



ज्ञानं एक्यं च न्यायार्थम्
Estd. 1982

DIRECT TAXES PROFESSIONALS' ASSOCIATION



JANUARY 2026

E-JOURNAL

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... *From the Desk of Editors*

As we welcome the New Year 2026, it is my privilege to extend warm greetings to all our respected members, contributors and readers of the e-Journal of the Direct Taxes Professionals Association. The beginning of January not only marks the commencement of a new calendar year but also offers an opportunity to pause, reflect and realign ourselves with renewed professional purpose and optimism.

January is traditionally associated with calmness and clarity and this year, the month has brought with it a refreshing change in more ways than one. The cold breezes sweeping across many parts of the country have been particularly noticeable—perhaps more pronounced than we have experienced in a long, long time. This welcome chill has brought a sense of freshness and rejuvenation, symbolically mirroring the renewed energy with which professionals are stepping into the new year.

From a compliance perspective, January 2026 comes with a mixed sense of closure and cautious relief. Almost all major annual compliances are now behind us, except for the ROC annual filings. The extension of due dates, once again for the second time till **31st January 2026**, has provided much-needed breathing space to professionals who were working relentlessly amidst the challenges posed by the repeated poor functioning of the portal. This extension has certainly eased the pressure on practitioners who have been striving day in and day out to meet statutory deadlines, which is really a welcome step by the authorities.

The month of December 2025 was particularly encouraging for the Association. DTPA successfully organised **4 (Four) CA CPE Study Circle Seminars** at our DTPA Conference Hall, reaffirming our unwavering commitment to enriching the professional knowledge of our members. The enthusiastic participation and positive feedback once again proved that DTPA continues to focus on conducting seminars on relevant topics at the most appropriate times, keeping members abreast of practical and emerging issues.

Looking ahead, the professional fraternity is keenly awaiting the **Union Budget 2026–27**, scheduled to be presented on **Sunday, 1st February 2026 at 11:00 a.m.**, marking a rare weekend sitting of Parliament. Hon'ble Finance Minister **Smt. Nirmala Sitharaman** will present the **88th Union Budget since Independence** and the **ninth in a continuous series**, against the backdrop of a projected **7.40% real GDP growth rate for FY 2025–26**. In keeping with its tradition, DTPA plans to organise a detailed seminar post-Budget to deliberate upon its provisions and implications for taxpayers and professionals alike.

On the revenue front, the figures continue to inspire confidence in India's growth trajectory. The **net direct tax collections up to 17.12.2025** stood at **Rs.17.05 lakh crores**, as compared to **Rs.15.78 lakh crores** during the corresponding period of FY 2024–25, registering a healthy growth of **8%**. Similarly, for the nine-month period from April to December FY 2025–26, **gross GST collections aggregated to approximately Rs.16.50 lakh crores**, reflecting an **8.6% increase** over the Rs.15.2 lakh crores collected during the same period in the previous financial year.

These encouraging revenue numbers are a clear indicator of India's continuing growth story. Robust tax collections not only reflect improved compliance and economic activity but also signify the strengthening financial foundation of the country.

“Taxes collected honestly are returned to the people in the form of development and this is the foundation of a strong nation.” – Hon. Prime Minister Shri Narendra Modi

As we step into 2026, let us carry forward the spirit of learning, resilience and professional excellence. On behalf of the Association, we wish all our members and their families a year filled with **zeal, happiness and success**, both on the **professional** as well as the **personal** front.

On behalf of the Association, we wish all our members and their families a new year filled with a joyful and prosperous January filled with the spirit of India's vibrant celebrations. May the harvest festivals of **Lohri, Makar Sankranti, Pongal, Uttarayan, Magh Bihu**, along with the blessings of **Maa Saraswati Puja**, bring wisdom, prosperity and new beginnings. As we also celebrate **Republic Day**, may this month inspire unity, pride and hope for a brighter future for our nation.

Jai Hind! Jai DTPA!!

With Best Regards

Yours truly,

Sujit Sultania

Chairman

Journal Sub-Committee, DTPA

Mohan Lal Gupta

Co-Chairman

Journal Sub-Committee, DTPA

Rites Goel

Co-Chairman

Journal Sub-Committee, DTPA

INDEX

Sl.No.	Particulars	Page No.
1	PRESIDENT'S MESSAGE	6
2	RECENT DTPA ACTIVITIES	8
3	FORTHCOMING PROGRAMS	16
4	COMPLIANCE CALENDAR FOR JANUARY 2026 AND FEBRUARY 2026	18
5	DIRECT TAXES	
	- Statutory Updates	25
	- Supreme Court	25
	- High Court	27
	- Income Tax Appellate Tribunal	34
	- Appellate Tribunal SAFEMA	62
6	Lineal ascendant or lineal descendant meaning -CA. R. K. Patodia	63
7	Faceless Assessment: An Administrative Guideline or a Jurisdictional Mandate -CA. Rashmi Agarwalla	66
8	GST/INDIRECT TAX LAWS	
	- Statutory Updates	71
	- Supreme Court	72
	- High Court	72
	- Goods and Services Tax Appellate Authority	86
	- Authority for Advance Ruling	86
9	Preparing for Practice Before the GST Appellate Tribunal (GSTAT): An Analytical Guide -CA. L Gopal Shah	88
10	Protecting the Bona Fide Taxpayer: Gauhati High Court "Reads Down- ITC Restrictions Under Section 16(2)(aa) -Adv. Vichakshan Mishra	91
11	COMPANY AND SEBI LAWS UPDATES	
	- Statutory Updates	93
	- Supreme Court	97
	- High Court	97
	- Security Appellate Tribunal	98
	- NCLAT	98
	- SEBI	98
	- NCLT	99
12	COMPETITION LAW	
	- NCLAT	100
	- CCI	100
13	FEMA BANKING AND INSURANCE LAWS	
	- Statutory Updates	101
	- Supreme Court	106
	- High Court	106
	- Appellate Tribunal SAFEMA	107
14	INSOLVENCY AND BANKRUPTCY CODE	
	- Statutory Updates	108
	- Supreme Court	108
	- High Court	108

	- NCLAT	109
	- NCLT	109
15	ACCOUNTS & AUDIT UPDATES	111
16	AI and Automation for Chartered Accountants and Tax Professionals- Understanding the Difference, the Need for Adoption and Why AI Is a Game Changer Today -CA. Shyam Agarwal	113
17	Amendments in Code of Ethics- 447 th Meeting of the council of ICAI -CA. Ravi Kumar Shah	117
18	DTPA MEMBERSHIP FORM	122

(Click on Page No. to view full content)

DISCLAIMER

Views expressed in the articles of this Journal are contributor's personal views. DTPA and its Journal Sub-Committee do not accept any responsibility in this regard. Although every effort has been made to avoid any error or omission in the Journal, the DTPA and its Journal Sub-Committee shall not be responsible for any kind of loss or damage caused to anyone on account of any error or omission which might have occurred.

