

**November
2025**

NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax



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Income Tax

1. Transfer Pricing Tolerance Range

CBDT

Notification No. 157/2025 date 6.11.2025

Vide this notification, CBDT has notified the **tolerance range** for determining the **Arm's Length Price (ALP)** under section 92(c) of the Income Tax Act for **Assessment Year 2025-26**.

Background

Under India's Transfer Pricing (TP) rules, all international transactions between associated enterprises—and certain specified domestic transactions—must be carried out at an ALP. This ensures that profits are not shifted artificially and that transactions reflect fair market conditions.

Historically, the government notifies a **tolerance range** within which minor differences between the actual transaction value and the computed ALP are ignored. This avoids unnecessary additions and provides practical relief to taxpayers.

Key Highlights:

- **Tolerance Range** (*Computed as a %age on the Actual price of Transactions*)
 - 1% → For **wholesale trading** transactions
 - 3% → For all other international or specified domestic transactions

If the variation between ALP and the actual transaction price stays within these limits, the actual price will be deemed to be the ALP.

➤ **Definition of Wholesale Trading**

A transaction qualifies as wholesale trading only if both the following conditions are met:

- a) Purchase cost of finished goods \geq 80% of total trading cost and
- b) Average monthly closing inventory \leq 10% of sales

If either condition is not met, the transaction will be treated as a normal case (eligible for 3% tolerance).

[Notification No.157](#)

2. Capital Gains Accounts (Second Amendment) Scheme, 2025

CBDT

Notification No. 161/2025 date 19.11.2025

Vide this notification, CBDT has notified changes in the Capital Gain Accounts Scheme.

Background

The **Capital Gains Accounts Scheme (CGAS)** allows taxpayers to temporarily park capital gains in a designated bank account when they are not immediately able to invest the gains in property, bonds, or other eligible assets.

The amount deposited in CGAS is treated as **invested** for claiming exemptions under sections **54, 54B, 54D, 54F, 54G, 54GA and 54GB** of the Income Tax Act.

Over time, banking systems and tax administration have shifted to **electronic processing**, but the CGAS rules still contained older references to cheques, drafts, and manual procedures. Therefore, amendments were required to modernize the Scheme.

Key Highlights

➤ **Formal Inclusion of Section 54GA under the CAGS:** Section 54GA provides capital gains exemption to taxpayers who are shifting their industrial undertaking from an urban area to a Special Economic Zone (SEZ). Though Section 54GA existed earlier, it was never formally included in the CGAS text. This amendment finally inserts the missing reference, ensuring consistency between the Act and the Scheme, and enabling banks and taxpayers to correctly use CGAS for Section 54GA-related deposits.

➤ **Definition of Deposit-Office:** A Deposit Office now includes any branch of:

- State Bank of India,
- its subsidiary banks,
- corresponding new banks formed under the 1970 and 1980 nationalization Acts, and
- any banking company defined under the Banking Regulation Act, 1949,

provided that such bank is specifically authorised by the Central Government to accept deposits and operate Capital Gains Accounts under this Scheme.

➤ **Introduction of “Electronic Mode” of Payment:** A new definition of electronic mode has been inserted. Electronic mode includes:

- Credit Card
- Debit Card
- Net Banking
- IMPS
- UPI
- RTGS
- NEFT
- BHIM Aadhaar Pay

➤ **Deposit Date:** The deposit date under CGAS will be the date on which the cheque, draft, or electronic payment instruction is received by the Deposit Office—subject to successful realisation—and not the date on which the amount is actually realised. This ensures that taxpayers are not adversely affected due to banking or processing delays.

➤ **Closure of CAGS Account:** From 1 April 2027, any request for closure of a CGAS account will only be allowed through electronic submission. Taxpayers must furnish the closure application either using a Digital Signature Certificate (DSC), or an Electronic Verification Code (EVC). This shift ensures standardization, eliminates physical submissions, and aligns CGAS processes with the broader digitization of the Income-tax Department.

The **Principal DGIT (Systems) / DGIT (Systems)** has been assigned the responsibility to implement and manage the new electronic process for CGAS account closure. Their key functions include:

a) Specifying Online Filing Process

Defining the detailed procedure for electronic filing of Form G and Form H for withdrawal and closure of CGAS accounts respectively.

b) Electronic Routing & Approval Workflow

Forwarding submitted forms to the jurisdictional Assessing Officer and returning the AO-approved form to the taxpayer through the system.

c) Setting Verification Standards

Prescribing the data structure, technical standards, and the mechanism for generating Electronic Verification Codes (EVC) and validating DSC/EVC submissions.

d) Ensuring System Security & Record Management

Implementing appropriate security, archival, and retrieval policies for all electronically filed forms.

