTR-1, GSTR-1A, or the Invoice Furnishing Facility (IFF).

**How to Amend:** Any changes to outward supply details must be made through GSTR-1A before filing GSTR-3B. Once GSTR-3B is filed, no further edits are allowed for that period.

**Purpose:** This aims to enhance consistency between GSTR-1 and GSTR-3B, reduce errors, and curb revenue leakages.

## 2. Three-Year Time Bar for GST Returns (Effective July 1, 2025)

- **Permanent Filing Block:** From July 1, 2025, the GST portal will permanently block the filing of any GST return that is more than three years past its original due date.
- **Returns Impacted:** This rule applies to all major GST returns, including GSTR-1, GSTR-3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR-7, GSTR-8, and GSTR-9.
- **Consequences:** Taxpayers with pending returns older than three years will lose the ability to file them, resulting in loss of input tax credit (ITC), penalties, and possible legal complications.
- **Compliance Urgency:** Taxpayers are urged to reconcile and file all pending returns before July 1, 2025, to avoid being permanently time-barred.

## 3. Appeal and Waiver Updates

**Appeal Withdrawal Waivers:** Taxpayers can now receive waivers on interest or late fees if they withdraw an appeal against a tax demand and upload proof of withdrawal before June 30, 2025. This streamlines dispute resolution and reduces compliance burdens for those resolving old cases.



## 4. E-Way Bill and E-Invoice Updates

**Stricter E-Way Bill Rules:** From January 1, 2025, goods moved using an e-way bill must have invoice documents dated on or after July 5, 2024; older invoices are invalid for e-way bills.

**Lowered E-Invoicing Threshold:** The e-invoicing threshold has been reduced to ₹10 lakh aggregate turnover, expanding the requirement to more businesses.

### SUMMARY TABLE: ADDITIONAL GST CHANGES

Change Area	Effective Date	Details
GSTR-3B Hard Lock	July 1, 2025	Auto-populated Table-3 values non-editable; changes via GSTR-1A only.
3-Year Time Bar for Returns	July 1, 2025	No filing of returns after 3 years from due date.
Appeal Withdrawal Waivers	Until June 30, 2025	Waiver of late fees/interest if appeal withdrawn and proof uploaded.
Multi-Factor Authentication (MFA)	April 1, 2025	Mandatory for all GST portal logins.
Aadhaar/Biometric Verification	April/May 2025	Required for new registrations in select states.
Mandatory ISD Registration	April 1, 2025	For businesses with multiple GSTINs under one PAN.
Quarterly Reporting (Large Taxpayers)	April 1, 2025	Some returns now quarterly instead of monthly.
GST Rate Rationalization (Expected)	TBA (Council Pending)	Possible merger of 12% and 18% slabs, further simplification.



# PART 3: CORPORATE AFFAIRS

## MCA21 V3 PORTAL MIGRATION: FINAL PHASE OF DIGITAL TRANSFORMATION FOR COMPANY FILINGS



The Ministry of Corporate Affairs (MCA) is set to complete a landmark digital transformation with the launch of the **final set of 38 revamped company forms on the MCA21 V3 portal, effective July 14, 2025.**

*This migration marks the full shift from the legacy V2 system to a modern, unified digital platform for all statutory company filings in India.*