Total no. of page: 125

.... From the desk of President



“उद्यमेन हि सिद्ध्यन्ति कार्याणि न मनोरथैः।”

Success is achieved through dedicated effort, not mere intention.

As we step into the New Year with renewed resolve, optimism and collective purpose, it gives me immense pleasure to connect with you through the January issue of our esteemed **DTPA Journal**. The closing month of the year and the beginning of the new one have been marked by learning, fellowship and enthusiastic participation true reflections of the spirit and strength of our Association.

I extend my heartfelt gratitude to each and every member for your trust, encouragement and active involvement. Your participation continues to be the driving force behind DTPA's growing stature as a professional body committed to **excellence, integrity and continuous learning**.

Study Circle Meetings – December: Strengthening Professional Excellence

“विद्या विनयेन शोभते।”

Knowledge shines when accompanied by discipline and humility.

The month of **December** concluded on a strong academic note with **four enriching Study Circle Meetings**, reaffirming DTPA's unwavering commitment to structured and meaningful learning.

Study Circles on the Income Tax Act, 2025

Three focused Study Circle sessions were conducted on various aspects of the newly enacted **Income Tax Act, 2025**, a landmark legislation poised to redefine tax practice in the years ahead. These sessions enabled members to:

- Develop clarity on the new statutory framework
- Understand conceptual shifts and compliance implications
- Engage in interactive, practice-oriented deliberations

The depth of discussions and active member participation clearly reflected our collective readiness to adapt, evolve and lead in a changing legal and regulatory environment.

Study Circle on ROC Compliances

The Study Circle on **ROC Compliances** provided valuable insights into corporate law obligations, procedural requirements and practical compliance challenges. The session proved immensely beneficial for members engaged in corporate and advisory practice, reinforcing the importance of accuracy, governance and regulatory discipline.

I place on record my sincere appreciation for our learned speakers, moderators and participating members whose contributions ensured the success of these academic initiatives.

Annual Picnic – January: Celebrating Fellowship & Togetherness

“संगच्छध्वं संवदध्वं सं वो मनांसि जानताम्।”

Move together, speak together and let your minds be in harmony.

One of the most cherished highlights of **January** was our **Annual Picnic**, which witnessed overwhelming participation from members and their families. The event beautifully blended relaxation with camaraderie, offering everyone a refreshing break from professional routines.

Delicious food, engaging games, lively music and joyful interactions created a vibrant atmosphere, strengthening bonds beyond the professional realm. Such gatherings reinforce the human connect within our Association and remind us that **DTPA is not merely a professional forum, but a close-knit community built on mutual respect and shared joy.**

I sincerely thank the organizing team for their meticulous planning and all participants for making the event truly memorable.

Interactive Session – January: Team Building & Personal Effectiveness

The month of January also featured an **Interactive Session on Team Building**, with valuable inputs on:

- Communication skills
- Discussion techniques
- Time management

The session was highly engaging and practical, encouraging self-reflection and enhancing interpersonal effectiveness—skills that are indispensable for both professional success and organizational harmony.

Forthcoming Programmes

“न हि ज्ञानेन सदृशं पवित्रमिह विद्यते।”

Nothing purifies the intellect like knowledge.

We now look forward to an exciting line-up of programmes aimed at holistic professional and personal development:

- **“Transforming Life with Positive Thinking”**

14th January

A session focused on mindset, motivation and inner strength to navigate professional and personal challenges with positivity.

- **Residential Programme at Mandarmoni**

6th February to 8th February

A unique blend of learning, reflection, interaction and fellowship in a serene environment, designed to deepen bonds and broaden perspectives.

I urge all members to participate wholeheartedly in these programmes and make the most of the opportunities created for growth and connection.

Together Towards a Stronger DTPA

“एकता बलम्।”

Unity is strength.

As we move forward, let us continue our journey with unity of thought, sincerity of purpose and unwavering commitment to ethical professional conduct. Your participation, feedback and support inspire the Managing Committee to constantly strive for excellence in every initiative we undertake.

With faith in our shared values and confidence in our collective capabilities, let us make this year a landmark chapter of **growth, learning and fellowship** for DTPA.

I look forward to your enthusiastic involvement in our forthcoming programmes and collective efforts to further strengthen the legacy of our Association.

Jai Hind!

Warm Regards,

CA Manju Lata Shukla

President, DTPA

10th January, 2026

Glimpses of Study Circle Meeting on Search and Seizure and block assessment as per Income Tax Act, 2025 held on 5th December, 2025 at DTPA Conference Hall



Glimpses of Study Circle Meeting on Computation of income under business & profession under the Income Tax Act, 2025 held on 12th December, 2025 at DTPA Conference Hall



Glimpses of Study Circle Meeting on Computation of income under different heads of income under the Income Tax Act, 2025 held on 19th December, 2025 at DTPA Conference Hall



Glimpses of Study Circle Meeting on Amendments in Form AOC- 4 and MGT- 7A held on 22nd December, 2025 at DTPA Conference Hall



Glimpses from the highly engaging Interactive Session on Team Building, with valuable inputs on Communication Skills, Discussion Techniques & Time Management held on 08.01.2026 at the DTPA Conference Hall



Glimpses of DTPA Annual Picnic held on 4th January, 2026 at Chaudhary Garden







Forthcoming Program of DTPA CA CPE Study Circle of EIRC of ICAI**Direct Taxes Professionals' Association****Ph No :- 033 2242-0638/4003-5451****Email :- dtpakolkata@gmail.com****TOPIC:**

Transform Life
with Positive
Thinking

SPEAKER:**BK SISTER PRERNA (CS,CMA)****CO-SPEAKER:****MS. KAVITA KOTHARI****Date : 14th Jan, 2026,
Wednesday****Time : 03:00 pm -
05:00 pm****Venue - DTPA Conference
Hall****CA Manjulata Shukla
President****CA Shyam Agarwal
Secretary****CA Mohan Lal Gupta
Treasurer**



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Direct Taxes Professionals' Association

Ph No :- 033 2242-0638/4003-5451

Email :- dtpakolkata@gmail.com

DTPA RESIDENTIAL SEMINAR - 2026

(VISIT TO JAGANNATH MANDIR, DIGHA)



