Monday, August 18, 2025

Info Capsule

President
CS Dhananjay Shukla
Vice President
CS Pawan G Chandak

❖ *Ministry of Finance*

The Central Government is proposing significant reforms in GST (August 15, 2025)

To build an 'Atmanirbhar Bharat', the Central Government is proposing significant reforms in GST. It will be focused on 3 pillars, namely

1. structural reforms
2. rate rationalisation, and
3. ease of living

The Central Government has sent its proposal on GST rate rationalisation and reforms to the Group of Ministers (GoM) constituted by the GST Council to examine this issue.

Key areas identified for next-generation reforms include the rationalisation of tax rates to benefit all sections of society, especially the common man, women, students, middle class, and farmers.

Reforms will also seek to reduce classification-related disputes, correcting inverted duty structures in specific sectors, ensuring greater rate stability, and further enhancing ease of doing business. These measures would strengthen key economic sectors, stimulate economic activity, and enable sectoral expansion.

Key Pillars of the Centre's Proposed Reforms:

Pillar 1: Structural reforms:

1. **Inverted duty structure correction:** The correction of inverted duty structures to align input and output tax rates so that there is a reduction in the accumulation of input tax credit. This would support domestic value addition.
2. **Resolving classification issues:** Resolve classification issues to streamline rate structures, minimise disputes, simplify compliance processes, and ensure greater equity and consistency across sectors.
3. **Stability and Predictability:** Provide long-term clarity on rates and policy direction to build industry confidence and support better business planning.

Pillar 2: Rate Rationalisation:

1. **Reduction of taxes on common-man items and aspirational goods:** This would enhance affordability, boost consumption, and make essential and aspirational goods more accessible to a wider population.
2. **Reduction of slabs**: Essentially move towards *simple tax* with 2 slabs – standard and merit. Special rates only for select few items.

3. **Compensation Cess:** The end of compensation cess has created fiscal space, providing greater flexibility to rationalise and align tax rates within the GST framework for long-term sustainability.

Pillar 3: Ease of Living:

1. **Registration:** seamless, technology-driven, and time-bound, especially for small businesses and startups.
2. **Return:** Implement pre-filled returns, thus reducing manual intervention and eliminating mismatches.
3. **Refund:** faster and automated processing of refunds for exporters and those with inverted duty structure.

The Centre's proposal, anchored on the above three foundational pillars, has been shared with the GoM for further deliberations within the GoM. The Centre has taken this initiative with the aim of building a constructive, inclusive, and consensus-based dialogue among all stakeholders.

For details: *https://www.pib.gov.in/PressReleasePage.aspx?PRID=2156708*

❖ *ESG Update*

MTR Sustainability Approach

- MTR is committed to embedding environmental, social and governance ("ESG") considerations into business and operations to create long-term value for all stakeholders. MTR has set forth three priority areas, to advance Environmental and Social Objectives, while supporting the United Nations Sustainable Development Goals.

- MTR aspires to create long-term shared value by connecting our communities and business partners with advancement opportunities. MTR committed to upskilling employees, enhancing the skills and innovative capacity of future generations and fostering sustainable growth of local enterprises in cities where MTR operates.

- MTR offers a low-carbon solution connecting the communities where MTR serves. As an operator of a reliable, efficient and environmentally friendly transportation system, Transiting Hong Kong to a carbon-neutral city by 2050 and incorporate green features and energy efficiency measures in planning, design, construction and operation.