### 1.Key Highlights of the Migration:

- **Launch of 38 New Company Forms :** The new set includes 13 annual filing forms and 6 audit/cost audit forms, covering a wide spectrum of compliance requirements such as financial statements, auditor reports, board reports, related party disclosures, NBFC filings, XBRL financials, annual returns, audit notifications, CSR reports, cost audit applications, and investor complaint forms. These forms are designed to streamline compliance, improve data quality, and align Indian corporate reporting with global best practices.
- **Discontinuation of V2 Portal:** E-filings on the older MCA V2 portal will be disabled from June 18, 2025 (12:00 AM). All pending Service Request Numbers (SRNs) in V2 must be cleared—meaning payments must be completed and resubmissions finalized—before this cutoff. **The "Pay Later" offline payment option on V2 was discontinued from June 8, 2025, requiring all payments to be made online via credit/debit card or net banking.**
- **Pre-Migration Compliance Advisory** Stakeholders must review and resolve all pending SRNs, especially those awaiting investor or subsidiary details, by June 17, 2025. Failure to do so will result in SRNs being marked as "Not to be Resubmitted" (NTBR), potentially leading to non-compliance issues. **Users are also advised to create or upgrade their user IDs and associate their Digital Signature Certificates (DSC) under the "Business user" category on the V3 portal.**
- **Scheduled Downtime and No Waivers :** The V3 portal will be unavailable from July 9, 2025 (12:00 AM) to July 13, 2025 (11:59 PM) for final migration and testing. **There will be no fee waivers or deadline extensions for filings or resubmissions due during this downtime. Companies must ensure all V3 filings and resubmissions are completed before July 9, 2025.**
- **Enhanced Features and Benefits:** The V3 portal promises a significantly improved user experience, including real-time processing, streamlined e-payments, advanced tracking tools, and expanded XBRL capabilities for standardized, machine-readable disclosures. The migration supports better compliance, transparency, and data analytics, aligning India's regulatory environment with international digital reporting standards.

## Action Points for Companies and Professionals-

- Complete all V2 filings and payments by June 17, 2025.
- Switch to online payments for any pending V2 forms (offline/pay-later options are no longer available).
- Upload all required investor and subsidiary details for pending SRNs by June 17, 2025.
- Upgrade/create V3 Business User IDs and associate DSCs well before the migration.
- Plan all annual and audit-related filings to avoid the V3 portal downtime (July 9–13, 2025).
- No waivers or extensions will be granted for missed deadlines during the transition period.

## Conclusion:

The full-scale migration to the MCA21 V3 portal on July 14, 2025, is a transformative event for Indian corporate compliance. It brings modernized, efficient, and transparent digital processes for company filings, but also demands careful planning and prompt action from all stakeholders to ensure seamless compliance and avoid penalties. Companies and professionals must act swiftly to clear pending filings, adapt to the new system, and leverage the enhanced features of the V3 portal for ongoing statutory compliance.

## Amendment to Companies (Registration Offices and Fees) Rules, 2025

Effective July 14, 2025: The Companies (Registration Offices and Fees) Amendment Rules, 2025, will come into force, notably replacing the existing Form GNL-1 with a revised format

## COMPLIANCE CALENDAR & KEY DEADLINES



**Dematerialization of Securities:** The deadline for mandatory dematerialization of securities for private companies (excluding small companies as of March 31, 2023) has been extended to **June 30, 2025**.

**Annual Filings:** Key ROC forms such as DPT-3 (Return of Deposit) are due by June 30, 2025, and FLA (Foreign Liabilities and Assets) to RBI by July 15, 2025. DIR-3 KYC for directors is due by **September 30, 2025**.

**Other Filings:** Regular annual compliance for companies and LLPs continues, with no waivers or extensions announced for missed deadlines during the migration.

### SUMMARY TABLE: KEY MCA/ROC UPDATES (JUNE–JULY 2025)

Update/Change	Effective Date	Details
Launch of 38 new company forms on V3 portal	Jul 14, 2025	Includes annual filing & audit forms; V2 portal disabled from June 18, 2025
Companies (Registration Offices and Fees) Amendment Rules	Jul 14, 2025	Revised Form GNL-1
Dematerialization of securities for private cos	Jun 30, 2025	Extended deadline (excludes small companies as of 31.3.2023)
DPT-3 (Return of Deposit)	Jun 30, 2025	Annual compliance filing
FLA (Foreign Liabilities & Assets)	Jul 15, 2025	Annual RBI filing
DIR-3 KYC	Sep 30, 2025	KYC for directors
Substitution of ADT Forms	2025	New formats for ADT-1, ADT-2, ADT-3, ADT-4



