



RNM ALERT
JULY
NEWSLETTER **VOL NO 198**

National symbols of India

CONTENTS

<u>Editorial</u>	1
<u>Direct Tax Alert</u>	2
<u>Indirect Tax Alert</u>	6
<u>Corporate Finance Alert</u>	10
<u>Transaction & Regulatory Advisory Services Alert</u>	15
<u>GIFT City Update</u>	18
<u>UK Tax Update</u>	22
<u>Tax Calendar</u>	27



EDITORIAL

Dear Readers

During the month of July 2025 we have seen Trump-economics play out with the threat of 25% tariffs on Indian goods imported into USA. Geopolitics makes for strange bedfellows, as they say, with USA cosying up with Pakistan and India continuing to buy oil from Russia, harking back to the cold war era equations.

Our CEO, Mr. Raghu Marwah was in Bengaluru this past month for client meetings. The good weather of Bengaluru is always a welcome change.

On the Direct Tax side, the Honorable Supreme Court in the Hyatt Hotel case has held that the UAE based entity has Permanent Establishment (PE) in India even in the absence of a fixed physical office or agency arrangement, through the repeated presence and operational control exercised by foreign entities through their employees.

On the Indirect Tax Side, the Honorable Supreme Court has given relief that there will be no GST applicable on regulatory fee collected by CERC and DERC, which is a major win for power regulators and indirectly power producers.

On the legal side, the Honorable Delhi High Court in the case of Belvedere Resources DMCC V OCL Iron and Steel Ltd. & Ors. has held that communication through whatsapp and email can form a valid arbitration agreement, even without a formally signed contract. Team RNM is of the view that this is an important judgement on the interpretation of the Arbitration and Conciliation Act.

Global Capability Centre's (GCCs) setting up in India has become a buzzword and Team RNM has shared separately our Brochure in this regard to provide GCC as a Service on a turnkey basis covering various aspects of Planning and End to End execution.

We would like to take this opportunity of wishing all our readers best wishes for Independence Day on 15 August. On this day we pay homage to the sacrifice of millions of freedom fighters who lost their lives in India's freedom struggle from English Imperial rule.

U N Marwah
Chairman - RNM India

Direct Tax

National Animal - Bengal tiger

1. CIRCULAR NO. 9/2025 [F. NO. 275/04/2024-IT(B)], DATED 21-7-2025

No higher TDS/TCS liability under sections 206AA/206CC if PAN is made operative within prescribed time: CBDT

i. *Where the amount is paid or credited from 01.04.2024 to 31.07.2025 and the PAN is made operative (as a result of linkage with Aadhaar) **on or before 30.09.2025.***

ii. *Where the amount is paid or credited on or after 01.08.2025 and the PAN is made operative (as a result of linkage with Aadhaar) **within two months from the end of the month in which the amount is paid or credited.***

2. NOTIFICATION S.O. 3128(E) [NO. 74/2025/F. NO.500/MISC./S10(23FE)/FT&TR-II], DATED 11-7-2025

The CBDT extends deadline for investments by funds notified u/s 10(23FE) from March 31, 2025 to March 31, 2030.

3. NOTIFICATION S.O. 3060(E) [NO. 73/2025/F. NO. 225/192/2023], DATED 9-7-2025

The CBDT notifies bonds issued by IREDA as 'long-term specified asset' for Sec. 54EC exemption

4. CBDT relaxes time limit for processing of ITRs which were incorrectly invalidated by CPC

The CBDT vide Circular No. 10/2025 has decided to relax the time frame for processing the returns filed electronically for different assessment years due to various technical reasons. The Board has directed that returns of income filed electronically up to 31.03.2024, which have been erroneously invalidated by CPC, shall now be processed. The intimation under section 143(1) in respect of processing of such returns shall be sent to the assessee's concerned by 31.03.2026.

Important Judicial Precedents

1. SLP dismissed against HC order quashing Sec.148 notice issued on change of opinion, with no new material.

[2025] 176 taxmann.com 718 (SC) DCIT vs. Gokul Agro Resources Ltd.

SLP dismissed against order of High Court that where Assessing Officer issued a notice under section 148 on basis of information that assessee had entered into transaction of Rs. 62.77 crores in form of inward and outward remittances, since assessee had produced all details of foreign remittance during course of regular assessment, impugned notice issued on change of opinion and only on borrowed satisfaction without there being any fresh tangible material was quashed and set aside.

2. Sum received from Indian Co. in terms of an arbitral award is taxable as business income: HC

[2025] 176 taxmann.com 516 (Delhi-HC) CIT vs. Fujitsu Ltd.

Where assessee, a Japanese company, received certain amount in terms of an arbitral award from its Indian AEs, since amount awarded was against its claims for payment of supplies which was accepted by Arbitral Tribunal, receipts in hands of assessee were inextricably linked to its business, and thus, in absence of any PE of assessee in India, as per Article 7 of India Japan DTAA, same would not be chargeable to tax in India.

3. 'Hyatt International' having pervasive control over hotel's operations had fixed place PE in India: SC

[2025] 176 taxmann.com 783 (SC) Hyatt International Southwest Asia Ltd. vs. Additional Director of Income-tax.

Where assessee, a Dubai based company, entered into an agreement with Indian hotel to provide strategic planning and 'know-how' to ensure that hotel was developed and operated efficiently, since assessee exercised pervasive and enforceable control over hotel's strategic, operational, and financial dimensions, hotel premises satisfied criteria required to be classified as a "fixed place of business" or PE within meaning of article 5(1) of DTAA and, thus, income received under SOSA was attributable to such PE and was taxable in India.

4. Fee for access to assessee's database not taxable as royalty; SLP dismissed

[2025] 176 taxmann.com 132 (SC) CIT, International Taxation 3 vs. Salesforce Com Singapore Pte Ltd

SLP dismissed against order of High Court that where assessee, a Singapore based company, charged subscription fees for providing CRM services to its clients, since assessee provided access to its CRM application software through remote internet browser/server situated in Singapore and customers were provided access to application where they input, store and retrieve proprietary data, but there was no transfer of copyright in CRM application software, subscription fee received to grant access to information forming part of assessee's database could not be taxed as royalty under section 9(1)(vi) as well as under India-Singapore DTAA.