➤ **Updating of CAGS Applications:** Application Forms (Form A & C) have been revised to incorporate Section 54GA, to allow payments “by electronic mode” in place of cheque/draft references, and to add fields for capturing electronic transaction details such as RTGS, IMPS, and NEFT numbers.

Notification No.161**3. Authorized Banks for Capital Gains Account Scheme (CGAS)**

CBDT

Notification No. 162/2025 date 19.11.2025

Vide this notification, the CBDT has notified the list of banks authorised to accept deposits and maintain accounts under CGAS.

The Central Government has **authorized all non-rural branches** of 19 banks to operate CGAS accounts.

Authorized Banks (Non-Rural Branches Only)

- HDFC Bank Ltd
- ICICI Bank Ltd
- Axis Bank Ltd
- City Union Bank Ltd
- DCB Bank Ltd
- Federal Bank Ltd
- IDFC FIRST Bank Ltd
- IndusInd Bank Ltd
- Jammu and Kashmir Bank Ltd
- Karnataka Bank Ltd
- Karur Vysya Bank Ltd
- Kotak Mahindra Bank Ltd
- RBL Bank Ltd
- South Indian Bank Ltd
- Yes Bank Ltd
- Dhanlaxmi Bank Ltd
- Bandhan Bank Ltd
- CSB Bank Ltd
- Tamilnadu Mercantile Bank Ltd

Definition of a Rural Branch

For this notification, a **rural branch** is defined as a branch located in an area with a **population of less than 10,000**, as per the **2011 Census**.

Such rural branches are **not permitted** to accept CGAS deposits.

Notification No. 162

Goods and Service Tax

1. CGST (Fourth Amendment) Rules, 2025

CBIC

Notification No. 18 /2025 dated 31.10.2025

Vide this notification CBIC has issued the **CGST (Fourth Amendment) Rules, 2025**, introducing important changes to the registration framework under GST. These amendments take effect from **1 November 2025**.

The key updates are as follows:

- **New Rule 9A – Automatic Electronic Grant of Registration:** A new **Rule 9A** has been inserted to provide **faster, automated registration**.
 - Any person applying for registration under **Rule 8, Rule 12, or Rule 17** will be **granted registration electronically within 3 working days**, provided the system identifies the applicant as low-risk based on **data analysis and risk-based parameters**.
 - The Registration Process will be without officer intervention,

This is aimed at **speeding up GST registration** and reducing physical verification where risk is minimal.

- **Introduction of Rule 14A – Optional Simplified Registration for Small B2B Suppliers:** A new Rule 14A provides an optional simplified registration for persons whose monthly output tax liability (on supplies to registered persons) does not exceed ₹2,50,000.

Opting for Rule 14A:

- a) Aadhaar authentication is mandatory (unless exempt persons under section 25(6D)).
- b) The person cannot hold another GST registration in the same State/UT under this rule.
- c) Withdrawal from this option requires filing Form GST REG-32 after completing minimum return filing requirements.

Withdrawal from Rule 14A :

- a) A taxpayer may withdraw this option if output tax exceeds the prescribed limit or for other reasons.
- b) Application must be filed in REG-32, with Aadhaar authentication and after ensuring no pending returns.
- c) The officer will issue an order in REG-33 (approval) or REG-05 (rejection).

- **Amendments in Registration Forms: Several registration forms have been updated for clarity, automation, and inclusion of Rule 14A**

Updated forms include:

- REG-01 – Now allows applicants to opt for Rule 14A and includes Aadhaar authentication requirement.
- REG-02 – Acknowledgment updated to refer to Rule 14A.
- REG-03 & REG-04 – Revised to cover registration, amendment, cancellation, and withdrawal.
- REG-05 – Updated rejection order format.
- REG-32 – Newly introduced form for withdrawal from Rule 14A option.
- REG-33 – Newly introduced order for approval of withdrawal.

[**Notification No.18**](#)

Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month.
Instead, it is only a listing of some of the circulars/notifications that we considered important.



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