DATE - 06TH - 08TH FEB 2026, FRIDAY-SUNDAY
AT
GRAND BEACH RESORT, MANDARMANI

President

CA Manjulata Shukla

Chairman

CA Barkha Agarwal

Advisor

Adv Arvind Agarwal

Co-Chairman

CA K N Gupta

Co-Chairman

CA Mahendra Kr Agarwal

Secretary

CA Shyam Agarwal

Compliance Calendar for January, 2026

Statute	Due dates	Compliance Period	Details	
Income Tax Act, 1961	07th January 2026	Dec-2025	Due date for deposit of Tax deducted/collected for the month of December, 2025. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan	
	07th January 2026	Dec-2025	Declaration in Form 27C under sub-section (1A) of section 206C of the Income-tax Act, 1961 to be made by a buyer for obtaining goods without collection of tax for declarations received in the month of December, 2025	
	07th January 2026	Oct-Dec 2025	Due date for deposit of TDS for the period October 2025 to December 2025 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H	
	14th January 2026	Dec-2025	Due date for issue of TDS certificate for Tax Deduction in Form 16B 16C, 16D and 16E under Section 194-IA, 194-IB, 194M respectively for the month of November 2025	
	15 th January 2026	Dec-2025	Due date for furnishing of Form 25G by an office of the Government where TDS/TCS for the month of December, 2025	
	15 th January 2026	Dec-2025	Quarterly statement of TCS deposited for the quarter ending December 2025 in Form 27EQ	
	15 th January 2026	Dec-2025	Due date for furnishing of Form 15G/15H declarations received during the quarter ending December 2025	
	30 th January 2026	Dec-2025	Quarterly TCS certificate in Form 27D in respect of tax collected for the quarter ending December 2025	
	30 th January 2026	Dec-2025	Due date of furnishing of Challan - Cum - Statement under Section 194IA (Form 26QB), 194IB (Form 26QC), 194M (Form 26QD) and 194S (Form 26QE)	
	31 st January 2026	Oct-Dec 2025	Quarterly statement of TDS deposited in Form 24Q/26Q/27Q for the quarter ending December 31, 2025	
	31 st January 2026	Oct-Dec 2025	Quarterly return of non-deduction at source in Form 26QAA by a banking company from interest on time deposit in respect of the quarter ending December 31, 2025	
31 st January 2026	Oct-Dec 2025	Quarterly statement of tax deposited in relation to transfer of virtual digital asset under section 194S to be furnished by an exchange for the quarter ending December 30, 2025		
Statute	Due dates	Compliance Period	Return	Turnover/Complying Taxpayer
GST	10th January 2026	Dec-2025	GSTR-7	Monthly Return by Tax Deductors for December
	10th January 2026	Dec-2025	GSTR-8	Monthly Return by E-Commerce Operators for December
	11th January 2026	Dec-2025	GSTR-1 (MONTHLY)	1. Summary of Outward Supplies where turnover exceeds INR 5 Crore during preceding year or have not chosen QRMP scheme 2. Registered person, with aggregate turnover of less than INR 5 Crore during preceding year, opted for monthly filing of return under QRMP.
	13th January 2026	Oct-Dec 2025	GSTR-1	Furnishing of details of Outward Supplies for the period October 2025 to December 2025
	13th January 2026	Dec-2025	GSTR-5 (MONTHLY)	Summary of Outward taxable supplies and tax payable by a non-resident taxable person
	13th January 2026	Dec-2025	GSTR-6 (MONTHLY)	Details of ITC received and distributed by an ISD
	18th January 2026	Oct-Dec 2025	GST CMP-08	Furnishing of Statement of Quarterly Payment of Tax for the period October 2025 to December 2025
	20th January 2026	Dec-2025	GSTR-5A (MONTHLY)	Summary of outward taxable Supplies and tax payable by a Person supplying OIDAR services
20th January 2026	Dec-2025	GSTR-3B	Due Date for filling GSTR – 3B return for the month of December, 2025 for the taxpayer with Aggregate turnover exceeding INR 5 crores during previous year	

	22th January 2026	Oct-Dec 2025	GSTR-3B (Specified States)	Furnishing of Consolidated Summary Return of Inward and Outward Supplies for the period October to December 2025
	24th January 2026	Oct-Dec 2025	GSTR-3B (Specified States)	Furnishing of Consolidated Summary Return of Inward and Outward Supplies for the period October to December 2025
Statute	Due dates	Compliance Period	Details	
ROC Filings	31 st January 2026	FY 2024-25	Extended date of filing of ROC Annual Forms AOC-4, AOC-4 XBRL, MGT 7 & 7A.	
Prof. Tax on Salaries	21st January 2026	Dec-2025	Professional Tax (PT) on Salaries for December 2025	
ESI & PF	15th January 2026	Dec-2025	Provident Fund (PF) & ESI Returns and Payment for December 2025	

Compliance Calendar for February, 2026

Statute	Due dates	Compliance Period	Details	
Income Tax Act, 1961	07th February 2026	Jan-2026	Securities Transaction Tax - Due date for deposit of tax collected for the month of January, 2026	
	07th February 2026	Jan-2026	Commodities Transaction Tax - Due date for deposit of tax collected for the month of January, 2026	
	07th February 2026	Jan-2026	Declaration under sub-section (1A) of section 206C of the Income-tax Act, 1961 to be made by a buyer for obtaining goods without collection of tax for declarations received in the month of January, 2026	
	07th February 2026	Jan-2026	Collection and recovery of equalisation levy on specified services in the month of January, 2026	
	07th February 2026	Jan-2026	Due date for deposit of Tax deducted/collected for the month of January, 2026. However, all the sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income tax Challan	
	14th February 2026	Jan-2026	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194-M and 194-S in the month of December, 2024 in Form 16B, 16C, 16D and 16E respectively.	
	15th February 2026	Jan-2026	Due date for furnishing statement in Form No. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of January, 2026	
	15th February 2026	Jan-2026	Due date for furnishing statement in Form No. 3BC by a recognised association in respect of transactions in which client codes have been modified after registering in the system for the month of January, 2026	
	15th February 2026	Jan-2026	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of January, 2026	
15th February 2026	Oct-25-Dec-25	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2025		
Statute	Due dates	Compliance Period	Return	Turnover/Complying Taxpayer
GST	10th February 2026	Jan-2026	GSTR-7	Monthly Return by Tax Deductor for January 2026
	10th February 2026	Jan-2026	GSTR-8	Monthly Return by E-Commerce Operators for January 2026
	10th February 2026	Jan-2026	GSTR-1	1. Summary of Outward Supplies where turnover exceeds Rs. 5 Crore during preceding year or who have not chosen QRMP scheme 2. Registered person, with aggregate turnover of less than INR 5 Crore during preceding year, opted for monthly filing of return under QRMP.
	13th February 2026	Jan-2026	GSTR-5	Summary of Outward taxable supplies and tax payable by a non-resident taxable person
	13th February 2026	Jan-2026	GSTR-6	Details of ITC received and distributed by an ISD
	20th February 2026	Jan-2026	GSTR-5A	Summary of outward taxable Supplies and tax payable by a Person supplying OIDAR services
	20th February 2026	Jan-2026	GSTR-3B	Due Date for filling GSTR – 3B return for the month of January 2026 for the taxpayer with Aggregate turnover exceeding INR 5

				crores during previous year
	20th February 2026	Jan-2026	GSTR-3B	Due Date for filling GSTR – 3B return for the month of January 2026 for the taxpayer with Aggregate turnover less than INR 5 crores during previous year and not opted for QRMP Scheme.
Statute	Due dates	Compliance Period	Details	
Prof. Tax on Salaries	21st February 2026	Jan-2026	Professional Tax (PT) on Salaries for January 2026	
ESI & PF	15th February 2026	Jan-2026	Provident Fund (PF) & ESI Returns and Payment for January 2026	

Feedback and suggestions are invited:

We are hopeful that you will like the approach and appreciate the efforts of the DTPA Journal Committee. A One liner feedback at dtpejournal@gmail.com from you will guide us to move further and motivate in touching new heights in professional excellence.