5. AO can't make additions beyond info cited in sec. 148A(b) notice while passing 148A(d) order: HC

[2025] 176 taxmann.com 245 (Delhi-HC) Independent News Service (P.) Ltd. vs. Assessing Officer

Where assessment was reopened under section 148A(b) based on alleged foreign remittances of ₹6.50 crore, but reassessment order under section 148A(d) treated ₹11.37 crore as unexplained under section 68 despite assessee submitting bank confirmation that remittances did not pertain to it, order was held to have travelled beyond scope of notice and was quashed, though Assessing Officer was permitted to issue fresh notice if credible material exists.

6. AO can't review his order passed under Sec. 148A(d) to initiate reassessment: HC

[2025] 176 taxmann.com 466 (Delhi-HC) Baba Global Ltd. vs. ACIT

Assessing Officer, after accepting assessee's reply, dropped reassessment proceedings under section 148A(d) but later reversed his decision citing PCIT's approval, since Assessing Officer had no power to review his concluded order under section 148A(d); such reversal was contrary to law.

7. SLP dismissed; writ not maintainable against Sec. 147/144B order as appeal remedy was available

[2025] 176 taxmann.com 551 (SC) Manju Arora vs. Income-tax Officer

SLP dismissed against order passed by High Court that where assessee filed instant writ petition, inter alia, impugning an assessment order passed under section 147 read with sections 144 and 144B, since assessee had an efficacious remedy of an appeal before Appellate Authority, writ petition was not to be entertained.

7. Reassessment quashed as AO failed to establish nexus between info & belief of bogus LTCG claim: ITAT

[2025] 176 taxmann.com 182 (Jaipur - Trib.) Dinesh Kumar Sharma vs. Income-tax Officer

Where Assessing Officer issued notice under section 148 on basis of information received from DDIT(Inv.) that assessee had claimed bogus Long Term Capital Gain (LTCG) of certain amount, since assessee had purchased and sold shares through recognized stock exchange and duly submitted details regarding sale and purchase of shares along with supporting documents such as copy of purchase and sales bills, copy of sauda summary, copy of bank statements, copy of balance sheet and profit and loss account, impugned reassessment proceeding was to be quashed.



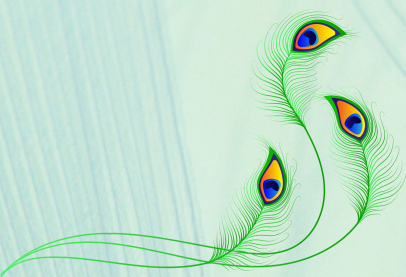
Indirect Tax



National Bird - Peacock

**GST Calendar –Compliances for the month of
July 2025.**

Nature of Compliances	Due Date
GSTR-7 (Tax Deducted at Source 'TDS')	August 10, 2025
GSTR-8 (Tax Collected at Source 'TCS')	August 10, 2025
GSTR-1	August 11, 2025
IFF- Invoice furnishing facility (Availing QRMP)	August 13, 2025
GSTR-6 Input Service Distributor	August 13, 2025
GSTR-2B (Auto Generated Statement)	August 14, 2025
GSTR-3B	August 20, 2025
GSTR-5 (Non-Resident Taxable Person)	August 20, 2025
GSTR-5A (OIDAR Service Provider)	August 20, 2025
PMT-06 (who have opted for QRMP scheme)	August 25, 2025



HC Disallows Consolidated SCN for Multiple Financial Years- Madras High Court

The Madras High Court (HC) has recently delivered a significant judgment regarding the issuance of Show Cause Notices (SCNs) under the Goods and Services Tax (GST) regime. The ruling addresses whether a single SCN can encompass multiple financial years (FYs).

In the case at hand, the tax department had issued one consolidated SCN and passed a unified assessment order covering six financial years — from FY 2017–18 through FY 2022–23. Aggrieved by this approach, the taxpayer approached the HC by way of a writ petition.

Key Findings of the Court:

- Sections 73 and 74 of the CGST Act, 2017, recognize each financial year as an independent assessment period, each with its own prescribed time limit for issuance of notices and orders. Therefore, combining multiple years into one SCN contradicts these statutory provisions.
- A joint reading of sub-sections (1), (3), and (4) of Section 73 clarifies that the expression "any period" refers to a "tax period," which, as defined under Section 2(106), corresponds only to monthly or annual returns. Since returns are not filed for more than one financial year at a time, a notice covering multiple FYs is legally untenable.
- Consolidated SCNs cause procedural complications for taxpayers, particularly in availing Government amnesty schemes under Section 128 or applying for compounding of offences under Section 138 for specific years. Additionally, a clubbed SCN under Section 74 may cause the department to treat all years as involving fraud or suppression, thereby restricting the taxpayer's ability to contest periods where such allegations are absent.
- Issuing a unified SCN and raising a collective demand without distinct, year-wise adjudication undermines the intent of the statutory limitation framework and prevents the taxpayer from submitting appropriate rebuttals for each financial year individually.

Conclusion:

The HC categorically ruled that SCNs must be issued separately for each financial year. Any order passed based on a consolidated SCN covering multiple years is without jurisdiction and liable to be set aside.

Karnataka High Court Rules in Favor of No RCM on Employee Secondment from Foreign Entity

This outlines a recent decision by the Karnataka High Court concerning the applicability of the reverse charge mechanism (RCM) under GST for employee secondment arrangements involving overseas group companies.

Key Highlights of the Ruling:

- Referring to the Supreme Court's judgment in *Northern Operating Systems Pvt. Ltd. (NOS)*, the HC noted that the apex court had held secondment to be taxable as manpower supply only in the specific context where the foreign parent retained control over the secondees and also applied a markup on cost recoveries. However, the SC clarified that its verdict was not a blanket ruling applicable to all secondment scenarios.
- The Court emphasized that the taxability of secondment arrangements must be assessed on a case-by-case basis, depending on multiple factors — including who controls the employee, the nature and purpose of the secondment, how salaries are paid, and whether the secondees return to the original overseas employer.

- In the matter before the HC, the arrangement clearly exhibited traits of an employer-employee relationship between the Indian petitioner and the seconded staff. Consequently, such transactions fall under Schedule III of the CGST Act, 2017 — which excludes services by employees to employers in the course of employment from the ambit of "supply."
- The Court also considered CBIC Circular No. 210/4/2024-GST, which clarifies that if the Indian company receiving services from a foreign affiliate is eligible for full input tax credit (ITC) and does not issue an invoice for the same, the value of such service will be considered 'Nil' under Rule 28(1) of the CGST Rules. Thus, even assuming the secondment to be a taxable supply, the deemed valuation provision eliminates any actual tax exposure.