- MTR disclose material sustainability issues in accordance with Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") and align with internationally recognised guidelines and frameworks including:

    - The United Nations ("UN") Sustainable Development Goals ("SDGs");
    - The International Association of Public Transport ("UITP") Sustainability Reporting Guide;
    - ISO 26000 Guidance on Social Responsibility;
    - World Economic Forum's ("WEF") Stakeholder Capitalism Metrics;
    - Task Force on Climate-related Financial Disclosures ("TCFD");
    - The International Sustainability Standards Board's ("ISSB") IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information ("IFRS S1");
    - ISSB's IFRS S2 Climate-related Disclosures ("IFRS S2"); and
    - The Recommendations of the Taskforce on Nature-related Financial Disclosures ("TNFD")

For details:
https://www.mtr.com.hk/sustainability/assets/pdf/en/2024/Sustainability_Report.pdf

❖ *Reserve Bank of India*

RBI asks banks to clear cheques within hours starting October 4 (August 18, 2025)

Starting October 4, 2025, the Reserve Bank of India (RBI) will roll out a new system to clear cheques within a few hours—a big improvement from the current processing time of up to two working days. Under the new system, cheques will be scanned, processed, and settled continuously during business hours, instead of being cleared in batches. This means that the current T+1 clearing cycle (where T is the day of cheque deposit) will be reduced to just a few hours. Currently, the Cheque Truncation System (CTS) clears cheques in one or two working days, depending on when they are deposited. The RBI aims to improve customer convenience and reduce settlement risk by moving to a faster, real-time clearing process.

For details:

https://indianexpress.com/article/business/banking-and-finance/rbi-asks-banks-to-clear-cheques-within-hours-starting-october-4-10187657/?ref=business_pg

❖ *Business & Economy*

18 years later, S&P upgrades India's sovereign rating, says US tariffs impact 'manageable' (August 18, 2025)

S&P Global Ratings upgraded its assessment of India to BBB from BBB-, with a stable outlook, saying India is "among the best performing economies in the world". The upgrade by the American rating agency – the world's largest – comes 18 years after it had last raised its India assessment in January 2007 to BBB- in the rating scale. "It (India) staged a remarkable comeback from the pandemic with real GDP growth over fiscal 2022 to fiscal 2024 averaging 8.8 per cent, the highest in Asia-Pacific. We expect these growth dynamics to continue in the medium term, with GDP increasing 6.8 per cent annually over the next three years," S&P analysts said in a statement. S&P rates countries based on its assessment of five key areas: institutional, economic, external, fiscal, and monetary. BBB rating indicates "adequate capacity to meet financial commitments, but more subject to adverse economic conditions", as per the rating scale of the agency.

For details:

https://indianexpress.com/article/business/economy/sp-india-bbb-best-performing-economies-world-economy-business-10189052/?ref=business_pg

❖ *Pronouncement*

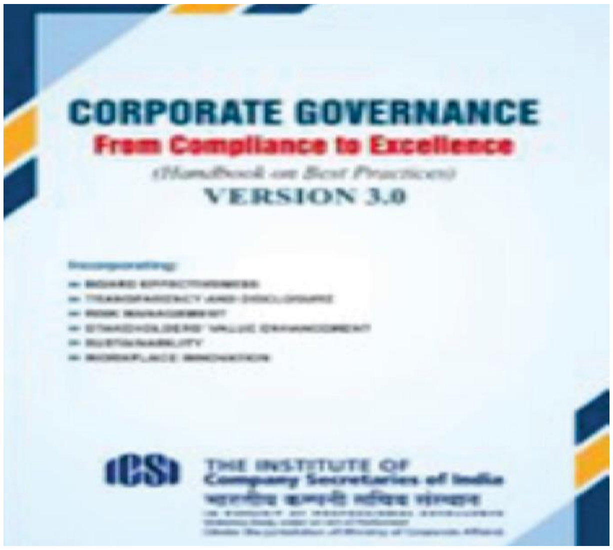
August 6, 2025	**M/s Subham Versus DCIT/ACIT, Central Circle-1, Patna**	**ITAT PATNA**

Addition in respect of GP rate on the shortage of stock

There was a survey on the premises of the assessee and in the course of survey variation in stock to an extent of Rs.18,15,887/- was found. It was the submission that the ld. Assessing Officer had adopted a GP rate @35.13% on the said variation. It was the submission that percentage of 35.13% was on the basis of GP rate disclosed by the assessee for the immediately preceding assessment year being A.Y.2018-2019. It was the submission that the ld. CIT(A) has also confirmed the same.