Speaking Opportunity at DTPA Platform

As a part of our commitment, DTPA will provide its members an opportunity to speak at the DTPA platform on any topics of professional interest. The opportunity may be through group discussions, webinars, workshops, Student Training Program and similar initiatives.

If you stay outside Kolkata, you may do it through webinars.

So, if you are looking for such an opportunity, then please keep in touch at the office of DTPA to help us find your interest area and take the things forward.

Regards,

CA Manju Lata Shukla
President-DTPA

Request for Article in DTPA Journal

Dear Sir/Madam,

Direct Taxes Professionals' Association, popularly known as 'DTPA', established in the year 1982 is a Kolkata based Association consisting of Chartered Accountants, Advocates, Company Secretaries, Cost Accountants and Tax Practitioners.

We invite you to contribute articles **for the Journal on the given below topics which will be considered for publication in the upcoming edition of the E-Journal, subject to approval by the Editorial Board.**

Topics:

- | | |
|---------------------------|---|
| ● Direct Taxes | <input type="checkbox"/> International Taxation |
| ● GST & Indirect Taxes | <input type="checkbox"/> Accountancy and Audit |
| ● Corporate & Allied Laws | <input type="checkbox"/> Insolvency and Bankruptcy |
| ● Information Technology | <input type="checkbox"/> Emerging areas of Practice |

The articles sent for publication in the newsletter should confirm to the following parameters:

- The article should be original and contents are owned by Author himself.
- The article should help in development of the profession and highlight matters of current interests/ challenges to the professionals/ emerging professional areas of relevance.
- The length of the article should be 2000-2500 words and should preferably be accompanied with an executive summary of around 100 words.
- The tables and graphs should be properly numbered with headlines and referred with their numbers in the text.
- The authors must provide the list of references at the end of article.
- A brief profile of the author, e-mail ID, postal address and contact number along with his passport size photograph and declaration confirming the originality of the article as mentioned above should be enclosed along with the article.
- **The article can be sent by e-mail at dtpejournal@gmail.com**
- Please note that Journal Committee has the sole discretion to accept, reject, modify, amend and edit the article before publication in the Journal.

For further details, please contact us at: dtpejournal@gmail.com and at Mob: 9831016678 / 9836189880 / 9831029805

Thanks and regards,

CA. Manju Lata Shukla
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Rewarding Excellence in Writing: DTPA'S Monthly Journal- Article Writing

As part of our on-going efforts to promote knowledge sharing and excellence in writing, the DTPA Monthly Journal Sub-Committee is pleased to announce a special reward scheme for our article writers.

Reward Scheme:

To encourage and recognize outstanding contributions to our Monthly E-Journal, we will be rewarding the best 3 (three) article writers of the year for the month commencing from November 2025 in the Annual General Meeting to be held in year 2026.

Eligibility Criteria:

Submit on Time

Submit their articles by 5th day of the month for which the publication is released. For example, for the month of January 2026 E-Journal Publication, articles will have to be submitted by 5th February 2026.

Meet Standards

Ensure that their articles meet the journal's editorial standards and guidelines and should be their own articles.

Eligibility

Not be the members of the DTPA Monthly Journal's editorial team.

Selection Process:

The DTPA Editorial Board will review and evaluate all eligible articles based on their content, quality, and relevance to the Monthly Journal's theme. The best 3 (three) articles will be selected for the rewards.

Timeline:

Submission

Article submission deadline: within first 5 days of the month for which the publication has to be released.

Evaluation

Evaluation and selection: November 2025 and onwards.

Announcement

Reward announcement: At the Annual General Meeting to be held in the year 2026.

We look forward to receiving high-quality articles from our members and/or writers and recognizing their excellence through this reward scheme.

Thanks, and Regards

CA. Manju Lata Shukla

President

DTPA

Ph.9831491002

Email: manju_asso@rediffmail.com

CA. Sujit Sultania

Chairman

DTPA- Journal Sub-Committee

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DIRECT TAXES

1. STATUTORY UPDATES

- 1.1** CBDT notifies 'Shree Balakrishna Lalji & other deities temple' for purposes of Sec. 80G exemption - **NOTIFICATION S.O. 5551(E) [NO. 166/2025/F. NO. 300176/2/2025/ITA-I], DATED 02-12-2025**

Editorial Note: The Central Board of Direct Taxes (CBDT) has notified 'Shree Balakrishna Lalji & other deities temple' Bhuleshwar, Mumbai managed by Mota Mandir Trust, Mumbai, Maharashtra to be a place of historic importance and a place of public worship of renown throughout the states of Maharashtra and Gujarat for the purposes of section 80G.

- 1.2** CBDT nudges taxpayers against claims of bogus deductions; many revised ITRs for AY 2025-26 - **PRESS RELEASE, DATED 13-12-2025**

Editorial Note: CBDT cracked down on intermediaries filing ITRs with bogus deduction and exemption claims, mainly through fake donations to Registered Unrecognized Political Parties and charitable institutions. To enable voluntary correction, a targeted NUDGE campaign has been launched, with SMS and email advisories sent from 12 December 2025 asking taxpayers to withdraw incorrect claims and update their returns.

- 1.3** CBDT notifies 47 new CIT(A) to hear appeals against assessment completed in pursuance to search & survey - **NOTIFICATION S.O. 5799(E) [NO. 170/2025/ F.NO. 279/MISC./M-110/2025-ITJ], DATED 15-12-2025**

Editorial Note: The CBDT has notified the Commissioners of Income Tax (Appeals) to exercise the powers and perform the functions of the CIT(A) in respect of appeals against assessments completed in pursuance of a search, requisition, or survey.

- 1.4** CBDT encourages taxpayers to review and correct ineligible deduction/exemption claims - **PRESS RELEASE, DATED 23-12-2025**

Editorial Note : The CBDT has identified AY 2025-26 cases through risk analytics where bogus donations to RUPPs, ineligible deductions or exemptions, incorrect/invalid PANs of donees, or excess claims appear in ITRs. Affected taxpayers are being nudged via SMS and email under the NUDGE campaign to rectify such errors by filing revised returns by 31 December 2025.