# CHANGES IN VARIOUS ROC FORMS POST-MIGRATION TO MCA21 V3 PORTAL

With the launch of the MCA21 V3 portal on July 14, 2025, the Ministry of Corporate Affairs (MCA) is rolling out 38 revamped e-forms, including 13 annual filing forms and 6 audit/cost audit forms. This migration not only digitizes and streamlines the compliance process but also introduces new and modified information requirements across key ROC forms. Below is a form-wise breakdown of the major changes, additional disclosures, and new data points required post-migration:

## 1. Form AOC-4 (Filing of Financial Statements)

- **Web-Based Filing:** AOC-4 is now entirely web-based, eliminating PDF uploads and manual paperwork. All data must be entered directly on the portal, enabling real-time validation and reducing errors.
- **Consolidation of Linked Forms:** Extracts of Auditor Report (Standalone/Consolidated), Extract of Board Report, AOC-1 (subsidiary disclosures), and AOC-2 (related party transactions) are now linked to AOC-4, streamlining the process and reducing the number of separate filings.
- **Prefilled and Auto-Linked Data:** Information from previous filings is auto-filled and linked across related forms, ensuring consistency and saving time.
- **Enhanced Validation:** New validation checks ensure all mandatory fields are completed accurately before submission.
- **Additional Attachments:** Enhanced requirements for supporting documents, including board and auditor reports, and detailed disclosures for NBFCs and companies under CSR scrutiny.

## 2. Form MGT-7/MGT-7A (Annual Return)

- **Detailed Shareholding & Governance Reporting:** The updated form requires more granular information on shareholding patterns, changes in the board, and governance structures, providing deeper regulatory insight.
- **Prefilled Data:** Key company information is auto-populated from previous filings, reducing manual entry and errors.
- **Updated Digital Signature Process:** The process for affixing and verifying digital signatures has been upgraded for enhanced security.
- **Additional Disclosures:** More fields for directorships, KMP changes, and compliance status

## 4. Cost Auditor Forms (CRA-2, CRA-4)

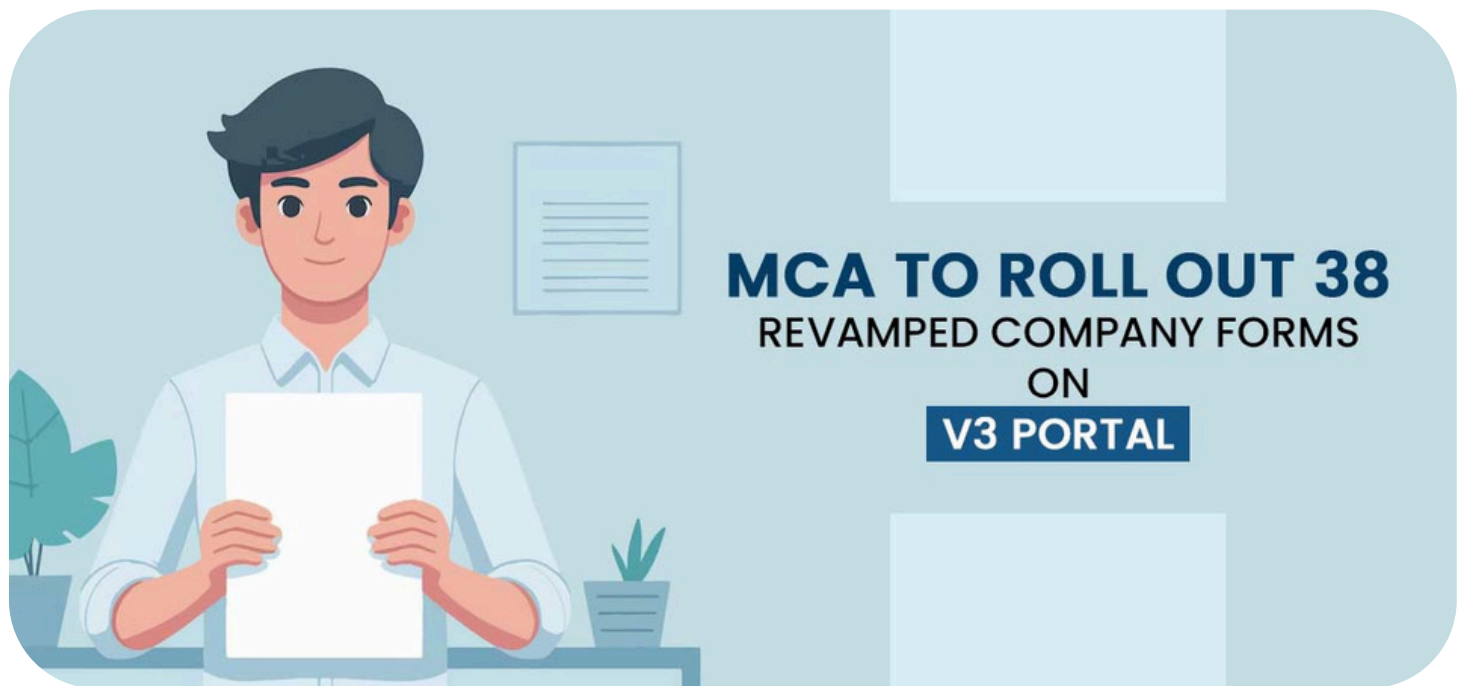
- **CRA-2 (Appointment of Cost Auditor):**
  - **New Field:** Must specify if the appointment is due to amalgamation, demerger, casual vacancy, or addition of products/services.
  - **Linkage Feature:** Now allows linking of CRA-2 filings between transferor and transferee companies in cases of amalgamation/demerger, eliminating the need for duplicate filings.
- **CRA-4 (Cost Audit Report):** Enhanced reporting requirements and validation checks for cost audit submissions

