FAST / FACTS

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The COMMUNIQUE

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Our Leadership Speaks

Role of CFOs in the Modern Era

Gone are the days when CFOs worked quietly in the background, focused solely on budgets and compliance. In today's fast-paced, tech-driven world, CFOs have stepped into the spotlight—as strategic leaders, digital transformers, and growth enablers. They are expected to understand more than just the numbers. From interpreting data trends to guiding business strategy, CFOs are helping companies stay ahead in a world where change is the only constant.

Modern CFOs are breaking down silos. They work hand in hand with CEOs, IT teams, HR, and operations to build smarter, more connected organizations. With tools like AI, automation, and cloud-based platforms, they're making finance faster, more accurate, and more insightful. At the same time, they're taking the lead in areas like risk management, sustainability, and investor transparency. The CFO's office is no longer just about cost control—it's about value creation.

So the modern CFO wears many hats—finance expert, tech navigator, strategist, and change agent. Their ability to combine financial discipline with forward thinking makes them key drivers of long-term success. As the business world continues to evolve, companies will increasingly look to their CFOs not just for answers, but for direction.

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Never miss a date

May 7th

Due date for deposit of tax deducted/collected for the month of April 2025

May 7th

Uploading of declarations received in Form 27C from the buyer in the month of April 2025

May 15th

Due date for issue of TDS Certificate for tax deducted under Sections 194-IA, 194-IB, 194M, and 194S in the month of March 2025

May 15th

Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of April 2025 has been paid without the production of a challan

May 15th

Quarterly statement of TCS deposited for the quarter ending March 31, 2025

May 15th

Due date for furnishing statement in Form No. 3BB by a stock exchange in respect of transactions in which client codes have been modified after registering in the system for the month of April 2025

May 15th

Due date for furnishing statement by a recognised association in respect of transactions in which client codes have been modified after registering in the system for the month of April 2025

May 30th

Due date for furnishing of challan-cum-statement in respect of tax deducted under sections 194-IA, 194-IB, 194M, and 194S in the month of April 2025

May 30th

Issue of TCS certificates for the 4th Quarter of the Financial Year 2024-25

May 30th

Furnishing of statement required under Section 285B for the previous year 2024-25

May 31st

Quarterly statement of TDS deposited for the quarter ending March 31, 2025

May 31st

Return of tax deduction from contributions paid by the trustees of an approved superannuation fund

May 31st

Due date for furnishing of statement of financial transaction (in Form No. 61A) as required to be furnished under sub-section (1) of section 285BA of the Act for financial year 2024-25

May 31st

Due date for e-filing of annual statement of reportable accounts as required to be furnished under section 285BA(1)(k) (in Form No. 61B) for calendar year 2024 by reporting financial institutions

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ALL YOU NEED TO KNOW ABOUT — PRESUMPTIVE TAXATION IN EMERGING TECH

Introduction

India's Union Budget 2025 has turned a strategic spotlight on two national priorities: **supporting emerging technologies** and **simplifying tax compliance**. In a landmark move, the government has proposed extending the presumptive taxation regime—once designed primarily for small retailers and professionals—to new-age sectors such as Artificial Intelligence (AI), data centers, cloud computing, semiconductors, biotechnology, and green technology.

This is more than just a tax reform. It is a policy signal that India sees tech-driven businesses not as future possibilities, but as present-day economic contributors who deserve administrative ease and clarity.

What Is Presumptive Taxation and Why Does It Matter?

Presumptive taxation is a simplified scheme under Sections 44AD and 44ADA of the Income Tax Act. It allows small businesses and professionals to compute their income on a "presumptive basis" instead of maintaining books of accounts and going through complex tax filings.

Under the current system:

- Businesses with turnover up to ₹2 crore can presume 8% (or 6% for digital receipts) of their revenue as taxable income.
- Professionals like doctors, lawyers, and architects with receipts up to ₹75 lakh can presume 50% of their gross receipts as taxable income.

This method reduces compliance costs and saves time—critical for entrepreneurs focused on growth, not paperwork.

But until now, this scheme excluded most modern tech ventures that do not fit traditional business molds. The 2025 budget proposes to change that.

Budget 2025: What's Changing and Who Benefits

1. Inclusion of Emerging Tech Sectors

The proposed reform will include the following sectors under the presumptive scheme:

- Artificial Intelligence and Machine Learning startups
- Cloud service providers
- Data center operators
- Semiconductor design and manufacturing
- Biotechnology firms
- Renewable energy and climate-tech ventures

These sectors often begin as small, agile teams building disruptive solutions. While their output may be technologically advanced, their administrative strength is often minimal. The new framework reduces their burden of maintaining detailed accounts and hiring expensive tax professionals.

2. Increased Turnover Limits

To make presumptive taxation more relevant to high-growth tech firms, the turnover cap is expected to increase from **₹2 crore to ₹5 crore for businesses** and from **₹75 lakh to ₹1.5 crore for professionals** in tech services. This recognizes that many digital businesses scale quickly and may cross existing thresholds despite remaining resource-light.

3. Sectional Expansion and Simplified Audits

The government is also expected to revise:

- Section 44AD (for businesses) and
- Section 44ADA (for professionals)

These revisions will reflect specific tax rates and guidelines tailored to the unique nature of income and costs in tech ventures—where fixed assets are minimal, and intangible development (like code or algorithms) dominates value creation.

Why This Reform Matters — Strategic and Practical Impact

1. Encouraging Innovation

Simpler tax norms reduce the psychological and operational barriers to entrepreneurship. More tech startups mean greater innovation, job creation, and global competitiveness. This move aligns well with India's digital vision and goals under initiatives like Digital India, Startup India, and Make in India.

2. Lowering Entry Barriers

Currently, even small tech entrepreneurs—freelancers, app developers, AI consultants—must navigate a maze of GST, TDS, audit obligations, and annual filings. Many either under-report income or avoid formalization altogether. With presumptive taxation, more players may enter the formal economy, increasing both tax base and transparency.

3. Facilitating Fundraising

For startups looking for seed or Series A funding, clean financial records and tax compliance are vital. Presumptive taxation enables these firms to show profitability, file taxes easily, and maintain investor confidence—without the overhead of hiring large finance teams.

4. Better Focus on Core Business

Letting entrepreneurs focus on product, market, and talent—rather than paperwork—can lead to better outcomes for both the business and the economy.

Challenges and Cautions: What Needs Fine-Tuning

While the expansion is welcome, implementation will need thoughtful detailing. Some potential areas of concern include:

A. Avoiding Arbitrage and Misuse

Without proper definitions, businesses outside the tech sphere may attempt to mask operations as tech ventures to benefit from the scheme. Clear sectoral classifications and eligibility checks will be essential.

B. Appropriate Rate Selection

Flat presumptive income rates (like 8% of turnover) may not suit asset-light models like SaaS (Software-as-a-Service), where margins vary widely. Tailored presumptive rates may need to be developed through industry consultation.

C. Interplay with Other Regulations

Emerging tech sectors often deal with data privacy, cross-border payments, and IP regulations. How these complexities intersect with simplified tax rules must be carefully assessed.

Complementary Government Moves: A Broader Ecosystem

This reform doesn't stand alone. It complements several other 2025 announcements:

- AI Centers of Excellence to promote applied research and partnerships.
- Digital Infrastructure Boosts, including better connectivity in Tier 2 and 3 cities.
- PLI Schemes for Semiconductors offering incentives for hardware innovation.
- Green Tech Financing and ESG-linked tax breaks for sustainability ventures.

By aligning tax policy with these structural moves, the government sends a unified message: India is open for digital-first, innovation-driven business.

Conclusion

The inclusion of emerging tech sectors in the presumptive taxation regime could be one of the most impactful reforms of the decade—not just for startups but for India's larger ambition of being a global technology leader. By reducing compliance stress, increasing formalization, and boosting confidence, the move aligns perfectly with what startups need and what the economy demands.

As the proposals are refined and notified in the coming months, businesses should watch closely and prepare to leverage these benefits. Tax professionals, too, must gear up to guide clients through this new chapter.

This is a policy move that turns vision into practice—simplifying tax to amplify innovation.


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