2. SUPREME COURT

SECTION 4 OF THE DIRECT TAX VIVAD SE VISHWAS ACT, 2020 - FILING OF DECLARATION AND PARTICULARS TO BE FURNISHED

- 2.1** Where assessee sought to avail benefit under Vivad Se Vishwas Scheme, pending civil appeals were to be disposed of as withdrawn - **Prestige Estates Projects (P.) Ltd. v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 158 (SC)**

SECTION 9 OF THE INCOME-TAX ACT, 1961 - INCOME - DEEMED TO ACCRUE OR ARISE IN INDIA

- 2.2** SLP dismissed against order of High Court that in order to fall within scope of Article 5(4), it is imperative for revenue to have found that Indian subsidiary not only stood conferred with authority to conclude contracts but also that it in fact habitually engaged in acting in discharge of that authority - **Deputy Commissioner of Income-tax (International Taxation) v. Progress Rail Locomotive Inc. (Formerly Electro Motive Diesel Inc.) - [2025] 181 taxmann.com 287 (SC)**
- 2.3** SLP dismissed against order of High Court that mere fact that assessee, foreign company, standing in shoes of parent company, deemed it appropriate and expedient to exercise a degree of managerial oversight over its wholly owned Indian subsidiary, same would not result in a Service PE coming into existence and visit of employees of parent company, their interaction with employees of Indian subsidiary, discussion on subjects of mutual concern or interest was not rendering of a service - **Deputy Commissioner of Income-tax (International Taxation) v. Progress Rail Locomotive Inc. (Formerly Electro Motive Diesel Inc.) - [2025] 181 taxmann.com 287 (SC)**
- 2.4** SLP dismissed against order of High Court that where Indian subsidiary of assessee, US company, was not a mere conduit created for business interests of assessee, it could not be said that Fixed Place PE had come into being - **Deputy Commissioner of Income-tax (International Taxation) v. Progress Rail Locomotive Inc. (Formerly Electro Motive Diesel Inc.) - [2025] 181 taxmann.com 287 (SC)**
- 2.5** SLP dismissed against order of High Court that where on basis of survey, it was alleged that assessee, US company had an office in Noida and Varanasi and on basis of statement of employees of said office and Varanasi branch, it was concluded that assessee had a 'Virtual projection' and PE in India in form of its subsidiary and reassessment was initiated, since neither emails, communication trails or for that matter statement of employees could lead to conclude that business of assessee was managed by Indian subsidiary, opinion as formed by revenue was wholly perverse and untenable and, consequently, reassessment notice was liable to be quashed - **Deputy Commissioner of Income-tax (International Taxation) v. Progress Rail Locomotive Inc. (Formerly Electro Motive Diesel Inc.) - [2025] 181 taxmann.com 287 (SC)**
- 2.6** SLP dismissed against order of High Court that whether a subsidiary would be deemed to be a PE only if it satisfies test as laid down in articles 5(1), 5(2), 5(4) and 5(5) - **Deputy Commissioner of Income-tax (International Taxation) v. Progress Rail Locomotive Inc. (Formerly Electro Motive Diesel Inc.) - [2025] 181 taxmann.com 287 (SC)**

2.7 SLP dismissed against order of High Court that payments made to non-resident telecom operators by assessee, for providing interconnect services and transfer of capacity in foreign countries was not chargeable to tax as royalty - **Deputy Commissioner of Income-tax International Taxation v. Emirates Telecommunications Group Company (Etisalat Group)** - [2025] 181 taxmann.com 819 (SC)

SECTION 12AA OF THE INCOME-TAX ACT, 1961 - CHARITABLE OR RELIGIOUS TRUST - REGISTRATION PROCEDURE

2.8 SLP dismissed against order of High Court that where assessee, charitable society, was established with object of imparting education and whatever earnings it received were also utilised for purpose of advancement of education, assessee was entitled to registration under section 12AA - **Commissioner of Income-tax v. Yadvindra Public School Association** - [2025] 181 taxmann.com 285 (SC)

SECTION 32(1) OF THE INCOME-TAX ACT, 1961 - DEPRECIATION

2.9 SLP dismissed against order of High Court that where a company got demerged in assessee-company and in process of demerger goodwill amounting to Rs. 275 crores being difference between net assets and shares to be issued was credited by assessee-company on which depreciation was claimed, in view of judicial precedent on subject that goodwill was an asset under Explanation 3(b) to section 32(1), assessee was entitled to claim depreciation on goodwill expended at time of amalgamation of companies - **Principal Commissioner of Income-tax v. Aculife Healthcare (P.) Ltd.** - [2025] 181 taxmann.com 587 (SC)

SECTION 36(1)(iii) OF THE INCOME-TAX ACT, 1961 - INTEREST ON BORROWED CAPITAL

2.10 Where assessee claimed interest on borrowed funds used for investment in a subsidiary to obtain controlling interest, such investment qualified as commercial expediency and allowance of interest was justified and advances made to sister concern and its directors were also covered by principle of commercial expediency. - **Sharp Business System v. Commissioner of Income-tax** - [2025] 181 taxmann.com 657 (SC)

SECTION 36(1)(viii) OF THE INCOME-TAX ACT, 1961 - FINANCIAL CORPORATION, RESERVE CREATED BY

2.11 Section 36(1)(viii) is not a general exemption granted to a statutory corporation for all its business activities, rather, it is a specific incentive attached strictly to profits arising from a defined activity namely, provision of long-term finance; thus, dividend income on investments in shares, interest earned on short-term deposits with banks and service charges for monitoring Sugar Development Fund loans did not qualify for deduction under section 36(1)(viii) - **National Cooperative Development Corporation v.**

Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 333 (SC)

SECTION 37(1) OF THE INCOME-TAX ACT, 1961 - BUSINESS EXPENDITURE - ALLOWABILITY OF

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

2.13 SLP dismissed against order of High Court that where assessee-cricket association's claim of charitable expenses was disallowed for failure to produce bills, vouchers and confirmations and Tribunal, following its own orders in earlier years, restored matter to Assessing Officer for fresh factual verification, findings arrived at by Tribunal was purely factual and order of remand could not be considered to be a question of law - **Commissioner of Income-tax (Exemptions) v. Hyderabad Cricket Association** - [2025] 181 taxmann.com 286 (SC)

SECTION 44C OF THE INCOME-TAX ACT, 1961 - NON-RESIDENT - HEAD OFFICE EXPENDITURE IN CASE OF

2.14 Section 44C applies to 'head office expenditure' regardless of whether it is common expenditure or expenditure incurred exclusively for Indian branches - **Director of Income-tax (IT)-I, Mumbai v. American Express Bank Ltd.** - [2025] 181 taxmann.com 433 (SC)

