

Direct & Indirect Tax Updates - September 2025

DIRECT TAXES

Circular No. 11/2025 dated 02-09-2025 read with Notification No. 141/2025 dated 01-09-2025

The Circular No. 11 of 2025, issued by CBDT, modifies Circular No. 9 of 2022. It clarifies that pursuant to the amendment made by Finance Act, 2025, the date of investment eligible u/s 10(23FE) of the Income-tax Act, 1961 stands extended from 31st March, 2025 to 31st March, 2030. Consequently, effective from 1st April, 2025, all references to earlier cut-off dates in Circular No. 9 of 2022 shall now be read as 31st March, 2030.

Circular No. 12/2025 dated 15-09-2025

Vide Circular No. 12/2025, CBDT has extended the due date for filing ITR for AY 2025-26 (non-auditable cases) from 15th September, 2025 to 16th September, 2025.

Circular No. 13/2025 dated 19-09-2025

CBDT Circular provides waiver of interest u/s 220(2) of the Income-tax Act, 1961 in certain cases. It clarifies that demands may arise due to rectifications disallowing rebate under section 87A wrongly allowed for incomes taxable under section 115BAC(1A). To avoid hardship, interest on such demands will be waived if the taxpayer pays the demand on or before 31st December 2025. However, if payment is delayed beyond this date, interest will apply as per law.

Circular No. 14/2025 dated 25-09-2025

The Board extends the specified date for filing audit reports for the Financial Year 2024-25 (AY 2025-26) for auditable assessee. The specified date has been extended from 30th September 2025 to 31st October 2025.

INDIRECT TAXES

GST

GST 2.0: Notification No. 09/2025 CT (Rate) to Notification No. 17/2025 CT (Rate) dated 17-09-2025

The 56th GST Council meeting held on 3rd September 2025 in New Delhi, ushered in a landmark “GST 2.0” reform package aimed at

simplifying India’s indirect tax structure. The Council approved abolition of the 12% and 28% GST slabs, merging most goods into 5% (merit) and 18% (standard) rates, while introducing a 40% slab for luxury or demerit items. In addition, the meeting granted relief by exempting life and health insurance from GST, slashing taxes on medicines, medical devices and agricultural/handicraft items, resolving inverted duty structures (textiles, fertilisers), and strengthening compliance — e.g. faster refunds, simplified registration, and institutional reforms like operationalising GSTAT. The majority of rate and compliance changes has been taken effect from 22nd September 2025 (though certain items like tobacco remain subject to transition norms). Further, services by way of local delivery except where the person supplying such services through electronic commerce operator is liable for registration u/s 22(1) of the Central Goods and Services Tax Act, 2017

For the aforesaid outcome, notifications 09/2025 – CT(Rate) to 17/2025 – CT (Rate) has been issued on 17-09-2025. Similar notification has also been issued for IGST and GST Compensation Cess

Notification No. 13/2025 – Central Tax dated 17-09-2025

The notification introduces the Third Amendment to the CGST Rules, 2017, effective from 22nd September 2025 (with certain provisions applicable from April/October 2025). Key changes include:

Rule / Form	Amendment / Insertion	Key Impact
Rule 31A(2)	“128” substituted with “140”	Increases deemed valuation factor for lottery supplies.
Rule 39(1A)	Expanded to include reverse charge under IGST Act (Sec. 5(3)/(4))	Clarifies distribution of ITC for reverse charge under IGST.
Rule 91(2)	Refund order (RFD-04) to be issued within 7 days based on system risk evaluation; revalidation not needed.	Faster refund processing with risk-based checks.

Rule 110 & 111	Modified to introduce Form GST APL-02A (Part A: provisional ack., Part B: final ack.)	Streamlines appeal filing with provisional & final acknowledgement.
New Rule 110A	Procedure for appeals before Single Member Bench of GSTAT	Appeals without question of law can be heard by a single member.
Rule 113(2)	Appellate Tribunal to issue summary order in Form GST APL-04A	Ensures clarity of final demand confirmed by GSTAT.
Form GSTR-9	ITC reporting split into A1, A2, H1, 6A1; new tables for reversal (Rule 37A, 38), import IGST in next FY; updated Part V for FY 2024-25.	More granular disclosure of ITC, reversals & cross-FY reporting.
Form GSTR-9C	New reporting of e-commerce operator tax liability (Sec. 9(5)); reconciliation changes; late fee reporting.	Enhanced reconciliation & accountability for e-commerce.
Forms APL-05, APL-06, APL-07	Substituted with detailed formats covering appeals, cross-objections, and departmental appeals.	Provides structured templates for GSTAT functioning.