Conclusion:

In light of the above, the Karnataka High Court concluded that the secondment structure in this case does not trigger any GST liability under reverse charge, and accordingly, quashed the demand raised by the department.

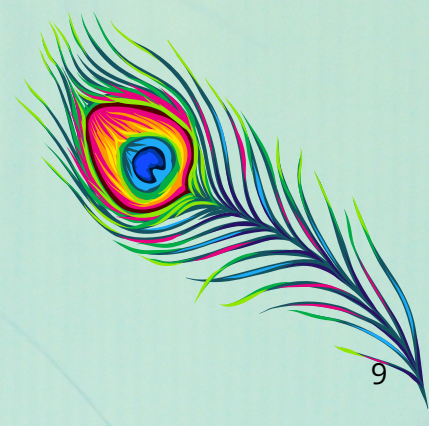
State ITC Transfer on Amalgamation- Bombay High Court

Core Takeaways from the Judgment:

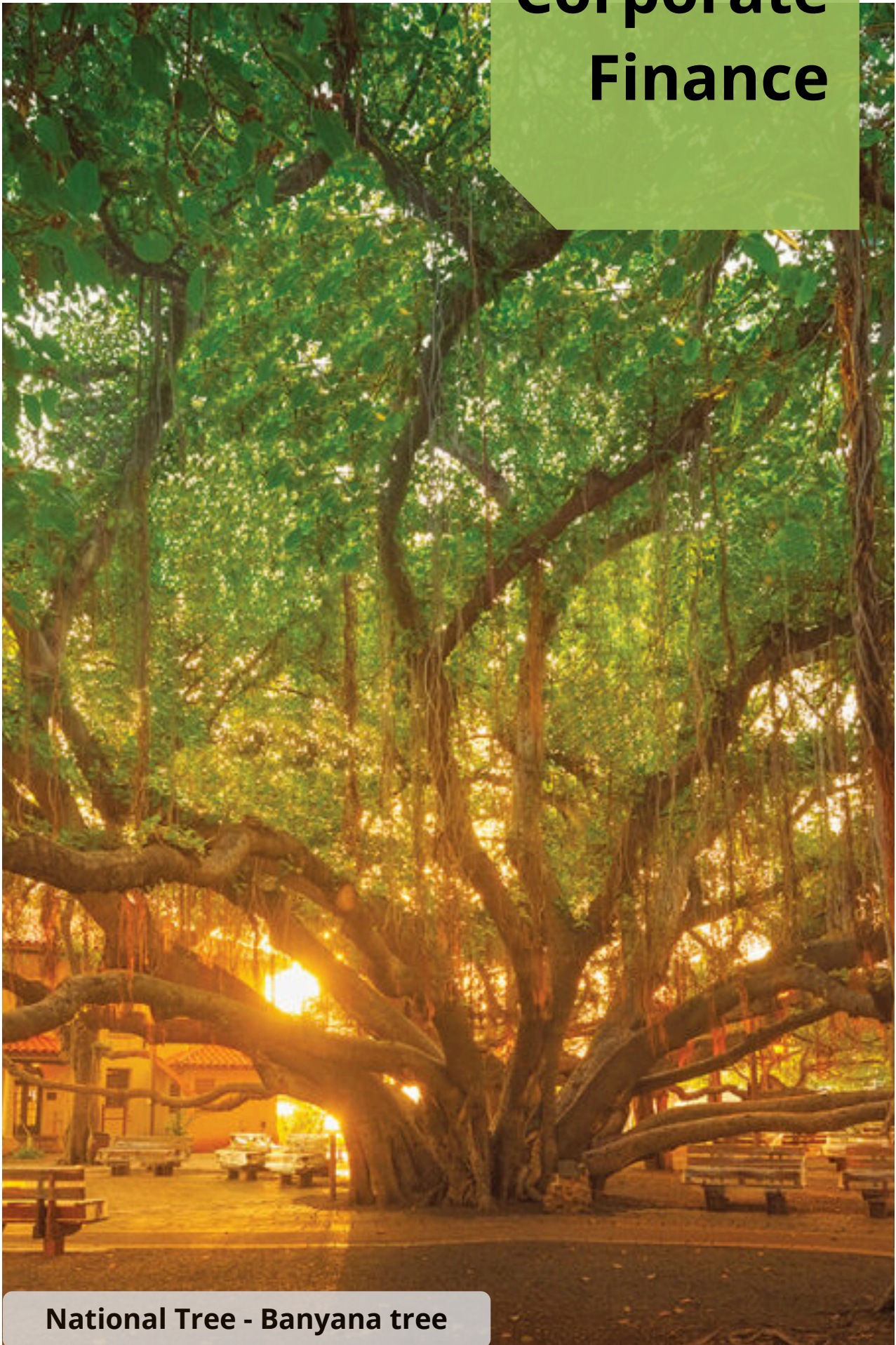
- The Court reiterated that the Goods and Services Tax (GST) framework is structured as a unified, destination-based levy aimed at eliminating tax cascading and ensuring a seamless credit chain throughout the supply system.
- Under Section 18(3) of the CGST Act, when read in conjunction with Rule 41 of the CGST Rules, companies undergoing amalgamation, merger, or demerger are permitted to shift their unutilized ITC balances — and the law does not impose any limitation tied to the states in which the entities are registered.
- Although Section 22(4) mandates that the newly merged entity must secure GST registration from the effective date of incorporation as per the Registrar of Companies, this requirement is not mirrored in Section 18(3) regarding ITC transfer. Therefore, linking the two provisions would go beyond the plain text of the statute.
- Relying on the well-settled principle that courts should neither read into statutes what the legislature has left out nor imply restrictions where none exist, the Court refused to introduce a geographical condition for ITC transfers where the law is silent.
- Given that both CGST and IGST are centrally governed taxes, transferring such credits between states does not cause any loss to the Union exchequer. Additionally, in this case, the petitioner chose to forgo any SGST component, minimizing state-level concerns.

Verdict and Direction:

The High Court instructed the department to carry out a manual transfer of CGST and IGST credits between the merging entities and urged the GST Council and GST Network (GSTN) to take suitable steps to build system capabilities for enabling such inter-state ITC transfers in similar cases going forward.