SECTION 68 OF THE INCOME-TAX ACT, 1961 - CASH CREDIT

2.15 SLP dismissed against order of High Court that where Assessing Officer issued a reopening notice on ground that assessee had received share application money of certain amount from a Singapore based company, 'GS', which was to be treated as unexplained cash credit under section 68, since in subsequent assessment years, identity and creditworthiness of investor and genuineness of transaction of share application money/capital had been examined and accepted by department without any addition/adverse remarks, reassessment proceeding for relevant assessment year was to be quashed - **Assistant Commissioner of Income-tax v. Experion Developers (P.) Ltd.** - [2025] 181 taxmann.com 344 (SC)

SECTION 127 OF THE INCOME-TAX ACT, 1961 - INCOME-TAX AUTHORITIES - POWER TO TRANSFER CASES

2.16 SLP dismissed against order of High Court that where assessee-companies had registered offices in New Delhi and pursuant to search conducted in case of 'P', their cases were transferred from New Delhi to Faridabad, since 'P' was a director in one of assessee-companies and had signed their returns and board resolutions, plea of no nexus was untenable; accordingly, as order recorded that centralisation was for coordinated investigation following search and seizure operations, transfer of jurisdiction required no interference - **Alta Vista Info Solutions (P.) Ltd. v. Principal Commissioner of Income-tax - [2025] 181 taxmann.com 889 (SC)**

SECTION 276C OF THE INCOME-TAX ACT, 1961 - OFFENCE AND PROSECUTION - WILLFUL ATTEMPT TO EVADE TAX, ETC.

2.17 SLP disposed of without going into issue- whether where sanction under section 279(1) was given to Deputy Director for initiating prosecution proceedings under sections 276C and 278B, prosecution had to be launched by him alone and not by Assistant Director - **Assistant Director of Income-tax (Investigation) v. Tirumala Tirupati Constructions India (P) Ltd - [2025] 181 taxmann.com 588 (SC)**

3. HIGH COURT

SECTION 4 OF THE INCOME-TAX ACT, 1961 - INCOME - CHARGEABLE AS

3.1 Where assessee paid self-assessment tax on undisclosed income only because declaration under Income Declaration Scheme, 2016 was deemed rejected under section 197(b), such tax being inextricably linked to declared income was, in substance, tax paid under Scheme and credit thereof was required to be given on revival of declaration - **Vishnu Trimbak Thakur v. Principal Commissioner of Income-tax-1 - [2025] 181 taxmann.com 972 (Bombay)**

SECTION 9 OF THE INCOME-TAX ACT, 1961 - INCOME - DEEMED TO ACCRUE OR ARISE IN INDIA

3.2 Where assessee, a US company, entered into a service agreement with its Indian subsidiary for provision of internet and voice-based customer care and back-office services, since Indian entity had no authority to conclude contracts on behalf of assessee and all customers were located outside India, it was to be concluded that assessee did not have a fixed place permanent establishment in India under article 5 of India-USA DTAA - **Commissioner of Income-tax (International Tax-1) v. EXL Service.com Inc - [2025] 181 taxmann.com 874 (Delhi)**

3.3 Where assessee had offered software payment income to tax only on a provisional basis, with a clear note reserving its right to seek refund depending on Supreme Court's decision on software royalty issue, rejection of revision application after Supreme Court's decision in Engineering Analysis Centre of Excellence (P.) Ltd v. CIT [2021] 125 taxmann.com 42/281 Taxman 19/432 ITR 471 was unsustainable and matter was liable to be remanded for

fresh consideration - **Qualys Inc v. Commissioner of Income-tax, International Taxation - [2025] 181 taxmann.com 498 (Karnataka)**

3.4 Where assessee obtained global advertising and promotional rights, including a non-exclusive right to use ICC and event marks under an agreement with GCC Singapore, consideration attributable to right to use such marks constituted 'royalty' within meaning of section 9(1)(vi) read with article 12 of India-Singapore DTAA and apportionment of one-third of total consideration as royalty (taxable at DTAA rate) and balance as advertisement expenditure was valid - **LG Electronics India (P.) Ltd. v. Director of Income-tax (International Taxation) - [2025] 181 taxmann.com 915 (Delhi)**

3.5 Where question whether amount received by assessee, a tax resident of U.K., from its AE in India towards finance, sales and corporate service charges was chargeable to tax as FTS was examined by Assessing Officer during original assessment proceedings and there was no additional material that had been discovered subsequently, impugned initiation of reassessment being an attempt to review decision of Assessing Officer in assessment proceedings on basis of audit observations was not permissible - **Springer Healthcare Ltd. v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 268 (Delhi)**

3.6 Payment made to Non-resident Telecom Operators for providing interconnect services would not amount to royalty - **Deputy Commissioner of Income-tax International Taxation v. Singapore Telecommunications Ltd. - [2025] 181 taxmann.com 489 (Karnataka)**

3.7 Article 5(6) of India Singapore DTAA only contemplates rendering of services by employees present within country, concept of virtual service PE does not find mention in DTAA and, thus, cannot be read into DTAA - **Commissioner of Income-tax, International Taxation v. Clifford Chance Pte Ltd - [2025] 181 taxmann.com 254 (Delhi)**

3.8 Where assessee, Singaporean company, engaged in business of legal advisory services, had only rendered services to its Indian clients for 44 days, excluding vacation, business development days and common days, it did not meet 90 days criteria to constitute a service PE in India during relevant year - **Commissioner of Income-tax, International Taxation v. Clifford Chance Pte Ltd - [2025] 181 taxmann.com 254 (Delhi)**

SECTION 10(29) OF THE INCOME-TAX ACT, 1961 - MARKETING SOCIETIES, INCOME FROM LETTING OF GODOWNS

3.9 Where assessee, a public sector undertaking, filed its return for assessment year 1987-88 disclosing nil income on ground that its entire income was exempt under section

10(29) and same was accepted by revenue without any objection, reopening of assessment on basis of subsequent judgment of High Court was not valid - **Haryana Warehousing Corporation v. Joint Commissioner of Income-tax - [2025] 181 taxmann.com 317 (Punjab & Haryana)**

SECTION 10A OF THE INCOME-TAX ACT, 1961 - FREE TRADE ZONE

3.10 Where assessee allocated expenses like royalty, management fee and legal and professional expenses only to non-section 10A units, since these expenses were directly related to consulting division and human resource outsourcing division and had been duly accounted for in consulting division and human resource outsourcing divisions (i.e. non-section 10A units) P&L account, Assessing Officer was not justified in apportioning expenses under aforesaid heads in proportion of revenue earned by section 10A and non-section 10A units - **Principal Commissioner of Income-tax v. AON Consulting (P.) Ltd. - [2025] 181 taxmann.com 175 (Delhi)**