Notification No. 14/2025 – Central Tax dated 17-09-2025

With effect from 1st October 2025, provisional refund shall not be available to

- persons who have not completed Aadhaar authentication under Rule 10B;
- suppliers dealing in specified goods—areca nuts, pan masala, tobacco and substitutes, and essential oils

Notification No. 15/2025 – Central Tax dated 17-09-2025

Notification No. 15/2025 – Central Tax dated 17th September 2025 exempts registered persons having aggregate turnover up to ₹2 crore in any

financial year from filing the annual return u/s 44 of the CGST Act, 2017 for FY 2024-25 onwards, as per recommendations of the GST Council.

Notification No. 16/2025 – Central Tax dated 17-09-2025

The Central Government, vide notification dated 17th September 2025, has appointed 1st October 2025 as the date on which provisions of clauses (ii) and (iii) of Section 121, Sections 122 to 124, and Sections 126 to 134 of the Finance Act, 2025 shall come into force.

Clarification on various doubts related to treatment of secondary or post-sale discounts under GST - Circular No. 251/08/2025-GST dated 12-0-2025

Circular No. 251/08/2025-GST dated 12th September 2025 provides clarifications on the treatment of secondary or post-sale discounts under GST. It confirms that recipients need not reverse Input Tax Credit (ITC) when suppliers issue financial/commercial credit notes, since such notes do not reduce the original taxable value or supplier's tax liability. Further, general post-sale discounts given by manufacturers to dealers, aimed at competitive pricing, are not considered consideration for supply and hence are outside GST levy.

However, the circular distinguishes cases where post-sale discounts are linked to specific agreements. If a manufacturer directs a dealer to sell at discounted prices to end customers under a prior arrangement, such discounts will form part of consideration, being an inducement for supply. Similarly, if dealers are separately compensated for promotional activities (advertising, co-branding, special campaigns, etc.), GST would apply on such services. This ensures clarity and uniform application of GST law across trade and field formations.

Requirement of Document Identification Number (DIN) - Circular No. 252/09/2025 -GST dated 23-09-2025

Circular No. 252/09/2025-GST dated 23rd September 2025 clarifies that communications issued through CBIC's eOffice application bearing

a system-generated Issue Number will be treated as a valid Document Identification Number (DIN). A new online verification utility has been introduced to authenticate such Issue Numbers. Accordingly, quoting a separate DIN is no longer required for eOffice communications with Issue Numbers, though DIN will remain mandatory for all other communications not dispatched through eOffice or without a verifiable Reference Number (RFN) on the GST portal.

CUSTOMS

Notification No. 55/2025-Customs (N.T.) dated 12-09-2025 read with Circular No. 22/2025 – Customs dated 12-09-2025

The Customs (Finalisation of Provisional Assessment) Regulations, 2025, notified vide Notification No. 55/2025-Customs (N.T.) dated 12th September 2025, have been issued by the Central Board of Indirect Taxes and Customs (CBIC) in supersession of the earlier 2018 regulations. These regulations provide a comprehensive framework for the timely submission of documents, completion of enquiries, and finalisation of provisional assessments under Section 18 of the Customs Act, 1962. The new provisions aim to bring greater certainty, transparency, and time-bound finalisation in customs assessments, thereby reducing disputes and ensuring compliance.

Key highlights

Regulation	Summary
Scope	Supersedes the 2018 Regulations; applies to all provisional assessments pending or made after enforcement.
Submission of Documents (Reg. 4)	Importer/exporter must submit required documents within 2 months of requisition (extendable up to 14 months with higher officer approval).
Enquiry Completion (Reg. 5)	Customs enquiry to be completed within 14 months from provisional assessment date.
Pending Assessments as of 29.03.2025 (Reg. 6)	Time-limit reckoned from 29th March 2025.

Voluntary Duty Payment (Reg. 7)	Importer/exporter may pay duty voluntarily during pendency; adjusted against final assessment. Interest liability applies.
Finalisation (Reg. 8)	Finalisation to be done within 3 months of document submission or enquiry completion; extendable by 2 months at a time. Absolute limit: 2 years (extendable by 1 year by Commissioner). Special exclusions apply where appeals, stay orders, or Board directions exist.
Manner of Finalisation (Reg. 9)	Finalisation must follow Sec. 18 of the Act. Speaking order required if different from provisional.
Closure (Reg. 10)	Bonds/security executed at provisional stage to be released/ cancelled on finalisation, subject to duty/interest/fine payment or refund adjustment.
Penalty (Reg. 12)	Non-compliance or contravention attracts penalty under Sec. 158(2)(ii) of Customs Act, 1962.