ITAT observation and decision:-A perusal of the facts of the present case clearly shows that the assessee was non-cooperative before the ld. CIT(A) even multiple opportunities having been given by the ld. CIT(A). A perusal of the order of the ld. CIT(A), more specifically at page 4, shows that the GP rate of the earlier four years being AY 2015-16, 2016-17, 2017-18 & 2018-19 were submitted before the ld. CIT(A). The average of the GP rate for all the earlier four years shows that the same comes to nearly 26%. For the impugned assessment year, the assessee has shown GP rate @28.34%. This being so, in the interest of justice, I am of the view that the GP rate of the assessee in respect of shortage of stock should be determined at 30%. The Assessing Officer is directed to redo the addition in respect of GP rate on the shortage of stock by applying GP rate @30%.

CORPORATE GOVERNANCE - FROM COMPLIANCE TO EXCELLENCE



About the Book

The ICSI in its endeavour to identify, foster and reward the best practices of corporate governance among Indian companies had instituted "The ICSI National Awards for Excellence in Corporate Governance" in the year 2001. Based on the analysis of the governance practices adopted by the companies which participated in these Awards in 2021, ICSI rolled out a publication titled 'Corporate Governance – From Compliance to Excellence (Handbook on Best Practices)' in the year 2022.

The publication highlights the governance practices adopted in aspects like Board effectiveness, Transparency and Disclosure, Risk Management, Stakeholders' Value Enhancement, Sustainability and Workplace Innovation.

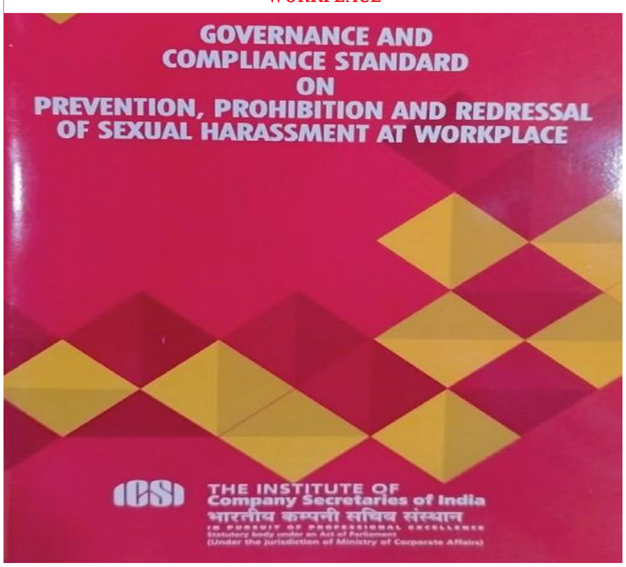
Year of Publication: 2024

Price: Rs. 1250/-

For Subscription:

https://smash.icsi.edu/Scripts/ECart/Default/ItemWiseECartSearchOnlineBooks.aspx?ItemId=317

GOVERNANCE AND COMPLIANCE STANDARD ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARRASSMENT AT WORKPLACE



About the Book

This Standard aims to enhance the implementation of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("PoSH Act"), by harmonizing workplace practices.

It provides standardized procedures for Internal Committee meetings, complaint and inquiry processes, and training/ capacity building programs for employees/ Internal Committee members. The Standard also offers guidance on drafting gender-neutral PoSH policy, promoting inclusivity.

Year of Publication: 2024

Price: Rs 90/-

For Subscription:

https://smash.icsi.edu/Scripts/ECart/Default/ItemWiseECartSearchOnlineBooks.aspx?ItemId=346

Market Watch

Stock Market Indices as on 18.08.2025	
S & P BSE Sensex	81273.75(+0.84%)
Nifty 50	24876.95(+1.00%)

Foreign Exchange Rates as on 18.08.2025

https://www.rbi.org.in/scripts/referenceratearchive.aspx

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR/ 1 JPY
87.41	102.26	118.41	.59

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu