India

INDEPENDENT MEMBER

RNM ALERT
DECEMBER NEWSLETTER

VOL NO 203

Season of Joy & New Beginnings

CONTENTS

EDITORIAL

Dear Readers

During the month of December 2025 our CEO Mr. Raghu Marwah participated at the GGI Asian Conference in Bangkok where he gave two presentations, one on 'Gift City Based Alternative Investment Fund: Advantages' and the other on 'GST 2.0: India's Next Tax Revolution' as part of the International Tax Practice Group. The conference was held at the Peninsula Hotel and was a wonderful platform to learn more about latest European Data Protection laws, Inbound Taxation in Australia, Hong Kong Family office regime and Reinvestment Tax credit in China.

At RNM Capital Trust, we are pleased to welcome Mr. Abhishek Dubey as the Principal Officer at our Gift City office. Abhishek comes with 6 years of rich experience with a leading brokerage firm based in Ahmedabad.

RNM India would be participating with a Stall at the WOFA 2.0 organized by the ICAI at India Expo Centre, Greater Noida from January 30 to Feb 1 and we look forward to meeting as many of you there as possible. It would be a great forum to showcase the capabilities of the Indian accounting profession to a worldwide audience which is looking at not only outsourcing their tax and accounting services to India but also setting up Global Capability Centre's (GCCs) in India. RNM India is as part of its consulting division, now also providing GCC as a Service at RNM Tower, New Delhi. Our capabilities as a licensed Alternative Investment Fund category 3 would also be of interest to international investors attending WOFA 2.0.

On the Direct Tax front, the Hon'ble Supreme Court of India has settled a long standing dispute in the case of allowability of non-compete fee. It has set aside an earlier Delhi High Court judgement, holding that such expense should be classified as a revenue expense irrespective of the fact whether it gives the payer an 'enduring advantage'.

On the Assurance front, the ICAI has issued a research report on "Accounting for Digital Assets". The Research report clarifies that digital assets are not legal tender in India and do not qualify as cash or cash equivalents. Accounting treatment depends upon the nature of holding, business model, and rights attached to the digital assets.

We would like to take this opportunity of wishing all our readers all the best for the New Year ahead. 2026 brings new hope for peace prosperity and strengthening old bonds.

U N Marwah
Chairman - RNM India

Direct Tax

Cozy Winter Moments

Important Judicial Precedents

1. Non-compete fee paid to restrict competition held allowable as revenue expenditure under sec. 37(1): SC

[2025] 181 taxmann.com 657 (SC) Sharp Business System vs. Commissioner of Income-tax

Where assessee paid a non-compete fee to restrain another party from operating in same business segment, such payment merely protected or enhanced assessee's business profitability and facilitated more efficient conduct of business, and though it could confer an enduring advantage, same was not in capital field and did not result in creation of any new asset or accretion to profit-earning apparatus; therefore, non-compete fee was allowable as revenue expenditure under section 37(1).

2. Revenue cannot detain assessee's jewellery after dispute is settled under Vivad se Vishwas Act: HC

[2025] 181 taxmann.com 684 (Gujarat-HC) Jigishaben Minesh Patel vs. Assistant Commissioner of Income, Central

Where assessee had discharged entire tax liability relating to unexplained jewellery and declaration under Vivad Se Vishwas Scheme was accepted by issuance of Form-5, continued detention of seized jewellery on ground of tax demand of joint locker holder was illegal and perverse and jewellery was liable to be released.

3. No disallowance of sec. 10B deduction in sec. 143(1) intimation if same was upheld in regular assessment: HC

[[2025] 181 taxmann.com 685 (Bombay-HC) Halliburton Technology India (P.) Ltd. vs. Assistant Commissioner of Income-tax

Where, due to a technical glitch in the e-filing process, deduction claimed by assessee under section 10B was not allowed in intimation issued under section 143(1), since allowability and correctness of such deduction were examined and accepted by Assessing Officer in regular assessment proceedings, disallowance made in the intimation could not survive.

4. 120 days time limit for release of seized assets u/s 132B is directory, not mandatory: HC

[2025] 181 taxmann.com 866 (Delhi-HC) Rajesh Gupta vs. ACIT

Period of 120 days in second proviso to section 132B(1)(i) is not mandatory in nature; and no direction could be given for release of gold/jewellery by High Court in proceedings under article 226 of Constitution particularly, when Assessing Officer was seized of matter.

5. **<u>JAO can issue sec.148 notice post-1-4-2022; faceless scheme applies only to assessment: HC</u>**

[2025] 181 taxmann.com 98 (Gujarat-HC) Snehdham Trust vs. ACIT

Procedure prescribed under section 144B only refers to faceless assessment and it nowhere provides for notice to be issued under section 148 in a faceless manner and, thus, notices issued by Jurisdictional Assessing Officer under section 148 after 01-04-2022 are valid and legal.

6. **<u>No concealment penalty where section 54F deduction was partly disallowed only for lack of supporting bills: ITAT</u>**

[2025] 180 taxmann.com 672 (Chennai - Trib.) Abdul Jabbar Jaheer Husain vs. Income-tax Officer

Where assessee's claim for deduction under section 54F was partly disallowed due to lack of supporting documents for some expenditure and penalty for concealment was levied solely on basis of such disallowance, making a claim not fully substantiated by bills does not amount to furnishing inaccurate particulars of income, and penalty under section 271(1)(c) was not justified and was to be deleted.

7. **<u>No sec. 68 addition on loan where assessee proved lender's identity, creditworthiness & genuineness; 'source of source' inapplicable: HC</u>**

[2025] 180 taxmann.com 502 (Delhi-HC) PCIT vs. KRBL Infrastructure Ltd

Where assessee received unsecured loan from corporate lender through banking channels, with lender's director confirming advance and bank records showing availability of funds, assessee established identity, creditworthiness and genuineness of transaction; therefore, addition under section 68 treating loan as bogus was unjustified, particularly as obligation to prove 'source of source' did not apply for relevant year.

8. **<u>Limitation for rectification under section 254 starts from date of receipt of ITAT order by assessee, not date of order: HC</u>**

[2025] 180 taxmann.com 497 (Jharkhand-HC) General Traders vs. Principal Chief Commissioner of Income-tax

Where Assessing Officer issued reopening notice to assessee on ground that no response was received from assessee in respect of certain notices sent to it, since notice under section 148 was not served upon assessee at its registered e-mail address as mandated under section 282, however, notice was sent on an e-mail address that was no longer operative, impugned reopening notice was to be quashed.

9. **<u>Reopening notice quashed as it was sent to assessee's old email ID instead of registered email ID: HC</u>**

[2025] 180 taxmann.com 16 (Gujarat-HC) Vasuki Global Industrial Ltd. vs. PCIT

It is responsibility and liability of jurisdictional Assessing Officer to verify information made available on Insight Portal which suggests that income chargeable to tax has escaped assessment in case of assessee for relevant assessment year and if necessary, Assessing Officer must conduct inquiry with prior approval of specified authority with respect to such information and only after verification of information made available to Assessing Officer, provisions of section 148A(1) shall be invoked.

Indirect Tax

Holiday Details

GST Calendar –Compliances for the month of December 2025.

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

GST Update – December 2025

GST, Export-related GST implications, Customs & Indirect Taxes

December 2025 witnessed important indirect tax developments impacting exporters, SEZ units, valuation principles, jurisdictional overlap between Central and State authorities, and digitization of customs processes. Judicial scrutiny during the month continued to reinforce statutory discipline, transactional valuation, and procedural fairness, while regulatory changes provided tangible relief in export-related compliance.

1. FEMA Timeline Extensions

The Reserve Bank of India has amended FEMA regulations to extend:

- The time limit for realization and repatriation of export proceeds from 9 months to 15months
- The permissible period for shipment of goods against advance receipts from 1 year to 3 years

GST Implications

These extensions have a direct bearing on GST compliance, particularly in the following areas:

- **Export of Services:**

Since GST law does not prescribe an independent timeline for receipt of consideration, FEMA timelines are determinative. The extended 15-month period strengthens exporters' ability to establish export status even where remittances are delayed.

- **Exports under LUT (Rule 96A):**

The requirement to realize export proceeds within one year or within the period permitted under FEMA is now substantially relaxed. This reduces the immediate risk of IGST demand with interest merely due to delayed realization.

- **Refund Recovery (Rule 96B):**

Refunds already sanctioned are recoverable only if FEMA timelines are breached. The extension effectively postpones refund recovery exposure and improves cash flow certainty for exporters.

2. Goods and Services Tax – Key Judicial Pronouncements

a. Cross-LoC Trade Held to be Intra-State Supply

The Jammu & Kashmir High Court held that trade conducted across the Line of Control constitutes intra-state supply for GST purposes. The Court emphasized that:

- Legal territorial sovereignty prevails over administrative or de facto control
- Both the supplier and place of supply continue to fall within the same State/UT

The Court also upheld the validity of composite SCNs covering multiple financial years, provided:

- Year-wise quantification is available
- Limitation is independently satisfied for each period
- Allegations are clearly articulated

b. Refund of ISD-Distributed ITC Allowed to SEZ Units

The Gujarat High Court reaffirmed that:

- SEZ units are entitled to refund of unutilized ITC distributed through ISD
- Refund eligibility cannot be denied on the ground that ITC originates centrally rather than from direct suppliers

The Court recognized the commercial impracticality of suppliers claiming refunds in ISD structures and held that refund entitlement follows the zero-rated supply, not the source of credit.

c. Constitutional Challenge to 180-Day ITC Reversal Rule

The Gujarat High Court issued notice in a writ petition challenging the validity of:

- Mandatory ITC reversal (along with interest) where payment to suppliers is not made within 180 days

The challenge argues that:

- The provision interferes with legitimate commercial credit arrangements
- It indirectly regulates trade terms without legislative competence
- It violates constitutional guarantees under Articles 14 and 19(1)(g)

d. MRP-Based Compensation Cess Struck Down

The Karnataka High Court invalidated notifications mandating levy of compensation cess based on MRP instead of transaction value for specified tobacco products.

The Court held that:

- Section 15 valuation principles apply wherever cess is levied on value
- Delegated legislation cannot override the parent statute
- MRP is a notional construct and cannot replace actual consideration

e. Central Proceedings Valid Despite Prior State Action

The Chhattisgarh High Court clarified the scope of Section 6(2)(b) and held that:

- Mere issuance of notices by State authorities does not bar Central proceedings
- Only proceedings culminating in adjudication or demand qualify as “proceedings” under the Act

Where State action is abandoned or closed without adjudication, Central authorities retain full jurisdiction to proceed.

3. Customs & Trade Facilitation – Digitalization Initiatives

The CBIC has launched a fully digital ICEGATE 2.0 platform for approvals under:

- Manufacture and Other Operations in Warehouse Regulations (MOOWR)
- Manufacture and Other Operations in Special Warehouse Regulations (MOOSWR)

The platform replaces manual and hybrid processes and aims to:

- Ensure end-to-end online processing
- Improve transparency and audit trails
- Reduce processing timelines and administrative discretion

Case Laws

SHREE ARIHANT OIL AND GENERAL MILLS v. UNION OF INDIA & ORS.

Issue

Whether the GST authorities were justified in initiating adjudication proceedings and passing orders without properly considering the taxpayer's replies and without adhering to the principles of natural justice, particularly the requirement of a meaningful opportunity of hearing.

Facts

The petitioner was subjected to GST proceedings pursuant to issuance of a Show Cause Notice. Detailed written submissions were filed by the petitioner disputing the allegations on facts and law. However, the adjudicating authority proceeded to pass the order without dealing with the petitioner's submissions in a reasoned manner and without granting an effective opportunity to rebut the allegations. The petitioner challenged the order on the ground of procedural arbitrariness and violation of natural justice.

Held

The Court held that mere issuance of notice and receipt of reply does not satisfy the requirement of natural justice. An adjudication order must demonstrate application of mind and must deal with the contentions raised by the assesse. Since the impugned order was passed mechanically, without proper consideration of the reply, it was set aside and the matter was remanded for fresh adjudication after granting a meaningful opportunity of hearing.

SHARMA TRADING COMPANY v. UNION OF INDIA

(Delhi High Court, Dec 2025)

Issue

Whether GST proceedings are sustainable when the Show Cause Notice and adjudication order are passed in a mechanical manner, without proper consideration of the assessee's reply and without granting an effective personal hearing, thereby violating the principles of natural justice.

Facts

The petitioner was issued a GST Show Cause Notice proposing tax, interest, and penalty. The petitioner submitted a detailed written reply, contesting the demand on facts and law. Despite the reply, the adjudicating authority proceeded to pass the order without discussing or dealing with the submissions made, and without granting a meaningful opportunity of personal hearing. Aggrieved by the non-speaking order and procedural lapses, the petitioner approached the High Court.

Held

The Court held that adjudication under GST cannot be reduced to a mere formality. Authorities are duty-bound to apply their mind to the reply, pass a reasoned order, and grant a meaningful opportunity of hearing, especially where civil consequences follow. Since the impugned order was passed in violation of natural justice and without proper reasoning, the Court set aside the order and remanded the matter for fresh adjudication in accordance with law.

Corporate Finance

Season of Gratitude

Japan's MUFG Bank To Buy 20% Stake In Shriram Finance In Largest Foreign NBFC Bet

Japan's MUFG Bank will acquire a 20% stake in Shriram Finance for $4.4 billion (Around INR 39,618 crores) through a preferential allotment, marking the largest foreign investment in India's financial services sector. Shriram Finance will issue 47.1 crore shares at INR 840.9 per share, subject to shareholder and regulatory approvals. The investment is expected to strengthen the company's capital adequacy, balance sheet, and long-term growth prospects. It will also enable synergies in technology, innovation, and customer engagement while improving access to low-cost funding. The deal represents MUFG's largest investment in India, reinforcing its long-standing presence in the country.

(Source: VC Circle, 19th December 2025)

Private Equity

Aditya Birla Renewables Secures $348 Mn Investment from GIP

Global Infrastructure Partners (GIP), the infrastructure investment arm of BlackRock, will invest up to $348 Million (Around INR 3,000 crores) in Aditya Birla Renewables (AB Ren), valuing the company at an enterprise value of $1697 Million (Around INR 14,600 crores). $232 Million (Around INR 2,000 crores) will be infused through preferential allotments, with an additional $ 116 Million (around INR 1,000 crores) available as a future greenshoe option. AB Ren has a 4.3 GW renewable portfolio across 10 states and is a leading player in the captive and C&I power segment.