Corporate Finance



National Tree - Banyana tree

Temasek To Exit India JV With Schneider Electric For \$6.35 Bn

Singapore's Temasek is exiting its Indian joint venture with Schneider Electric by selling its entire 35% stake to the French company for \$6.35 billion (around INR 53,975 crores) in cash, pending approval from the Competition Commission of India. The JV was originally formed in 2018 to acquire L&T's electrical and automation business, later rebranded as Lauritz Knudsen. At the time of closure in 2020, the business was valued at €1.75 billion, with Temasek investing €530 million. If no further capital was deployed, the exit would yield over 10x returns for Temasek. Schneider Electric will now gain full ownership of its India operations, reinforcing its strategic focus on India as a major growth market and global hub. India is Schneider's third-largest market, with 2024 revenues of €2.5 billion across subsidiaries. The transaction will help accelerate Schneider's growth plans and streamline decision-making across its Indian operations. It also reflects the growing investor interest in India's industrial and automation sectors.

(Source: VC Circle, 30th July 2025)

Private Equity

EAAA India Alternatives Bets On Cement Maker

Birla Estates Pvt Ltd, the real estate arm of the Aditya Birla Group, has secured \$50 million (around INR 428 crores) in funding from the International Finance Corporation (IFC) to develop residential projects in Pune and Thane. IFC will invest via rupee-denominated non-convertible debentures and hold a 44% economic interest in the SPVs executing the projects, which aim to deliver 6,000–9,000 housing units. The initiative is part of a broader \$1.1 billion (around INR 9416 crores) development effort focused on sustainable, high-quality housing, especially for first-time homeowners. This marks IFC's continued investment in India's housing sector and its ongoing collaboration with the Aditya Birla Group.

(Source: VC Circle, 11th July 2025)

Gaja Capital, Others Bet On Fractal At \$2.44-Bn Valuation As Apax Pares Stake

Fractal Analytics, backed by TPG and Apax Partners, has completed a \$172 million (around INR 1462 crores) secondary transaction, valuing the company at approximately \$2.44 billion (around INR 20,252 crores) a 57% increase from its previous valuation. The deal offered a partial exit to Apax, with new investors like Gaja Capital and White Oak Capital participating, while Apax retains a significant stake. This comes as Fractal gears up for an IPO, having recently converted to a public limited company. Founded in 2000, Fractal provides AI-driven business analytics solutions across industries and reported INR 2,196 crore in FY24 revenue, along with INR 119 crore in EBITDA. The company has also been expanding through strategic acquisitions, including the recent reintegration of Eugenie.

(Source: VC Circle, 15th July 2025)

Nisus Finance Bets \$13 Mn On Mumbai Real Estate Developer

Kumar Vibe Properties, a 50:50 joint venture between Kumar Properties & Infrastructure and Vibe Realty, has secured \$13.3 million (around INR 115 crores) in funding from public-listed Nisus Finance. The capital will be deployed across three real estate projects in Mumbai and Pune. Vibe Realty CEO Gopal Sarda said the funding marks a key milestone in strengthening their presence in these markets. Nisus Finance, which listed in December 2024, sees the investment aligning with its strategy of backing well-located developments. The firm is also preparing to scale its AUM to \$1 billion (around INR 8500 crores) and launch its second real estate special situations fund, targeting \$200 million (around INR 1700 crores) through a Mauritius-based feeder.

(Source: VC Circle, 23rd July 2025)

CPPIB To Exit Real Estate Platform With Indian Developer For \$631 Mn

Canada Pension Plan Investment Board (CPPIB) will exit its joint venture with The Phoenix Mills Ltd for \$631 million (around INR 5449 crores), eight years after acquiring a 49% stake in Island Star Mall Developers. The payout will be made in four tranches over three years, either through dividends, share buybacks, or direct acquisition by Phoenix Mills. Formed in 2017, the JV developed retail-led mixed-use assets including Phoenix MarketCity in Bengaluru and projects in Pune and Indore. The platform includes Island Star Mall and its subsidiaries Alyssum, Sparkle One, and Insight Developers. Both CPPIB and Phoenix Mills continue to pursue other real estate partnerships in India.

(Source: VC Circle, 24th July 2025)

Jashvik Capital Bets \$46 Mn On Software Firm Marg ERP

Mid-market private equity firm Jashvik Capital is investing over \$45.7 million (around INR 400 crores) in Marg ERP Ltd, a leading provider of ERP and inventory management software for small and medium enterprises. The investment will support Marg ERP's product innovation, customer-centric initiatives, and expansion across domestic and international markets. Marg, which serves over 500,000 subscribers in the healthcare, FMCG, and retail sectors across 32 countries, is also scaling its recently launched cloud-based ERP product, Marg Book. The deal follows Marg's buyback of a 49% stake from API Holdings, restoring majority control to its founders.

(Source: VC Circle, 30th July 2025)

Venture Capital

AppsForBharat Raises Series C Led By Susquehanna Asia Venture Capital

AppsForBharat has raised \$20 million (around INR 175 crores) in a Series C round led by Susquehanna Asia Venture Capital, with participation from Fundamentum, Elevation Capital, and Peak XV Partners. The funds will support expansion into key temple towns, enhancement of digital and AI capabilities, and development of logistics hubs for prasada and ritual deliveries.

(Source: VC Circle, 01st July 2025)

Amama Raises \$1 Mn Funding

Jewellery brand AMAMA has secured \$1 million (around INR 8.5 crores) in funding from Mistry Ventures, following an earlier investment from She Capital Trust.

Founded by Nikita Gupta in 2019, AMAMA will use the funds to strengthen its supply chain and tech infrastructure, expand design and product teams, and boost offline and online sales. The brand plans new store launches in Mumbai, Ahmedabad, and Delhi-NCR.

(Source: VC Circle, 02nd July 2025)

CIMware Raises \$2.3 Mn in pre-Series-A

Bengaluru-based deep-tech startup CIMware has raised \$2.3 million (around INR 19.7 crore) in a pre-Series A round led by Transition VC. Founded by Rajiv Ganth, CIMware is developing a high-performance data center solution with its flagship Composable Infrastructure Module (CIM), which integrates compute, storage, and networking. The funds will be used for hardware production, software team expansion, and operational costs over the next 18 months.

(Source: VC Circle, 02nd July 2025)

Ninja Raises \$250M, Becomes Saudi Arabia's Newest Unicorn

Quick-commerce platform Ninja has raised \$250 million (around INR 2125 crores) in a pre-IPO round led by Riyadh Capital, valuing the company at \$1.5 billion (around INR 12,750 crores). Founded in 2022 by Saud Al Qahtani and Canberk Donmez, Ninja operates across Saudi Arabia, Bahrain, Qatar, and Kuwait. The funds will support regional expansion and preparation for a planned IPO on the Saudi Exchange (Tadawul) by 2027.

