

Direct & Indirect Tax Updates - August 2025

DIRECT TAXES

The Income-tax Act, 2025 receives the President's assent. It will replace the 1961 Act after six decades.

Notification No. 132/2025 dated 14-08-2025

W.e.f. 01-09-2025, Form No. 7 has been amended to incorporate a reference to the block period, aligning it with the provisions for block assessment.

Notification No. 133/2025 dated 18-08-2025

The threshold for identifying a "specified employee" under section 17(2)(iii) has been significantly increased from ₹ 50,000 to ₹ 4 lakh – Rule 3C

The exemption for travel expenses related to overseas medical treatment for employees and their family members is linked to the gross total income (GTI) of the employee. Under the earlier provisions, only those with a GTI of up to ₹ 2 lakh could avail this tax-free benefit. However, Rule 3D now raises this threshold to ₹ 8 lakh, thereby extending the exemption to a wider segment of employees.

Notification No. 135/2025 dated 20-08-2025

Form 10CCF has been amended to incorporate a reference to section 44 and the First Schedule of the Income-tax Act for computing income in the case of an IFSC Insurance Office engaged in the insurance business

Notification No. 136/2025 dated 21-08-2025

The CBDT has introduced the Income-tax (Twenty-Fourth Amendment) Rules, 2025, to amend Rule 21AIA [which provides other conditions required to be fulfilled by a specified fund referred to in sec. 10(4D)] of the Income-tax Rules, 1962. The amendment omits sub-rule (4) and substitutes the existing Explanation with a new one. The revised Explanation clarifies that, for the purposes of Rule 21AIA, the term "specified fund" shall carry the same meaning as assigned to it in sub-clause (i) of clause (c) of the Explanation to clause (4D) of section 10 of the Income-tax Act, 1961.

INDIRECT TAXES

CUSTOMS

Instruction No. 26/2025 – Customs dated 14-08-2025

The CBIC has issued guidelines regarding the export of items suspected to fall under the SCOMET list,

addressing technical challenges faced by exporters and field formations. As per the Foreign Trade Policy 2023 and Handbook of Procedures, the DGFT's Inter-Ministerial Working Group (IMWG) is responsible for determining licensing requirements and technical classification of SCOMET items. In cases of ambiguity, final classification is decided by the SCOMET Cell at DGFT in consultation with technical authorities. Exporters are encouraged to obtain clarifications in advance to avoid delays. Additionally, DGFT regularly issues updates on item classifications, which are consolidated in a repository available on the CBIC website (<https://www.cbic.gov.in/entities/cbic-content-mst/MTcxMTI3>), and field formations are advised to consult this repository for guidance.

Instruction No. 27/2025 – Customs dated 26-08-2025

The CBIC has directed that, during customs clearance, field officers must validate the status of BIS registration numbers—particularly for CCTVs notified under MeitY's Electronics and IT Goods (Compulsory Registration) Order, 2021 on the BIS-CRS portal (<https://www.crsbis.in/BIS/publicdashAction.do>) instead of relying solely on the Bill of Entry. It was observed that goods are being cleared despite "deferred" or non-compliant registrations. Officers must ensure that only valid BIS registration numbers are accepted, and verify associated details such as manufacturer name, model number, and location. This procedure must apply to all goods requiring BIS registration under the CRO, not just CCTVs.

Instruction No. 28/2025 – Customs dated 27-08-2025

The CBIC has addressed the increasing grievances related to imports and exports via Courier and Postal modes, particularly concerning duty structures on gifts and personal imports and KYC compliance. Despite existing guidelines, a lack of awareness persists among traders and the public. To enhance transparency, Customs Zones have been advised to publish a comprehensive FAQ document on their websites covering duty structures with demo calculations, KYC norms, applicable fees, grievance redressal mechanisms, and related procedures. Additionally, proper record-keeping and regular monitoring of grievances are mandated to improve compliance and citizen support. MA