(Source: VC Circle, 10th December 2025)

Kenya Signs $311 Mn Deal for New Power Transmission Lines

Kenya has signed a $311 Million (Around INR 2674 crores) agreement to build two high-voltage electricity transmission lines in partnership with Africa50 and PowerGrid Corporation of India, according to the finance ministry. Africa50 and PowerGrid will design, finance, construct, operate, and maintain the lines under a 30-year concession. The project aims to deliver cleaner, more affordable, and reliable power to millions of Kenyans. Details on the investment breakdown and expected increase in transmission capacity were not disclosed.

(Source: VC Circle, 06th November 2025)

Arnya Backs Vaishnavi Group's Bengaluru Projects

Arnya RealEstates Fund Advisors has committed $8.8 million (Around INR 75 crores) to residential projects in Bengaluru in partnership with Vaishnavi Group. Founded by Sharad Mittal, Arnya manages two sector-focused real estate funds. Vaishnavi Group, established in 1998, has delivered over 18 million sq. ft. across 40 projects. The firm noted that Bengaluru's residential market remains supported by strong end-user demand and buyer preference for well-located, well-designed projects with proven execution.

(Source: VC Circle, 17th December 2025)

Somerset Indus, NIIF to Invest in Bengaluru-Based NU Hospitals

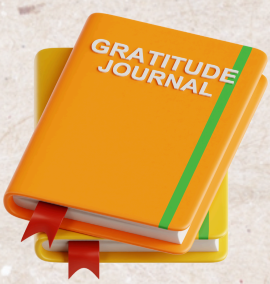
Private-equity firm Somerset Indus Capital Partners is set to invest in Bengaluru-based NU Hospitals, a chain specializing in nephrology and urology, alongside institutional backer National Investment and Infrastructure Fund (NIIF). The two investors will jointly commit $28 million(Around INR 250 crores) for a nearly 33% stake. Veda Corporate Advisors acted as exclusive financial advisor to NU Hospitals. Dr. Prasanna Venkatesh, MD of NU Hospitals, noted that Somerset's long-term, healthcare-focused investment approach aligns with the hospital's clinician-led, patient-first vision.

(Source: VC Circle, 17th December 2025)

Spinny Raises $160M; Fidelity Joins Series G

Spinny, the used-car retailing platform, is raising $160 Million (Around INR 1392 crores) in its Series G round as it expands operations with the planned acquisition of car-servicing startup GoMechanic. American asset manager Fidelity Management and Research Company is expected to join the round, acquiring a 6.63% stake through a mix of primary and secondary transactions, likely investing around $119 million. (Around INR 1023 crores) The round, valuing Spinny at approximately $1.8 billion (Around INR 16,164 crores) post-money, also sees participation from existing investors Accel and WestBridge, each contributing about $44 million(Around INR 378 crores) Nandan Nilekani-backed Fundamentum and Blume Ventures are reported to be the primary sellers in the secondary transaction.

(Source: VC Circle, 18th December 2025)



Venture Capital

Ace Investor Mukul Agrawal Leads StockGro's Series B Round

StockGro, an investment advisory and market learning platform, has raised $16.7 million (around INR 150 crores) in a Series B round led by ace investor Mukul Agrawal, with participation from Param Capital. The round has been structured as a convertible instrument, with valuation linked to future performance milestones. The company plans to deploy the capital towards geographic expansion, product enhancement, and scaling across additional asset classes. StockGro currently serves over 35 million users and partners with more than 1,500 educational institutions globally. A key focus will be strengthening its full-stack investing ecosystem, including accelerating adoption of its AI research assistant, Stoxo.

(Source: VC Circle, 02nd December 2025)

Ultraviolette Raises $45 Mn In Latest Round From Zoho And Lingotto

Ultraviolette has raised $45 million (around INR 404 crores) as part of its ongoing Series E round from Zoho Corporation and European investment firm Lingotto. The Zoho investment was led by Sridhar Vembu, Mani Vembu, and Kumar Vembu, underscoring strong domestic backing for deep-tech mobility innovation. The company plans to deploy the capital to scale manufacturing, advance battery and performance technologies, and expand its presence in India and global markets. Ultraviolette has grown its retail footprint to 30 Indian cities and aims to reach over 100 cities by mid-2026.

(Source: VC Circle, 04th December 2025)

TPG-Backed Fintech Platform Fibe Bags $35 Mn Cheque From IFC

Fintech platform Fibe has raised $35 million (around INR 314 crores) from the International Finance Corporation (IFC) as part of its Series F funding round. The capital will be used to strengthen its product ecosystem across borrowing, savings, investments, and payments, with a continued focus on responsible credit. The company offers personal loans and impact-focused financing across healthcare, education, insurance, and school fees. Fibe closed FY24 with assets under management of approximately INR 4,000 crores, nearly doubling from FY23.