(Source: VC Circle, 04th July 2025)

Iraq's InstaBank Raises \$15M to Drive Digital Banking Growth

InstaBank (Al-Fawr Digital Bank), founded in 2025 by Iraqi-American banker Hussain Qaragholi, has raised \$15 million (around 127 crores) in funding, with UAE-based EQIQ contributing \$3 million (around INR 25 crores). The AI-powered digital bank focuses on financial inclusion and scalable services across Iraq. The funds will support platform growth and innovation. Qaragholi previously held senior roles at Merrill Lynch, Citigroup, and Deutsche Bank.

(Source: VC Circle, 04th July 2025)

Mergers & Acquisitions

France's Capgemini To Buy Outsourcing Firm WNS For \$3.3 Bn

Capgemini has announced a \$3.3 billion (around INR 28,050 crores) cash acquisition of WNS, offering a 17% premium over its July 3 closing price. The deal excludes WNS's debt and is expected to enhance Capgemini's Generative and Agentic AI offerings. With this move, Capgemini aims to create a new consulting arm focused on AI-led business transformation. The acquisition also expands its U.S. market presence and adds key clients like Coca-Cola, T-Mobile, and United Airlines. The deal is expected to be immediately accretive to revenue and margins, with earnings per share projected to rise 4% by 2026 and 7% by 2027 post-synergies.

(Source: VC Circle, 07th July 2025)

Natco To Buy \$226 Mn Stake In South African Drugmaker Adcock Ingram

Natco Pharma Ltd is acquiring a 35.75% stake in South Africa's Adcock Ingram Holdings Ltd for approximately \$226 million (around INR 2,000 crores) to strengthen its footprint in the African market. The Hyderabad-based firm will also establish a regional subsidiary, Natco Pharma South Africa, with an initial investment of \$247 million (around INR 2100 crores). Adcock Ingram, a 135-year-old pharma company, posted FY24 revenue of \$536 million (around INR 4556 crores) and is South Africa's second-largest drugmaker by private market share. The all-cash deal, valuing Adcock at 1.12x revenue and 7.83x EBITDA, is expected to close by December 2025, pending regulatory approvals.

(Source: VC Circle, 24th July 2025)

Carlyle-Backed Hexaware Acquires SMC Squared To Bolster GCC Offerings

Hexaware Technologies has fully acquired SMC Squared in an all-cash deal valued at \$120 million (around INR 1031 crores) to strengthen its presence in India's fast-growing global capability centre (GCC) market. The acquisition includes a \$45 million (around INR 382 crores) upfront payment, \$45 million (around INR 382 crores) in earnout-based payouts, and a \$30 million (around INR 255 crores) outperformance bonus. SMC Squared, which helps multinational firms set up and manage GCCs in India, reported \$22.6 million (around INR 192 crores) in revenue in 2024 and is on track for 41% growth in 2025. Post-acquisition, it will retain its brand under Hexaware, offering a unified GCC services stack across advisory, setup, operations, and optimization.

(Source: VC Circle, 17th July 2025)

K Raheja Corp-Backed Mindspace REIT Marks First Third-Party Acquisition

Mindspace Business Parks REIT, sponsored by K Raheja Corp, has completed its first third-party acquisition by purchasing Q-City, a commercial office asset in Hyderabad's Financial District, for \$59 million (around INR 511.8 crores). Acquired through its SPV, Horizonview Properties, the 0.81 million sq. ft. asset—now renamed "The Square, 110 Financial District"—was bought at an 11.6% discount to independent valuation, with a cap rate of ~9.9%. The REIT's Hyderabad portfolio now expands to 16 million sq. ft. The deal, funded through debt, supports Mindspace's broader growth strategy and sustainability initiatives, including recent green and IFC-backed financing efforts.

(Source: VC Circle, 24th July 2025)

Tata Motors To Buy Italian Truckmaker Iveco For \$4.36 Bn

India's Tata Motors will acquire Italian truckmaker Iveco in a €3.8 billion (around INR 32,300 crores) all-cash deal, following Iveco's agreement to sell its defence unit, IDV, to Leonardo for €1.7 billion (around INR 14,450 crores) Tata will launch a tender offer at €14.1 per share, with Exor, Iveco's largest shareholder, agreeing to tender its 27.1% stake. The acquisition will significantly expand Tata's global commercial vehicle footprint, particularly in Europe, where Iveco generates most of its revenue. The combined entity is expected to have annual sales of over 540,000 units and revenues of €22 billion. Iveco will be delisted following the transaction, which is likely to undergo scrutiny from the Italian government.

(Source: VC Circle, 31st July, 2025)



Transaction & Regulatory Advisory Services



National Flower - Lotus

Key Regulatory & Legal Updates in July 2025

1. RBI & Banking Directives

- **RBI Pre-Payment Charges Directions, 2025:** Effective from July 2, banks, NBFCs, and AIFIs were mandated to clearly disclose prepayment charges on loans to Micro & Small Enterprises in sanction letters and agreements; undisclosed fees are prohibited.
Read More: [Chamber of Prakash K. Pandya+1TaxGuru+1Mondaq+1Indiatimes+1.](#)
- **Floating Rate Savings Bond 2020 rate:** From July 1 to December 31, the interest remains at 8.05% (0.35% above NSC rate)
Read More: [Conventus Law.](#)
- **Master Direction for Electronic Trading Platforms, 2025:** Under this new RBI framework, Electronic Trading Platforms must follow detailed criteria on authorization, governance, risk controls, and audit obligations.
Read More: [en.wikipedia.org+15dentonslinklegal.com+15Indiatimes+15.](#)

2. SEBI Updates

- **Tightened Compliance Oversight:** From July 1, SEBI directives require exchanges to supervise trading members' corrective actions after regulatory inspections. Non-compliance beyond 45 days may lead to bans on onboarding new clients or disabling trading terminals.
Read More : [reuters.com.](#)
- **Physical Shares Window:** From July 7 to January 6, 2026, SEBI reopened a window to re-lodge rejected pre-2019 physical share transfer requests; only dematerialised delivery allowed and reporting obligations for companies and exchanges in place.
Read More: [Conventus Law+1LinkedIn+1.](#)
- **Research Analyst Regulations:** FAQs released July 21–23 clarify certification, fee caps, and trading restrictions. Analysts must get NISM certification by July 23, 2026.
Read More: [LinkedIn](#)

3. IBC / Insolvency Updates

IBBI Fifth Amendment Regulations, 2025: Came into force on July 5. These require disclosure and prohibition of avoidance/fraudulent transactions in resolution plans, and restrict assignments of undisclosed claims.