## 3. Statutory Auditor Forms (ADT-1, ADT-3, ADT-4)

- **ADT-1 (Auditor Appointment):** Revised to capture additional auditor details and compliance confirmations.
- **ADT-3 (Auditor Resignation):** Now requires more information on the reason for resignation and related disclosures.
- **ADT-4 (Reporting of Auditor's Fraud):** Newly introduced, this form mandates detailed reporting of any frauds detected by auditors, as per Companies (Audit and Auditors) rules.

## 5. Other Notable Changes Across Forms

- **Centralized Dashboard:** All filings, deadlines, and compliance status are now visible on a single dashboard, improving tracking and management.
- **AI/ML Compliance Checks:** The portal uses artificial intelligence to flag inconsistencies and potential compliance issues in real time.
- **Prefilled Data and Cross-Form Linkages:** Data entered in one form is auto-populated in related forms, reducing duplication and improving accuracy.
- **Mandatory Online Payments:** All payments must be made online; offline/pay-later options have been discontinued.
- **Enhanced Grievance Redressal:** Upgraded helpdesk and ticketing system for faster resolution of issues.



## Conclusion

The migration to MCA21 V3 portal represents a significant step toward digital-first, transparent, and efficient corporate compliance in India. Companies must familiarize themselves with the new and modified information requirements in each form, ensure accurate and timely filings, and leverage the portal's enhanced features for seamless compliance management. Early adoption and thorough preparation will be key to avoiding penalties and maintaining a strong compliance record in the new era of MCA filings.

# MCA'S FRESH CLARITY ON IBC MORATORIUM EXCEPTIONS: A LIFELINE FOR CORPORATE DEBTORS

## MCA Clarifies IBC Section 14(1) Exemptions for Corporate Debtors

In a major relief to businesses navigating insolvency proceedings, the Ministry of Corporate Affairs (MCA) has recently issued crucial clarifications on exemptions under Section 14(1) of the Insolvency and Bankruptcy Code (IBC). These clarifications are significant as they provide clearer guidance to corporate debtors about specific transactions and processes that are not halted by the moratorium, thus enhancing the predictability and efficiency of insolvency proceedings.