(Source: VC Circle, 09th December 2025)

Energy-Efficiency Startup Smart Joules Raises $10 Mn In Series B

Energy efficiency startup Smart Joules has raised $10 million (around INR 90 crores) in a Series B funding round led by SVL SME Neev II Fund, managed by SBI Ventures, with participation from Waaree Renewable Technologies and Spectrum Impact. The company plans to use the capital to scale across India's commercial and industrial sectors and expand into new verticals such as manufacturing, building automation, and district cooling. Founded in 2014, Smart Joules offers solutions including JoulePays, JouleCool, and DeJoule to reduce energy waste and carbon emissions.

(Source: VC Circle, 10th December 2025)

Peak XV, Kalaari-Backed Spacetech Startup Digantara Secures $50 Mn In Series B

Peak XV, Kalaari-Backed Spacetech Startup Digantara Secures $50 Mn In Series B Spacetech startup Digantara has raised $50 million (around INR 455 crore) in its Series B round from a mix of strategic and financial investors, including 360 ONE Asset, SBI Investments Co. Japan, and entrepreneur Ronnie Screwvala. Existing investors Peak XV Partners and Kalaari Capital also participated in the round. The company plans to use the capital to expand globally beyond India and the US, set up new satellite manufacturing facilities, and significantly scale its R&D teams. Digantara will also deploy a constellation of space surveillance and missile-warning satellites through 2026–27.

(Source: VC Circle, 17th December 2025)

Mergers & Acquisitions

Anupam Rasayan Sets Up US Manufacturing Presence With $150-Mn Deal

Anupam Rasayan India Ltd has agreed to acquire US-based Jayhawk Fine Chemicals LLC for $150 million (around INR 1,348.6 crores) from Germany's CABB Group. The transaction values Jayhawk at an enterprise value of $134 million (around INR 1205 crores), with the balance comprising cash on its balance sheet. The acquisition will be funded through a mix of internal accruals, debt, and $110 million (around INR 989 crores) from a global investment management firm. The deal marks Anupam Rasayan's entry into onshore manufacturing in the US and supports its global expansion strategy.

(Source: VC Circle, 10th December, 2025)

Tata Consultancy To Acquire US Firm Coastal Cloud For $700 Mn

Tata Consultancy Services (TCS) has agreed to acquire US-based AI advisory and services firm Coastal Cloud Holdings LLC and its subsidiaries in an all-cash deal valuing the company at $700 million (around INR 6,315 crores). The acquisition, TCS's largest to date, is expected to close by January 31, 2026, and strengthens its position in Salesforce advisory and consulting services. Coastal Cloud is a leading Salesforce partner with FY24 revenue of $132 million (around INR 1187 crores) and over 400 multi-cloud specialists. Following this and the earlier acquisition of ListEngage, TCS expects to rank among the top five Salesforce consulting firms globally. The deal enhances TCS's capabilities across AI, data, and multi-cloud transformation for global enterprise clients.

(Source: VC Circle, 11th December, 2025)

Rama Steel Tubes Buys UAE-Based Conglomerate For $80 Mn

Rama Steel Tubes Limited has agreed to acquire Abu Dhabi based Automech Group Holding Limited for AED 296 million ($80.6 million) through a mix of cash and share swap. Its UAE subsidiary, RST International Trading FZE, will acquire a 78.38% stake for AED 232 million in cash, while the remaining 21.62% will be acquired via equity issuance worth AED 64 million. The transaction, expected to close in 5–6 months, will give Rama Steel exposure to all eight Automech group entities. The acquisition supports the company's geographic expansion in the UAE across diversified engineering, construction, and infrastructure verticals. Automech reported turnover of AED 192.3 million in FY24, reflecting 7% year-on-year growth.

(Source: VC Circle, 12th December 2025)

Quality Power Buys Power Equipment Maker For $1.7 Mn

Quality Power Electrical Equipments Ltd has acquired a controlling 76% stake in Gandhinagar-based Veeral Controls Pvt Ltd for $1.7 million (around INR 15.2 crores). The acquisition strengthens Quality Power's presence in the medium-voltage industrial power electronics segment, particularly high-current rectification used in green hydrogen, defence, rail, and industrial applications. Founded in 1993, Veeral Controls specialises in high-current rectifiers, traction, and defence-grade power electronics and serves clients such as ABB, BHEL, Indian Railways, and DRDO. The deal expands Quality Power's customer base and complements its existing portfolio of high-voltage grid and power quality solutions.

(Source: VC Circle, 18th November 2025)

RPSG Ventures To Acquire Stake In Luxury Fashion House Falguni Shane Peacock

RPSG Ventures is acquiring a 40% stake in luxury fashion house Falguni Shane Peacock (FSP Design Pvt Ltd) for $20.34 million (around INR 182 crores) in cash, valuing the company at an enterprise value of $51.4 million (around INR 459 crores). The deal includes an option for RPSG to buy an additional 10% within 18–24 months, potentially raising its total investment to $25.46 million (around INR 227.6 crores). The acquisition marks RPSG's entry into India's rapidly expanding luxury couture and lifestyle segment. Founded in 2004, FSP operates in India and internationally, including a showroom in New York, and is known for dressing global celebrities such as Beyoncé, JLo, Katy Perry, and Rihanna.

(Source: VC Circle, 19th November 2025)

Transaction & Regulatory Advisory Services

Turning the Page

Key Regulatory & Legal Updates in November 2025

1. Ministry of Corporate Affairs (MCA)

- **Small company threshold change**

MCA, through Companies (Specification of Definition Details) Amendment Rules, 2025, has notified the increase in the definition of small companies from Rs. 2 Crore to Rs. 10 Crores as paid-up capital and from Rs. 20 crore to Rs. 100 crore as turnover effective on December 1st, 2025 as a measure to promote compliance and reduce the regulatory burden on small businesses.

Read More: https://www.mca.gov.in/content/mca/global/en/home.html

- **Annual filing fee relief**

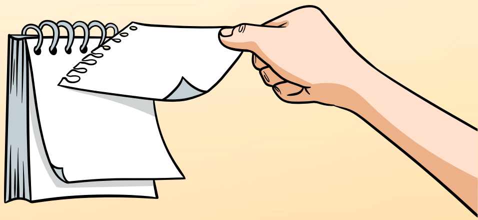
With latest MCA General Circular No. 08/2025, MCA has Provided additional time / fee relaxation for filing annual forms (AOC-4, MGT-7 / 7A) on revised MCA-21 forms up to 31st January, 2026.

Read More: https://www.mca.gov.in/content/mca/global/en/home.html

- **Director Compliance Relief**

The Ministry of Corporate Affairs eased KYC filing norms under the Companies Act, 2013, reducing the requirement for directors from annual to once every three years. This is intended to reduce compliance burden and improve ease of doing business.

Read More: https://www.mca.gov.in/content/mca/global/en/home.html



2. Securities and Exchange Board of India (SEBI)

- **SEBI LODR (Sixth Amendment), 2025**

Major changes relate to — Alignment with new RTA Regulations, updated terminology, and enhanced disclosure requirements.

Read More: : https://www.sebi.gov.in/

- **SEBI Board Decisions (December 17)**

SEBI's board approved revisions to Stockbroker Regulations, initiatives to reduce IPO documentation requirements, and revamp mutual fund expense frameworks.

Read More: https://www.sebi.gov.in/

- **SEBI (Substantial Acquisition of Shares and Takeovers) Amendment, 2025**

SEBI issued Takeover Code amendments (effective 2 January 2026) introducing a formal definition of "valuer" and requiring independent registered valuers for certain open offers and valuation cases.

Read More: https://www.sebi.gov.in/

- **SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 2025**

A new set of regulations for Registrars to an Issue and Share Transfer Agents was published in mid-December, prompting consequential LODR changes.

Read More: https://www.sebi.gov.in/

- **Securities Markets Code Bill, 2025**

With objective to simplifying securities regulation and strengthening SEBI's powers, Securities Markets Code Bill, 2025 was introduced in Parliament to consolidate SEBI Act, SCRA, and Depositories Act into a single code.

Read More: https://www.sebi.gov.in/

3. Reserve Bank of India (RBI)

KYC Directions

RBI issued amended KYC Directions thru RBI (All India Financial Institutions – Know Your Customer) Amendment Directions, 2025 under its powers to regulate All India Financial Institutions, integrating standards with the Central KYC Records Registry (CKYCR) framework.
Read More: https://www.rbi.org.in/

GIFT City Update

Fresh Start

05 DEC 2025: IFSCA, Taiwan's FSC Sign MoU to Deepen Financial Regulatory Cooperation

The International Financial Services Centres Authority (IFSCA) and Taiwan's Financial Supervisory Commission Taiwan (FSC) have entered into a Memorandum of Understanding (MoU) to strengthen regulatory cooperation in areas of mutual interest. The MoU was virtually exchanged and operationalized on December 3, 2025, on the sidelines of the 18th India–Taiwan Economic Consultations.

The agreement provides a framework for sharing information on financial market development, regulatory and business practices, and supervisory approaches. It also aims to enhance cooperation on ensuring high standards of market integrity, fitness and properness of regulated entities, and enforcement of laws governing financial products, services, and institutions.

In addition, the MoU facilitates collaboration on financial technology and regulatory technology, reflecting a shared focus on innovation-led supervision. The development marks a step forward in deepening India–Taiwan engagement in the financial services sector.

16 DEC 2025: IFSCA, IIT Gandhinagar Partner to Build Innovation-Led GIFT IFSC Ecosystem

The International Financial Services Centres Authority (IFSCA) has signed a Memorandum of Understanding (MoU) with the Indian Institute of Technology Gandhinagar (IIT Gandhinagar) to strengthen regulatory–academic collaboration aimed at developing a future-ready GIFT International Financial Services Centre (GIFT IFSC).

The MoU, signed by Shri K. Rajaraman, Chairperson, IFSCA, and Shri Rajat Moona, Director, IIT Gandhinagar, establishes a structured framework for cooperation across knowledge exchange, capacity building, talent development, entrepreneurship support, and policy-oriented research.

The collaboration will focus on emerging domains such as FinTech and regulatory innovation, artificial intelligence and machine learning (AI/ML), blockchain and distributed ledger technologies, quantum technologies, and other frontier areas relevant to financial services. It also includes joint academic and executive education initiatives—such as specialized courses, workshops, and certification programs in FinTech regulation, RegTech, SupTech, and financial policy.

In addition, the MoU envisages joint hackathons, innovation challenges, and startup-focused initiatives, along with internship opportunities for IIT Gandhinagar students at IFSCA and faculty participation in IFSCA working groups. The partnership aligns with India's broader vision of innovation-led growth under Viksit Bharat @2047 and reinforces GIFT IFSC's positioning as a global financial hub.

23 DEC 2025: IFSCA Authority Clears Sweeping Regulatory Reforms to Boost Ease of Doing Business at GIFT IFSC

The International Financial Services Centres Authority (IFSCA), at its 26th Authority meeting held on December 22, 2025, approved a series of regulatory amendments aimed at enhancing ease of doing business, deepening market participation, and strengthening GIFT IFSC's position as a global financial hub.

Key approvals included amendments to the IFSCA (Fund Management) Regulations, 2025, easing eligibility norms for key managerial personnel, expanding recognition of relevant work experience, and introducing greater flexibility in the validity and extension of private placement memoranda for venture capital and restricted schemes. Fund managers were also granted a 24-month transition window to appoint IFSC-based custodians.

The Authority approved the draft IFSCA (Global In-House Centres) Regulations, 2025, providing a comprehensive framework for Global In-House Centres (GICs) operating from GIFT IFSC. The revised regulations recognise multiple operating models, permit limited servicing of India-based group entities, relax employee transfer caps, and widen the role of third-party service providers. The framework aims to consolidate cross-border financial services, generate high-value employment, and onshore India-centric financial activities to GIFT IFSC.

Further, amendments to the Book-keeping, Accounting, Taxation and Financial Crime Compliance (BATF) Regulations removed mandatory office space requirements, lowering entry barriers for professional service providers. Changes to the Capital Market Intermediaries Regulations reduced experience thresholds, broadened eligibility qualifications, clarified liquid net worth norms, introduced umbrella registration, and revised custodian net worth requirements.

The Authority also approved amendments to the Registration of Business Regulations, expanding the definition of Lloyd's Service Company to allow wider participation by Lloyd's members, strengthening the insurance ecosystem at GIFT IFSC.

The approved changes are expected to be notified shortly and align with IFSCA's broader objective of positioning GIFT IFSC as a globally competitive financial centre under India's Viksit Bharat @2047 vision.

UK Tax Update

New Beginnings

Business Conditions and Economic Pressures in the UK:

An Analysis of Turnover, Pricing, and Expectations Entering 2026

Introduction

As the UK economy moves toward the start of 2026, businesses continue to operate in an environment shaped by uncertainty, cost pressures, and uneven demand across sectors. While trading activity remains widespread, financial performance indicators suggest a cautious and restrained outlook among firms of varying sizes. We explore recent patterns in business turnover, pricing behaviour, and expectations for the months ahead, drawing attention to the challenges currently influencing decision-making across the private sector.

Rather than focusing on a single indicator, this analysis considers how turnover trends, rising input costs, and price-setting intentions interact to reflect broader economic sentiment. Together, these factors offer insight into the resilience of UK businesses and the pressures shaping operational strategies as the new year begins.

Trading Activity and Turnover Performance

The majority of UK businesses continue to trade, either fully or with some operational limitations. Only a small minority have temporarily paused or permanently ceased operations, indicating that most firms remain active despite economic headwinds. However, being operational has not necessarily translated into improved financial performance.

Recent turnover data show that only a modest proportion of businesses experienced month-on-month growth toward the end of 2025. For many firms, turnover either remained unchanged or declined, highlighting a period of stagnation rather than expansion. This pattern was particularly evident among larger organisations, where the share reporting declining turnover increased noticeably. Smaller businesses, by contrast, showed more stability, with fewer dramatic month-to-month shifts.

These trends suggest that scale alone does not provide insulation from economic pressures. Larger businesses may be more exposed to shifts in consumer demand, higher fixed costs, or international uncertainties, while smaller firms may benefit from localised markets and greater operational flexibility.

Factors Constraining Turnover

IEconomic uncertainty has emerged as the most commonly cited factor affecting turnover. Businesses increasingly report difficulty planning ahead in an environment where inflationary pressures, interest rates, and broader macroeconomic conditions remain unpredictable. This uncertainty appears to be weighing on both investment decisions and customer spending behaviour.

Labour costs have also become a significant concern. Rising wages and associated employment costs are affecting profitability, particularly in labour-intensive sectors. The increasing prominence of labour costs as a reported challenge suggests that staffing expenses are no longer a marginal issue but a central factor shaping business performance.
In addition, the cost of materials continues to pressure margins. Although not universal across all industries, higher input prices remain a persistent issue, especially for manufacturing, construction, and hospitality-related businesses. Competitive pressures further compound these challenges, limiting the ability of firms to pass on costs without risking a loss of market share.

Notably, the proportion of businesses reporting no turnover challenges has declined, reinforcing the view that economic pressures are becoming more widespread rather than concentrated in specific sectors.

Turnover Expectations for Early 2026

Looking ahead to January 2026, expectations remain subdued. Only a small share of businesses anticipate an improvement in turnover, while a significantly larger proportion expect a decline. This imbalance points to a cautious start to the year, consistent with seasonal patterns but amplified by current economic conditions.

The accommodation and food services sector stands out as particularly pessimistic. A sharp rise in the number of businesses in this sector expecting lower turnover reflects both seasonal slowdown and heightened sensitivity to consumer spending patterns. Compared with previous years, the scale of this decline in confidence is notable, suggesting that cost pressures and reduced discretionary spending are having a pronounced effect.

Overall, expectations data indicate that businesses are bracing for a challenging first quarter rather than positioning for rapid recovery or growth.

Input Costs and Pricing Behaviour

Rising input costs remain a defining feature of the current business environment. A significant proportion of businesses reported increases in the prices they paid for goods and services toward the end of 2025. These increases were particularly pronounced in sectors dependent on energy, imported materials, or complex supply chains.

Despite these cost increases, fewer businesses raised the prices they charged customers. This gap between rising costs and relatively stable selling prices suggests that many firms are absorbing higher expenses rather than passing them on fully. Such behaviour may reflect concerns about weakening demand, competitive intensity, or customer price sensitivity.

The hospitality sector again stands out, reporting especially high increases in input costs. Wholesale and retail businesses also showed relatively higher rates of price increases charged to customers, reflecting their position closer to final consumers and greater flexibility in price adjustments.

Pricing Expectations and Drivers of Price Increases

Price expectations for January 2026 show a notable shift. A growing share of businesses anticipate raising their selling prices, marking the highest level of expected price increases in several months. While seasonal patterns play a role, the scale of this increase points to mounting pressure on margins.

Labour costs are the most frequently cited reason for considering price increases. This reflects ongoing wage pressures and the cumulative impact of staffing costs over time. Energy prices and raw material costs also feature prominently, reinforcing the idea that businesses face multiple, overlapping cost drivers rather than a single dominant issue.
At the same time, a declining proportion of businesses report no intention to raise prices, suggesting that inflationary pressures may become more visible to consumers in the early months of 2026.

Business Sentiment and Economic Implications

Taken together, these findings paint a picture of an economy characterised by resilience without momentum. Most businesses continue to operate, but few report strong growth, and many face persistent cost pressures. The combination of weak turnover growth, rising input costs, and increasing price expectations points to a challenging operating environment.

The reluctance to raise prices immediately, despite higher costs, suggests concern about demand fragility. However, as pressures accumulate, more businesses appear likely to adjust prices, potentially contributing to continued inflationary dynamics.

From a broader economic perspective, these trends indicate that while widespread contraction has been avoided, conditions remain far from favourable for expansion. Business confidence appears constrained, investment decisions cautious, and expectations muted.

Conclusion

As the UK enters 2026, businesses face a complex mix of uncertainty, cost inflation, and uneven demand. Turnover growth remains limited, particularly among larger firms, while challenges such as labour and material costs continue to intensify. Although most businesses remain operational, confidence in near-term improvement is low.

Pricing behaviour suggests a delayed but growing response to cost pressures, with labour costs emerging as a critical driver of future price increases. These dynamics highlight the delicate balance businesses are attempting to maintain between protecting margins and preserving demand.

Overall, the current business landscape reflects stability under strain rather than recovery in motion. The months ahead are likely to test the adaptability of UK businesses as they navigate persistent economic pressures and an uncertain outlook.

Tax Calendar

Looking Ahead

December 2025 - Tax Calendar

7TH JANUARY	Due date for deposit of Tax deducted/collected for the month of December, 2025
7TH JANUARY	Due date for deposit of TDS for the period October 2025 to December 2025 when Assessing Officer has permitted quarterly deposit of TDS under Sections 192, 194A, 194D or 194H
14TH JANUARY	Due date for issue of TDS Certificate for tax deducted under section 194-IA; 194-IB; 194M & 194S in the month of November, 2025
15TH JANUARY	Quarterly statement of TCS for the quarter ending December 31, 2025
15TH JANUARY	Due date for furnishing of Form 15G/15H declarations received during the quarter ending December, 2025
30ST JANUARY	Quarterly TCS certificate in respect of quarter ending December 31, 2025
30ST JANUARY	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA; 194-IB; 194M & 194S in the month of December, 2025
30ST JANUARY	Quarterly statement of TDS for the quarter ending December 31, 2025

RNM India

RNM United Kingdom

RNM capital advisors

RNM consulting

RNM 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

banglore@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 :