SECTION 10B OF THE INCOME-TAX ACT, 1961 - EXPORT ORIENTED UNDERTAKING

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

SECTION 11 OF THE INCOME-TAX ACT, 1961 - CHARITABLE OR RELIGIOUS TRUST - EXEMPTION OF INCOME FROM PROPERTY HELD UNDER

3.12 Where assessee, a charitable hospital trust, excluded doctors' fees while computing 2 per cent of gross billing to be transferred to Indigent Patient Fund as per scheme framed by Bombay High Court and Assessing Officer denied exemption under section 11 alleging violation of Scheme, since only Charity Commissioner was competent to determine any breach of Scheme, in absence of any such finding, exemption could not be denied - **Commissioner of Income-tax (Exemptions) v. Sir Kikabhai Premchand Settlement Trust No.XI - [2025] 181 taxmann.com 26 (Bombay)**

3.13 Where assessee, charitable institution, had filed an application for condonation of delay of 1128 days in filing Form No. 10B claiming that same could not be filed within prescribed time due to inadvertence and miscommunication between its former and new firm of CAs, since not granting benefit of section 11 to assessee would certainly cause genuine hardship to assessee and may adversely affect functioning of educational institution run by it, delay in filing Form No. 10B was to be condoned

- **Shamal Mohan Patil Education Society v. Commissioner of Income-tax (Exemptions) - [2025] 181 taxmann.com 16 (Bombay)**

3.14 Where assessee, charitable trust registered under section 12A, filed return claiming exemption under section 11 including accumulation under section 11(2) and filed prescribed Form No. 10 within due date referring to trustees' resolution setting out specific charitable purposes within objects of trust, income could not be said to have escaped assessment and reassessment notices alleging non-compliance with section 11(2) were unsustainable - **B N Gamadia Parsee Hunnarshala Trust v. Income-tax Officer, (Exemption) - [2025] 181 taxmann.com 67 (Bombay)**

3.15 Where assessee, a charitable trust, filed Form 10B, Form 10 and return with minor delays attributable to COVID-19 and CIT (Exemptions) had already accepted reasons for belated return, rejection of condonation applications solely on ground of CBDT's three-year limitation was unjustified - **Dakuben Saremalji Sancheti (Nadol Charitable Trust) v. Commissioner of Income-tax Exemptions - [2025] 181 taxmann.com 913 (Bombay)**

SECTION 14A OF THE INCOME-TAX ACT, 1961 - EXPENDITURE INCURRED IN RELATION TO INCOME NOT INCLUDIBLE IN TOTAL INCOME

3.16 Disallowance under section 14A is to be restricted to extent of exempt income earned - **Principal Commissioner of Income-tax v. R.J. Corp. Ltd. - [2025] 181 taxmann.com 749 (Delhi)**

3.17 Where assessee had participated in reassessment proceedings and objections to reopening were disposed of by Assessing Officer by a speaking order, writ petition challenging notice under section 148 without assailing order rejecting objections was not maintainable - **Assistant Commissioner of Income-tax v. City Union Bank Ltd. - [2025] 181 taxmann.com 176 (Madras)**

SECTION 24 OF THE PROHIBITION OF BENAMI PROPERTY TRANSACTIONS ACT, 1988 - NOTICE AND ATTACHMENT OF PROPERTY INVOLVED IN BENAMI TRANSACTION

3.18 Where Initiating Officer, on basis of Excel sheets recovered during income-tax search and statements of beneficial owners, had material to form 'reason to believe' that assessee was a benamidar, show-cause notice issued under section 24(1) of Benami Act was valid and not liable to be interfered with in writ proceedings - **Shyamsundar Sharma v. ACIT/Initiating Officer, Benami Prohibition Unit-2, Delhi - [2025] 181 taxmann.com 447 (Delhi)**

SECTION 28(i) OF THE INCOME-TAX ACT, 1961 - BUSINESS INCOME - CHARGEABLE AS

3.19 Where assessee engaged in electricity distribution earned interest from staff loans and advances in normal course of

business and from essential business activities, same was to be treated as business income and not as income from other sources - **Principal Commissioner of Income-tax-1 v. Madhya Gujarat Vij Company Ltd.** - [2025] 181 taxmann.com 738 (Gujarat)

SECTION 35 OF THE INCOME-TAX ACT, 1961 - SCIENTIFIC RESEARCH EXPENDITURE

3.20 Where approval was granted to assessee's R&D unit under section 35(2AB) for assessment year 2017-18, since there was no 'in principle' impediment to grant approval for R&D facility for assessment years 2015-16 and 2016-17, matter was to be remanded back to tax authorities with a direction to examine matter afresh - **Applied Research International (P.) Ltd. v. Secretary Department of Scientific and Industrial Research** - [2025] 181 taxmann.com 154 (Delhi)

SECTION 36(1)(iii) OF THE INCOME-TAX ACT, 1961 - INTEREST ON BORROWED CAPITAL

3.21 Where Tribunal remanded disallowance of interest on alleged diversion of borrowed funds by way of lease advance without recording findings on business purpose or diversion, such remand was unsustainable and liable to be set aside for fresh adjudication - **Principal Commissioner of Income-tax v. Lalitha Jewellery Mart (P.) Ltd.** - [2025] 181 taxmann.com 152 (Madras)

SECTION 36(1)(va) OF THE INCOME-TAX ACT, 1961 - EMPLOYEE'S CONTRIBUTIONS

3.22 Where Tribunal, despite recording admitted delay in deposit of employees' contribution to welfare funds, remanded issue without assigning reasons on allowability, such remand was unsustainable and liable to be set aside for fresh adjudication - **Principal Commissioner of Income-tax v. Lalitha Jewellery Mart (P.) Ltd.** - [2025] 181 taxmann.com 152 (Madras)

SECTION 37(1) OF THE INCOME-TAX ACT, 1961 - BUSINESS EXPENDITURE - ALLOWABILITY OF

3.23 Where assessee paid interest due to delayed payment of Agricultural Income Tax, such interest expenditure is not allowable as deduction since delayed payment of AIT is not related to assessee's business interest and principal amount of AIT itself is not allowable under Income-tax Act - **Aspinwall and Company Ltd. v. Commissioner of Income-tax** - [2025] 181 taxmann.com 6 (Kerala)

SECTION 56 OF THE INCOME-TAX ACT, 1961 - INCOME FROM OTHER SOURCES - CHARGEABLE AS

3.24 Where Assessing Officer invoked section 56(2)(viib) without recording dissatisfaction with assessee's valuation or applying prescribed methods under rules 11U and 11UA and without pointing out any specific defect in valuation, addition on account of excess share premium was not justified - **Principal Commissioner of Income-tax v.**

Lalitha Jewellery Mart (P.) Ltd. - [2025] 181 taxmann.com 152 (Madras)