CA. Sakshi Agarwal  
(Bhiwandi-Thane)  
[casakshiagarwal@icai.org](mailto:casakshiagarwal@icai.org)

## Understanding Section 14(1) of IBC: The Basics

To simplify, Section 14(1) of the IBC imposes a moratorium or a temporary halt on certain legal actions against a company undergoing insolvency. This moratorium comes into effect immediately after the admission of an insolvency application by the National Company Law Tribunal (NCLT). Its primary purpose is to provide a 'breathing space' to the distressed company to reorganize, restructure, or liquidate assets without constant legal battles and creditor pressures. During this period, the following actions are generally prohibited:

- Filing or continuing any legal proceedings against the company.
- Recovery of assets by secured creditors.
- Enforcement of security interests.
- Initiation of foreclosure or repossession actions.

However, there have been long-standing ambiguities around what specific activities can continue during this moratorium period.

## The MCA Clarification: Cutting Through the Ambiguities

Recognizing the uncertainty and confusion surrounding the application of Section 14(1), the MCA has issued precise clarifications to exempt certain essential activities and transactions from the moratorium. These clarifications are expected to help businesses maintain continuity in crucial operations while going through insolvency proceedings.



### 1. Government Dues and Licenses:

The MCA clarified that payment of current dues related to licenses, registrations, and approvals required for maintaining essential services should continue. These include utilities like electricity, water, telecommunications, and similar critical services. This exemption ensures that basic operational capabilities of the company are not compromised during insolvency resolution.

### 3. Continuation of Contracts and Services:

The MCA also clarified that certain contracts critical for the functioning of the company, such as agreements related to essential goods and services, are allowed to continue uninterrupted. This ensures operational stability and helps preserve the value of the corporate debtor, ultimately benefiting all stakeholders.

### 2. Renewal of Critical Licenses :

Another significant clarification involves the renewal of licenses, permits, registrations, or authorizations essential for the corporate debtor's operations. Previously, uncertainty regarding license renewals often created operational hurdles. With this clarification, companies under insolvency can continue renewing necessary licenses to maintain operations without legal obstructions.

### 4. Statutory Payments and Compliances

Payments related to statutory obligations such as employee wages, taxes, provident fund contributions, and other mandatory compliances have been clearly exempted from the moratorium. This exemption supports businesses in meeting their critical statutory obligations, thereby safeguarding the interests of employees and regulatory authorities.



## Why This Clarification Matters: Simplifying the Impact

Previously, confusion around the scope of the moratorium under Section 14(1) led to numerous practical and legal challenges. Companies often struggled to understand whether they could continue essential services, renew critical licenses, or meet statutory obligations without violating the moratorium provisions. This uncertainty frequently resulted in disputes, prolonged litigation, and even operational paralysis.

By clarifying these exemptions, the MCA significantly reduces ambiguity. Businesses can now confidently maintain essential operations, thus ensuring a smoother insolvency resolution process. This clarity not only helps preserve operational continuity but also protects the overall value of the corporate debtor, benefiting creditors and other stakeholders involved.

## The Big Picture: Facilitating Faster Resolution

One of the fundamental aims of the IBC is to resolve insolvencies swiftly and efficiently. Clear guidelines and exemptions like these announced by the MCA play a pivotal role in achieving this goal. They provide corporate debtors and insolvency professionals with the necessary clarity to navigate the complexities of the insolvency process effectively.

This clarity also supports creditors by ensuring that corporate debtors can continue to maintain or even enhance their operational value during the insolvency resolution process. In turn, creditors stand a better chance of recovering their dues, thus enhancing the effectiveness of the entire insolvency resolution framework.

## Final Thoughts: A Step Towards Business Continuity

The recent MCA clarification on exemptions under Section 14(1) of the IBC is undoubtedly a positive and progressive step. It provides much-needed operational clarity, safeguards the interests of multiple stakeholders, and helps maintain the critical balance between providing distressed companies with protection and ensuring the resolution process remains efficient and effective.

Companies currently undergoing insolvency or those contemplating insolvency resolution will benefit immensely from this clarification. It not only enhances predictability in managing operations during insolvency but also aligns with international best practices in insolvency management.

**In summary, MCA's timely clarifications reinforce the intention of the IBC to offer distressed businesses genuine opportunities for revival while maintaining fairness and transparency in the insolvency process.**



### Recommendation of the Month

**FIEA – Federation of Indian Economic Affairs** recently conducted an interactive Masterclass on AI Tools for Professionals.