Notification No. 59/2025-Customs (N.T.) dated 29-09-2025

The Customs Tariff (Determination of Origin of Goods under the Trade and Economic Partnership Agreement between India and the EFTA States) Rules, 2025, notified vide Notification No. 59/2025-Customs (N.T.) dated 29th September 2025, have been introduced to operationalise the India–EFTA Trade and Economic Partnership Agreement (TEPA) signed on 10th March 2024. Effective from 1st October 2025, these rules lay down the framework for determining the origin of goods to avail preferential tariff treatment, ensuring transparency, uniformity, and preventing misuse of trade benefits under the agreement.

Key Highlights

Area	Summary
Objective	Implements the Trade and Economic Partnership Agreement (TEPA) between India and the EFTA States (Iceland, Liechtenstein, Norway, Switzerland). Effective 1st October 2025 .

Wholly Obtained Products (Rule 4)	Defines goods like minerals, crops, livestock, fish, marine products, waste, scrap, and fermentation/biotech products as wholly obtained in a Party.
Sufficient Processing (Rule 5)	Goods qualify as originating if they undergo product-specific rules (PSR) in Annexure A . Tolerance of up to 10% of FOB/ex-works value for non-originating materials allowed.
Insufficient Processing (Rule 6)	Minimal operations (e.g., packaging, cleaning, labeling, mixing, simple cutting/assembly) do not confer origin .
Accumulation (Rule 7)	Inputs originating in one Party used in another Party's production retain originating status.
Other Rules (8–13)	Cover unit of qualification, accessories, neutral elements, accounting segregation, territoriality, and direct transport conditions for maintaining origin.
Proof of Origin (Rule 14)	Acceptable documents: Origin Declaration, Movement Certificate EUR.1, Certificate of Origin by Indian agencies, or self-declaration by Indian exporters . Valid for 12 months .
Importation & Cooperation (Rules 15-16)	Importers must submit proof of origin for preferential tariff treatment. Exporters/ importers to maintain records for 5 years and cooperate with customs verification.
Verification (Rule 18)	Customs authorities can request documents, conduct inspections, or factory visits. Exporting Party must respond within 10 months .
Denial of Preference (Rule 19)	Preferential tariff treatment can be denied if proof of origin is invalid or compliance not demonstrated. Suspension possible for repeated violations.
Institutional Framework (Rule 24)	Establishes a Sub-Committee on Rules of Origin for monitoring, interpretation, and dispute resolution.

Notification No. 61/2025-Customs (N.T.) dated 30-09-2025

Notification No. 61/2025-Customs (N.T.) dated 30th September 2025 extends the compliance date in the Sea Cargo Manifest and Transshipment Regulations, 2018 by substituting the deadline to 31.12.2025.

Circular No. 21/2025-Customs dated 12-09-2025

Circular No. 21/2025-Customs dated 12th September 2025 consolidates and updates the framework for institutionalised consultation mechanisms in Customs through Permanent Trade Facilitation Committees (PTFCs) and Customs Clearance Facilitation Committees (CCFCs). It broadens their composition to include trade bodies, PGAs, logistics agencies, and government departments, mandates fortnightly PTFC and bi-monthly CCFC meetings, and strengthens grievance redressal via Turant Suvidha Kendras (TSKs), Anonymised Escalation Mechanism (AEM), ICEGATE helpdesk, and NAC monitoring. The circular also integrates social media/email grievance tracking, mandates structured resolution timelines, and emphasizes alignment with the National Trade Facilitation Action Plan (NTFAP).

Circular No. 23/2025-Customs dated 23-09-2025

Circular No. 23/2025-Customs dated 23rd September 2025 clarifies that communications issued through CBIC's eOffice application using the public dispatch option now carry a verifiable Issue Number, which can be authenticated online at <https://verifydocument.cbic.gov.in>. Such Issue Numbers will be treated as the Document Identification Number (DIN), eliminating the need for generating a separate DIN for these communications. However, DIN remains mandatory for all other communications not sent via eOffice. This modifies Circulars 37/2019 and 43/2019.

Notification No. 40/2025 – Customs dated 25-09-2025

Notification No. 40/2025-Customs dated 25th September 2025 amends Notification No. 50/2017-Customs by extending certain customs duty exemptions. Specifically, item (i) under S. No. 597 will cease after 30th September 2025, while items (iii) and (v) under the same entry will remain valid until 30th September 2027. Similarly, exemptions under S. Nos. 598, 601, 602, and 603 (relating to Project Imports) have been extended from 2025 to 2027, thereby providing continued relief to importers for two additional years. **MA**