Read More: [Mondaq.](#)

4. Corporate & MCA Regulations

Companies Act Rule Amendments (effective July 14): Includes new e-forms (MGT-7, ADT-4 etc.), mandatory attachment of signed PDFs in XBRL filings, and disclosure of sexual harassment and maternity benefit compliance in board reports.

Read More: [saspartners.com+1dentonslinklegal.com+1.](#)

5. Labour, Environment & State-Level Updates

- **POSH Act Implementation:** Rajasthan and Delhi issued notifications mandating registration on the SHe-Box portal. Tamil Nadu released SOP guidance for compliance.
Read More: [dentonslinklegal.com+1en.wikipedia.org+1.](#)
- **Punjab Shops Act:** Shops allowed to operate all 365 days until May 31, 2026.
Read More: [dentonslinklegal.com.](#)

- **Factories (Gujarat Amendment) Ordinance, 2025:** Increased working hours and permitted women to work overtime under specified safeguards.
Read More: dentonslinklegal.com.
- **ESIC's SPREE 2025 scheme:** Launched as a social security enrollment drive (July-Dec 2025) without penalty for past dues.
Read More: dentonslinklegal.com.
- **Environmental regulator updates:** Kerala and Maharashtra boards issued circulars adjusting CETP discharge norms and harmonizing industry classifications. Wastage amendment rules to take effect April 2026.
Read More: dentonslinklegal.com.

6. Sectoral & Legislative Reforms

- **Bills of Lading Act, 2025:** Passed Parliament on July 22 to modernize maritime documentation and improve efficiency in shipping logistics.
Read More: economictimes.indiatimes.com.
- **Waqf (Amendment) Act, 2025:** Introduced transparency, women representation, digital registration, and asset recovery measures for Waqf properties.
Approved during July's session en.wikipedia.org.
- **Rajasthan Coaching Centres (Control & Regulation) Act, 2025:** Mandates registration, sets standards, and protects student welfare at private coaching institutes.
Read More: en.wikipedia.org.



A low-angle photograph of the Lion Capital of Ashoka, featuring four lion sculptures on a column. The lions are carved in a realistic style with detailed manes. The column has a fluted capital and a frieze with carvings of animals and a wheel. A green banner at the top right contains the text 'GIFT City Update'. A white banner at the bottom left contains the text 'National Emblem - State Emblem of India'.

National Emblem - State Emblem of India

08 July 2025: FATF – High-Risk and Monitored Jurisdictions (June 13, 2025)

The **Financial Action Task Force (FATF)** has released updated lists of:

1. High-Risk Jurisdictions – Subject to a Call for Action

FATF advises enhanced due diligence, countermeasures, and sanctions for:

- **Democratic People's Republic of Korea (DPRK)**
- **Iran**
- **Myanmar**

2. Jurisdictions Under Increased Monitoring (Grey List)

These countries are working with FATF to resolve AML/CFT deficiencies:

- **Algeria, Angola, Bolivia, Bulgaria, Burkina Faso, Cameroon, Côte d'Ivoire, Democratic Republic of the Congo, Haiti, Kenya, Lao PDR, Lebanon, Monaco, Mozambique, Namibia, Nepal, Nigeria, South Africa, South Sudan, Syria, Venezuela, Vietnam, Virgin Islands (UK), Yemen**
- **Removed from list: Croatia, Mali, Tanzania**

Note:

IFSCA-regulated entities may continue legitimate trade and business with these countries, while applying appropriate risk-based due diligence.

18 July 2025: Regulatory action(s) against certain Fund Management Entities for noncompliance with IFSCA (Fund Management) Regulations, 2025

The International Financial Services Centres Authority (IFSCA) has initiated regulatory actions against **9 Fund Management Entities (FMEs)** operating in GIFT IFSC for **persistent non-compliance** with key provisions of the **IFSCA (Fund Management) Regulations, 2025**.

During **surprise inspections**, IFSCA found that several FMEs had **closed or unattended offices** during working hours and **absent Key Managerial Personnel (KMPs)**, violating:'

- **Regulation 7(5):** Requires principal officers and KMPs to be based in IFSC.
- **Regulation 10(1):** Mandates adequate infrastructure and manpower suitable for operations.

IFSCA emphasized its commitment to high regulatory standards and advised all FMEs to maintain operational offices with present KMPs as per regulatory requirements.

30 July 2025: IFSCA's Working Group on Alternate Risk Transfer (ART)

- **Context:** IFSCA formed a Working Group (WG) in light of rising climate-related catastrophes and urbanization, to explore ART mechanisms like insurance-linked securities (ILS), especially catastrophe bonds.
- **Objective:** To study the feasibility of issuing ART instruments from GIFT IFSC and advise on global best practices and regulatory frameworks.
- **Key Study Areas:**
 - Regulatory models in Bermuda, Singapore, and Hong Kong.
 - ART feasibility within India and global jurisdictions.
 - Structuring ART in GIFT IFSC using ILS.

- **Key Recommendations:**

- Consider setting up **Special Purpose Insurers (SPIs)**.
- Enable **risk acceptance under ART contracts** via IFSCA/IRDAI rules.
- Develop a **framework for issuing ILS** backed by collateral.
- Define **Qualified Investors** eligible to invest in ILS.
- Mandate **periodic disclosures and reporting formats**.

IFSCA Approves TFMS Model to Attract Global Fund Managers to GIFT IFSC

At its 24th meeting on June 24, 2025, the International Financial Services Centres Authority (IFSCA) approved a **Third-Party Fund Management Services (TFMS) Model**—a strategic move to boost GIFT IFSC's appeal as a global fund management hub. This allows **domestic and foreign fund managers** to manage funds via registered platform managers in GIFT IFSC **without meeting substance requirements** (i.e., no need for local office, infrastructure, or direct registration).

Key Features of the TFMS Model

- **Platform-Based Entry:**

External fund managers (EFMs) can partner with IFSCA-registered fund management entities (FMEs) to launch restricted (non-retail) schemes.

- **No Local Setup Needed:**

EFMs can access the GIFT IFSC ecosystem without establishing physical presence or direct IFSCA registration.

- **Division of Responsibilities:**

- **EFM:** Investment strategy and investor engagement
- **Registered FME:** Full regulatory responsibility, compliance, governance, risk, operations, and disclosure

Global Context:

Similar models exist in Singapore, Luxembourg, and Mauritius where fund platforms facilitate cross-border fund launches without requiring EFMs to obtain local licenses.

Key Regulatory Highlights from Authority Meeting

- **Eligibility:** Only **Registered FMEs** can offer TFMS, subject to **additional authorization and minimum net worth of USD 500,000**.
- **Fund Size Cap:** Each TFMS fund is limited to **USD 50 million corpus**, higher than the USD 10 million proposed earlier, but still lower than global standards.
- **Governance Requirements:**
 - Each fund must appoint an independent **Principal Officer**
 - Disclosure of roles, conflicts of interest, and investment strategy in PPM
 - **Internal audit**, risk frameworks, and grievance redressal are mandatory

Concerns & Unresolved Issues

1. **Fund Corpus Cap:**

May deter large institutional participation; other jurisdictions rely on governance, not hard limits.

2. **Net Worth Requirement:**

If interpreted per fund, the \$500K threshold could be restrictive.

3. **Skin-in-the-Game Obligation:**

Unclear who—EFM or FME—must invest in the fund, potentially complicating execution.

4. Eligibility of EFMs:

Criteria yet to be defined; must ensure EFMs are fit-and-proper and strategically aligned.

5. Commercial Flexibility:

Regulations must allow FMEs and EFMs to freely negotiate terms (fees, branding, delegation, etc.).

6. Standalone Platform Model:

It's unclear if an FME can operate solely as a platform or must also manage its own funds.

7. Risk Exposure for FMEs:

FMEs bear regulatory and reputational risk without direct control over investments. Strong contractual clarity and delegation norms are essential.

Conclusion: Strategic but Incomplete

The TFMS model is a **welcome reform** that modernizes GIFT IFSC's fund management regime by introducing a **"plug-and-play" route** for global asset managers. It enhances India's positioning in the international fund landscape. However, the **final effectiveness** will hinge on how the **amended FM Regulations** address existing ambiguities around fund size, responsibilities, and operational structure.



UK Tax Update



National River - Ganges river

August 2025 Economic Insight: Trade Tensions, Growth Trends, and Policy Outlook

Global Trade Deals and Tariff Developments

August 2025 began with the expiration of the US pause on new tariffs, setting off a wave of negotiations with major trading partners. Initially, tariffs ranging from 10% to 50% were proposed on nearly sixty countries. The UK responded swiftly, agreeing in May to a 10% tariff quota on car exports and securing exemptions for certain aerospace products. Japan and the EU struck similar deals at 15% tariffs, accompanied by commitments to invest in the US and purchase more US energy and defence goods.

While these agreements offered short-term market stability, much of the fine print remains unresolved. Key sectors such as steel and pharmaceuticals lack clear arrangements, and the EU deal still requires ratification by all member states. Canada and Mexico, highly dependent on US trade, face greater strain, and talks with China remain unsettled ahead of a mid-August deadline. Despite these uncertainties, markets reacted positively to the announced deals. Stock indices rose, oil futures strengthened, and the IMF modestly upgraded its global growth outlook, noting early resilience in economic activity and lower-than-expected effective tariffs.

US Economic Performance

The US economy rebounded strongly in Q2 2025, growing at an annualised 3% after a contraction in Q1. The reversal was driven by a decline in imports following a Q1 surge as businesses front-loaded shipments to avoid tariffs. Consumer spending also strengthened modestly, while fixed investment posted small but steady gains.

However, first-half performance as a whole slowed compared to late 2024. Consumer spending growth dropped from 1.9% in H2 2024 to 0.5% in H1 2025, and exports also lost momentum. Inflationary pressures have not fully receded; June's headline CPI climbed to 2.7%, partly reflecting tariff-related costs passing through to consumers. The Federal Reserve held rates steady in July, emphasising a data-driven approach in the face of mixed signals: resilient growth, rising inflation risks, and global uncertainty.

UK Economic Trends

The UK economy lost steam in Q2 following a solid start to the year. Monthly GDP data showed contractions in April and May, driven by declines in both services and production. Professional and scientific services were hit by a slowdown in property transactions after tax changes, while manufacturing continued to face export weakness and pauses in automotive production for model changes.

Consumer-facing industries experienced a volatile quarter. Retail and travel activity fell sharply in May after only modest gains in April. June, however, brought a rebound: the services PMI reached a 10-month high, retail sales improved, and warm weather boosted food and clothing demand. Manufacturing and construction continued to contract, but at a slower pace. Economists expect Q2 GDP to register around 0.2%, pointing to a tepid underlying growth rate and confirming that Q1's performance was inflated by activity brought forward ahead of tariff announcements.

Monetary Policy Outlook

The Bank of England faces a complex decision at its August meeting. Inflation remains above 3%, but wage growth is slowing and labour market conditions are softening. These trends suggest some room for easing, yet persistent global uncertainties make the MPC cautious.

At the June meeting, members were split between holding rates and making modest cuts. Market expectations now lean toward a quarter-point reduction in August, though the vote is expected to be close. The Bank will weigh signs of cooling domestic inflation against the risk that trade disruptions could keep price pressures elevated.

Broader Global Considerations

Beyond the US and UK, global growth remains fragile. Eurozone GDP showed marginal expansion in Q2, helped by stable demand in services despite ongoing industrial weakness. Canada and Mexico, heavily integrated with US supply chains, continue to experience subdued business sentiment as they await clarity on trade terms. China's negotiations with the US remain a pivotal risk; failure to reach an agreement could reintroduce tariffs as high as 145%, potentially disrupting global supply chains.

Energy prices have also moved higher, partly in response to the trade developments and geopolitical tensions. Higher commodity prices could add further complexity to central bank policy decisions in the coming months, particularly if they feed into consumer inflation.