👉 **Watch now: [Master Class Link](#)**

**A must-watch for professionals looking to boost productivity with AI!**

# COMPANIES COST RECORDS AND AUDIT RULES

Companies act, 2013 as amended fix a liability on statutory auditor of the company for the maintenance of cost records of the company based on turnover and other criteria. It is a legal compliance which statutory auditor has to comply like any other compliance and mention in its independent audit report.

## Meaning of Cost Records

**Cost Records** means books of accounts relating to utilisation of materials, labour and other item of cost as applicable to the cost of production of goods & services as provided in sec 148 of the act.



CMA. Amit Kumar  
(Delhi)  
cmaamitkumar@hotmail.com

## Following are the criteria based on which cost records are applicable:

- Company shall engage in production of specified goods or services.
- Overall turnover from all of its products and services shall be equal or greater than 35/25 (Preceding financial year) crores as per Specific table A or B.
- Micro enterprises or a small enterprise as per MSMED Act, 2006 have been taken out of the purview.

## The form CRA-1

The form in which cost records shall be maintained. The form categorizes the requirement of maintain proper detail as per headings. The headings are

- |  |  |
|--|--|
| (1) Material Cost,                     | (17) Any other item cost                           |
| (2) Employee cost                      | (18) Capacity Determination                        |
| (3) Utilities                          | (19) Work-in-progress and finished stock           |
| (4) Direct Expenses                    | (20) Captive Determination                         |
| (5) Repair & Maintenance               | (21) By-Product and Joint Products                 |
| (6) Fixed asset and Depreciation,      | (22) Adjustment of Cost Variance                   |
| (7) Overheads                          | (23) Reconciliation of cost and Financial Accounts |
| (8) Administrative Overhead            | (24) Related Party Transactions                    |
| (9) Transportation Cost                | (25) Expenses or Incentives on Exports             |
| (10) Royalty and Technical know-how    | (26) Production records                            |
| (11) Research and development expenses | (27) Sales Records                                 |
| (12) Quality control expenses          | (28) Cost Statement                                |
| (13) Pollution Control Expenses        | (29) Statistical Records                           |
| (14) Service Department Expenses       | (30) Records of Physical Verification              |
| (15) Packing Expenses                  | (31) Unit of Measurement.                          |
| (16) Finance cost,                     |  |

## Table A & Table B

# FORM ADT -1 : MANDATORY FILLING /OPTION FILLING

## Background and Previous Practice

Historically, there was ambiguity and divided practice regarding the filing of Form ADT-1 for the appointment of the first auditor by companies in India. Many practitioners interpreted the Companies (Audit and Auditors) Rules, 2014 to mean that ADT-1 was not strictly required for the first auditor, since Rule 4(2) referred only to Section 139(1) (appointment after AGM) and not Section 139(6) (first auditor appointment by Board). **However, it was always considered a recommended best practice to file ADT-1 even for the first auditor to ensure compliance and avoid future disputes.**

## Current Requirement and Recent Changes

As of now, the Ministry of Corporate Affairs (MCA) has clarified and reinforced the requirement: filing Form ADT-1 is mandatory for the appointment of both the first auditor and subsequent auditors. This is in line with the Companies Act, 2013 and is further emphasized by recent compliance updates and digitization initiatives by the MCA.

### For a newly incorporated company:

- The Board of Directors must appoint the first auditor within 30 days of incorporation. Once appointed, the company must file Form ADT-1 with the Registrar of Companies (ROC) within 15 days of the appointment.

### For existing companies:

- Form ADT-1 must be filed within 15 days of the Annual General Meeting (AGM) in which the auditor is appointed or reappointed.