Outlook for the Remainder of 2025

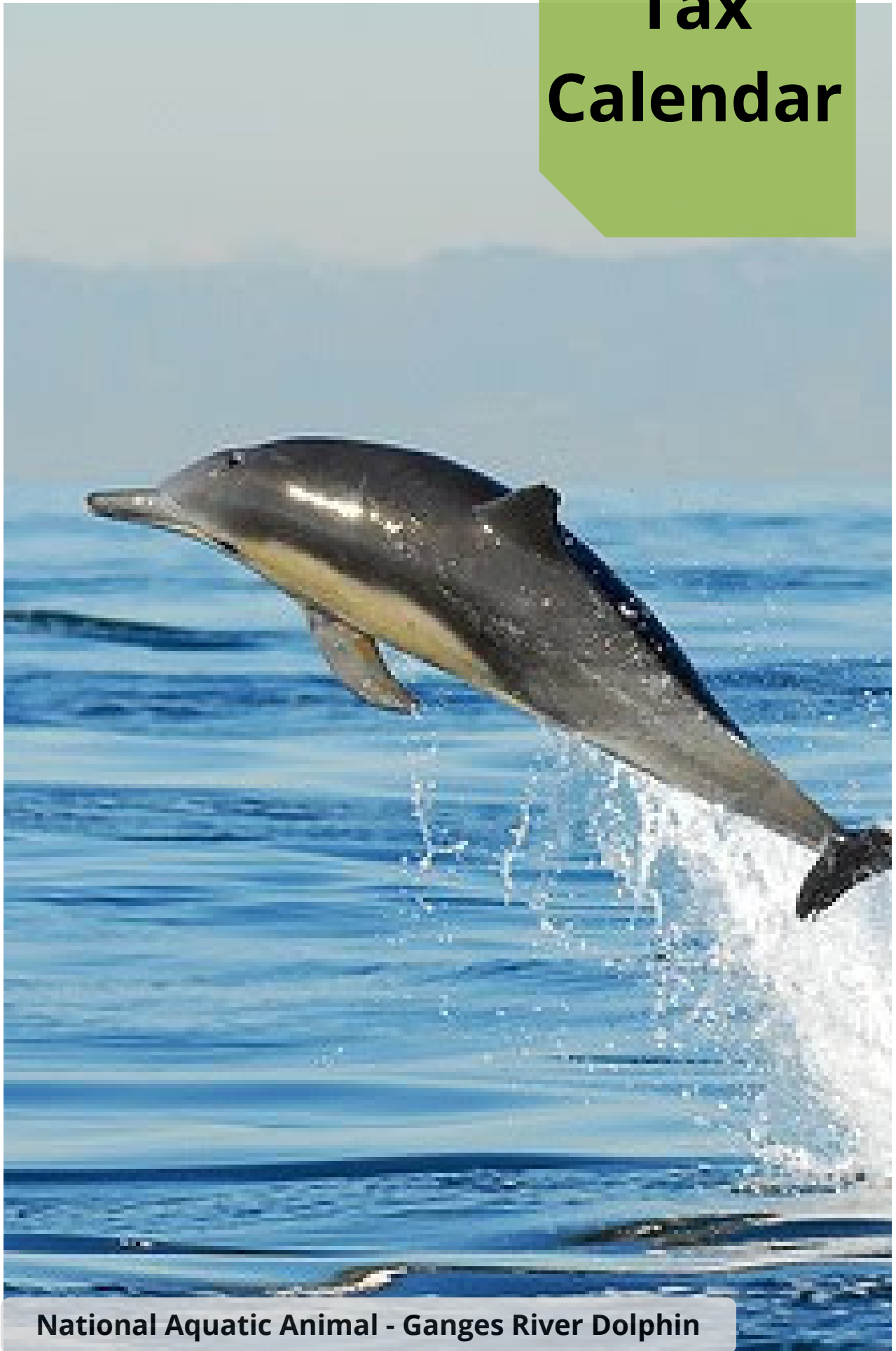
The remainder of 2025 will likely see policymakers navigating a narrow path between sustaining growth and containing risks. Trade tensions could flare again if agreements stall or geopolitical conditions deteriorate, while consumer confidence may soften if inflation remains stubborn. At the same time, stronger-than-expected resilience in investment and select service sectors could provide a counterweight, keeping growth from slipping into prolonged weakness.

The interaction between global trade policy, commodity prices, and central bank decisions will be pivotal in shaping the economic landscape as the year draws to a close.

Conclusion

August 2025 encapsulates the delicacy of the current global economic landscape. Trade deals have provided near-term relief, but unresolved negotiations and lingering tariff threats continue to cloud the outlook. The US economy shows resilience but with slowing momentum, while the UK struggles to sustain growth amid global headwinds. Monetary policy in both economies remains finely balanced, with central banks seeking to support growth without reigniting inflation. The months ahead will be critical in determining whether careful diplomacy and measured policy adjustments can maintain economic stability through an uncertain year.

Tax Calendar



National Aquatic Animal - Ganges River Dolphin

July 2025 - Tax Calendar

7TH AUGUST	Due date for deposit of Tax deducted/collected for the month of July, 2025
7TH AUGUST	Due date for deposit of Tax deducted/collected for the month of July, 2025
14TH AUGUST	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194-M & 194S in the month of June, 2025
15TH AUGUST	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending June 30, 2025
30TH AUGUST	Due date for furnishing of challan-cum-statement in respect of tax deducted under <u>Section 194-IA, 194-IB, 194-M & 194S</u> for the month of July, 2025
31TH AUGUST	Application in Form 9A for exercising the option available under Explanation to <u>Section 11(1)</u> to apply income of previous year in the next year or in future (if the assessee is required to submit return of income on October 31, 2025).
31TH AUGUST	Statement in Form no. 10 to be furnished to accumulate income for future application under <u>Section 10(21)</u> or <u>Section 11(1)</u> (if the assessee is required to submit return of income on October 31, 2025)





United Kingdom



capital advisors



consulting



capital trust

New Delhi (Head Office)

4/80, Janpath,
New Delhi -110001
+91-11-43192000
rnm@rnm.in

Bangalore

813 Oxford Towers,
139 Airport Road,
Bangalore - 560008

bangalore@rnm.in

GIFT City

Unit 804-06, 8th
Floor, Brigade
International
Financial Centre
(BIFC), Gift City,
Gandhinagar, Gujrat

Raipur

D-362, Near MLA
Rest House, Tagore
Nagar, Raipur,
Chhattisgarh -
492001

rnm@rnm.in

Mumbai

Cabin - 5, Awfis, 5th Floor,
Raheja Titanium,
Geetanjali Railway Colony,
Ram Nagar, Goregaon,
Mumbai, Maharashtra
400063
mumbai@rnm.in

Gurugram

613, Suncity Business
Tower, Golf Course Road,
Gurugram,
Haryana - 122002
+91-124-4372956
gurgaon@rnm.in

London

213 Kingsbury Road
Sri Abji Bapashree house
Suite 15, 1 Floor
NW9 8AQ
info@ukrnm.in

Follow us :     