## Upcoming Changes Effective July 14, 2025

The MCA is set to roll out a significant digital overhaul, launching the final set of 38 company forms—including audit forms like ADT-1—on July 14, 2025, as part of the MCA-21 V3 portal enhancements. This move is aimed at streamlining compliance and making e-filing more robust and user-friendly. While this update focuses on digitization, it reinforces the existing legal requirement that **ADT-1 filing is mandatory for the first auditor's appointment.**

### Key Points on ADT-1 Filing

- Filing ADT-1 is compulsory for all companies—public, private, listed, or unlisted—regardless of whether it is for the first or subsequent auditor.
- The company, not the auditor, is responsible for filing ADT-1.
- Failure to file within the stipulated time attracts penalties, which increase with the length of the delay.
- The required documents include the board resolution or AGM resolution, auditor's consent, and a certificate of eligibility under Section 141 of the Companies Act.

## Notification and Official Reference

As of June 12, 2025, there is no new specific MCA notification that introduces a fresh legal mandate effective July 14, 2025, solely regarding the requirement to file ADT-1 for the first auditor. The obligation arises from the consistent interpretation and enforcement of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, as clarified by the MCA and various professional bodies. The July 14, 2025 date refers to the launch of new digital forms and portal enhancements, not to a change in the substantive legal requirement.

*"Form ADT-1 is required to be filed within 15 days from the first board meeting of the company which is required to be held within 30 days of incorporation... All the companies are mandatorily required to file Form ADT 1, be it a listed, unlisted, public, private, or any other company."*

## Conclusion

- ADT-1 filing is mandatory for both first and subsequent auditor appointments.
- The July 14, 2025 date marks the digital rollout of enhanced MCA forms, not a new legal requirement for ADT-1 filing.
- Companies must ensure timely filing to avoid penalties and remain compliant.

# PART 4: CASE LAWS

## ALLAHABAD HIGH COURT JUDGMENT PURCHASER NOT LIABLE FOR SUPPLIER'S GST DEFAULT

### Background and Case Details

On May 30, 2025, the Allahabad High Court delivered a landmark judgment in the case of M/s R.T. Infotech vs. State Tax Authorities, fundamentally shaping the interpretation of Section 16(2)(c) of the Central Goods and Services Tax (CGST) Act 12345. The core issue was whether a bona fide purchaser can be denied Input Tax Credit (ITC) solely because the supplier failed to deposit GST or file returns, despite the purchaser having fulfilled all statutory obligations.



CA. Surya Prakash Modi  
(Nokha- Rajasthan)  
spmodiandco@gmail.com

### Key Findings of Judgment

**ITC Allowed Despite Supplier's Default:** The Court held that ITC cannot be denied to a purchaser if they have valid tax invoices and have made payment (including GST) through legitimate banking channels, such as RTGS, even if the supplier defaults in filing returns or depositing tax.

**Buyer Not Responsible for Supplier's GST Filing:** The purchaser's inability to ensure or compel the supplier to file GST returns or pay tax cannot be grounds for denying ITC. The Court recognized the practical impossibility for buyers to monitor or enforce supplier compliance.

**Payment via RTGS Accepted:** Payments made through banking channels were specifically accepted as evidence of bona fide transactions.

**Department Must Act Against Supplier:** The judgment emphasized that tax authorities must pursue action against defaulting suppliers under Sections 73, 74, and 79 of the CGST Act, rather than penalizing genuine buyers.

### Legal Reasoning and Precedents

The Court cited earlier landmark decisions, notably:

- Suncraft Energy Pvt. Ltd. v. ACST (Supreme Court, 2023)
- D.Y. Beathel Enterprises v. State Tax Officer (Madras HC, 2022)

Both cases established that ITC cannot be denied to purchasers who have acted in good faith, possess valid invoices, and have made full payment via banking channels, even if the supplier defaults.



### Relief and Protection for Genuine Taxpayers

This judgment is a significant win for honest businesses. It ensures:

**Protection from Unjust ITC Denials:** Genuine taxpayers are not penalized for circumstances beyond their control.

**Clarity on ITC Eligibility:** As long as the purchaser has valid invoices, paid via bank, and the department has already acted against the supplier, ITC cannot be denied.

**No Penalty for Supplier's Lapses:** The purchaser's compliance with statutory requirements is sufficient.

### Practical Implications

**For Businesses:** Maintain proper documentation, ensure all payments (including GST) are made through banking channels, and retain proof of valid invoices.

**For Tax Authorities:** Required to focus enforcement on defaulting suppliers, not bona fide buyers.

### Conclusion

The Allahabad High Court's decision in **M/s R.T. Infotech vs. State Tax Authorities** marks a pivotal development in GST jurisprudence. It reinforces the principle that honest purchasers cannot be denied ITC due to supplier defaults, provided they have fulfilled all legal obligations. This judgment not only protects genuine taxpayers but also sets a strong precedent for future disputes across India.



# ANDHRA PRADESH HIGH COURT DELIVERS WAKE-UP CALL

## GST AUTHORITIES CAN BLOCK UTILIZED ITC UNDER RULE 86A

In a significant ruling that will impact GST-registered businesses across India, the Andhra Pradesh High Court has clarified the sweeping powers of tax authorities to block Input Tax Credit (ITC) under Rule 86A of the CGST Rules—even after the credit has already been utilized. The judgment in *Sugna Sponge & Power Pvt. Ltd. v. Superintendent of Central Tax (2025)* is a must-read for every business and tax professional.

### Background: The Sugna Sponge Case

Sugna Sponge & Power Pvt. Ltd., a regular GST taxpayer, found its electronic credit ledger blocked by the tax department under Rule 86A. The company argued that since it had already utilized the ITC in question (i.e., the credit was no longer available in the ledger), the department had no authority to block it. The company approached the Andhra Pradesh High Court seeking relief.

### The Legal Question: Can the GST department block ITC under Rule 86A even if the credit is no longer available in the electronic credit ledger?

**The High Court's Ruling: No Escape for Wrongful ITC Claims -** The Andhra Pradesh High Court delivered a clear and decisive answer:

- **Rule 86A Is Not Limited to Available Credit:** The phrase “such credit” in Rule 86A refers to any credit that has been wrongly availed or utilized, not just the balance currently present in the ledger.
- **Department's Power Is Broader:** Authorities can block the ledger for wrongfully availed or utilized credit, even if the taxpayer has already used up the credit.
- **No Loophole for Taxpayers:** Taxpayers cannot avoid the consequences of wrongful ITC claims simply because the credit has been utilized or the ledger shows a zero balance.
- **Petition Dismissed:** The Court dismissed Sugna Sponge's writ petition, upholding the department's power to block and recover such credits.

### The Court also directed that the GST portal must allow officers sufficient space to record reasons for blocking ITC, ensuring transparency and proper documentation.

### What This Means for Businesses

- **Diligence Is Critical:** Businesses must be extra cautious when claiming ITC. Any wrongful claim—whether availed or already utilized—can lead to blocking and recovery.
- **No “Utilized and Forgotten” Defense:** Utilizing ITC does not shield taxpayers from departmental action.
- **Documentation Matters:** Ensure all ITC claims are fully supported by valid documentation and comply with GST law.

Issue	High Court's Ruling
Can utilized ITC be blocked?	Yes, even if credit is not available in the ledger
Scope of "Such Credit" in Rule 86A	Includes availed or utilized, not just available credit
Can taxpayers escape by using ITC early?	No, department can still block and recover
GST Portal direction	Ensure enough space for recording reasons

### Conclusion: A Strong Message to Taxpayers

The Andhra Pradesh High Court's decision in *Sugna Sponge & Power Pvt. Ltd.* is a wake-up call for businesses: GST compliance is not just about claiming ITC, but about claiming it right. Wrongful claims—even if already used—can and will be blocked. Taxpayers must review their ITC practices, maintain robust documentation, and ensure full compliance to avoid costly surprises.

# OUR CONTRIBUTORS



CA. UTTAM MODI



CA. S.P. MODI



CA. SAKSHI AGARWAL



CMA AMIT KUMAR

## FEEDBACK FORM

Your Feedback is important for us  
Click on below link for feedback

[Click here for Feedback/Rating](#)

## SUBSCRIPTION FORM

[Click here for Subscribe](#)

## SOCIAL PRESENCE



## VISIT US ON WWW



## WRITE US ON

[cacircleindia@gmail.com](mailto:cacircleindia@gmail.com)