SECTION 57 OF THE INCOME-TAX ACT, 1961 - INCOME FROM OTHER SOURCES - DEDUCTIONS

3.25 Where Assessing Officer disallowed entire expenditure claimed by assessee under section 57(iii) but Tribunal deleted disallowance, since tax effect in revenue's appeal was below monetary threshold limit of Rs. 2 crores as per CBDT Circular No. 9 of 2024, dated 17-9-2024, appeal was to be dismissed for low tax effect - **Principal Commissioner of Income-tax v. Milestone Real Estate Fund** - [2025] 181 taxmann.com 883 (Bombay)

SECTION 68 OF THE INCOME-TAX ACT, 1961 - CASH CREDIT

3.26 Where addition under section 68 on alleged sham share application money/share premium was based solely on a vague and non-categorical statement recorded under section 131 and there was no material on record to show that assessee-company paid any money to investor or deponent for being routed back as share capital, deletion of addition by Tribunal could not be faulted - **Principal Commissioner of Income-tax v. Lalitha Jewellery Mart (P.) Ltd.** - [2025] 181 taxmann.com 152 (Madras)

3.27 Where reassessment was initiated on ground of discrepancy between reported turnover and bank credits, but additions were ultimately made on issues unrelated to recorded reasons for reopening and no addition was made on very ground for which assessment was reopened, such additions could not be sustained and, therefore, Tribunal's order deleting addition called for no interference - **Principal Commissioner of Income-tax, Central v. Naveen Infradevelopers & Engineers (P.) Ltd.** - [2025] 181 taxmann.com 315 (Delhi)

3.28 Where no incriminating material relating to assessee was found during search on a third party and Assessing Officer relied only on post-search documents and public domain data without establishing any live nexus with assessee, invocation of section 153C and issuance of notices for alleged undisclosed investment based on difference in land sale consideration was unsustainable and liable to be quashed - **Sandhya Maulik Patel v. Assistant Commissioner of Income-tax** - [2025] 181 taxmann.com 123 (Gujarat)

3.29 Where Assessing Officer passed assessment order adding cash deposits in assessee's bank account as unexplained cash credits and levied penalty under section 271(1)(c), since notice issued under section 148 was not properly served and assessee was not in India when notice was issued, impugned order was liable to be set aside and matter remitted for fresh assessment - **Leeladhara Rao Marupudi v. Income-tax Officer, International Taxation** - [2025] 181 taxmann.com 28 (Telangana)

SECTION 69 OF THE INCOME-TAX ACT, 1961 - UNEXPLAINED INVESTMENTS

3.30 Where addition under section 69 was made on premise of information contained in base note received from French Government that assessee was a beneficiary/beneficial owner of bank accounts in HSBC Bank (Suisse) SA Geneva, since base note on which revenue sought to place reliance was in fact a document available post-search and admittedly was not a document recovered under search action, impugned addition made by Assessing Officer merely on premise of information contained in base note was not an acceptable approach on part of department - **Principal Commissioner of Income-tax, Central v. Milan Kavin Parikh - [2025] 181 taxmann.com 239 (Bombay)**

SECTION 69C OF THE INCOME-TAX ACT, 1961 - UNEXPLAINED EXPENDITURE

3.31 Where purchases made by assessee from RCL were duly recorded in audited books of account and assessee had also furnished ledger of RCL, contra ledger and sample bills, impugned reopening notice issued against assessee alleging said purchase as bogus was unjustified - **Rao Tradelink (P.) Ltd. v. Income-tax Officer - [2025] 181 taxmann.com 122 (Gujarat)**

3.32 Where assessee was alleged to have made bogus purchases from accommodation entry providers and Assessing Officer made addition of 100 per cent of such purchases, but appellate authorities, on appreciation of material on record, held that only profit element embedded in such purchases was liable to tax and accordingly restricted disallowance to 6 per cent, such restriction being based on factual analysis required no interference - **Principal Commissioner of Income-tax v. Mohit Pukhraj Kawdiya - [2025] 181 taxmann.com 712 (Gujarat)**

SECTION 72A OF THE INCOME-TAX ACT, 1961 - LOSSES - AMALGAMATION/DEMERGER CARRY FORWARD AND SET OFF OF

3.33 Where assessee received business undertakings under a court-approved demerger and claimed carry forward of losses and unabsorbed depreciation, since section 72A(4) governing demergers imposes no condition regarding minimum period of existence, Commissioner wrongly invoked section 263 by treating transaction as an amalgamation and applying section 72A(2) - **Commissioner of Income-tax v. Eastman Exports Global Clothing Pvt Ltd. - [2025] 181 taxmann.com 772 (Madras)**

SECTION 72A OF THE INCOME-TAX ACT, 1961 - LOSSES - CARRY FORWARD AND SET OFF OF ACCUMULATED LOSS, ETC., IN CASE OF AMALGAMATION

3.34 Where assessee received business undertakings under a court-approved demerger and claimed carry forward of losses and unabsorbed depreciation, since section 72A(4) governing demergers imposes no condition regarding minimum period of existence, Commissioner wrongly invoked section 263 by treating transaction as an amalgamation and applying section 72A(2) - **Commissioner of Income-tax v. Eastman Exports Global Clothing Pvt Ltd. - [2025] 181 taxmann.com 772 (Madras)**

SECTION 80HHC OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS - EXPORTERS

3.35 Where original assessment order was silent on issue of deduction under section 80HHC, reassessment proceedings initiated on ground that assessee had claimed excess deduction under section 80HHC was justified - **Jasmine Towels (P) Ltd. v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 674 (Madras)**

SECTION 80P OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS - INCOME OF CO-OPERATIVE SOCIETIES

3.36 Where assessee co-operative society earned interest income from investments of surplus funds and statutory reserves placed with co-operative banks registered under Sikkim Co-operative Societies Act, 1978, deduction under section 80P(2)(d) was allowable on such interest income - **Sikkim State Cooperative Supply and Marketing Federation Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 494 (SIKKIM)**

3.37 Where assessee's banking license was cancelled by RBI and thereafter it functioned only as a co-operative society, assessee would be eligible to claim deduction under section 80P(2)(d) on income earned as interest on investment made with co-operative bank - **Diamond Jubilee Co-Operative Bank Ltd. v. Union of India - [2025] 181 taxmann.com 177 (Gujarat)**

SECTION 90 OF THE INCOME-TAX ACT, 1961 - DOUBLE TAXATION RELIEF - WHERE AGREEMENT EXISTS

3.38 Where assessee, an Indian company, paid dividend to its UK parent company, since such payment was in nature of dividend covered under definition of 'dividend' under article 11 of India-UK DTAA and section 115-O, assessee was entitled to restrict tax rate on dividends distributed by it to its UK parent company to 10 per cent under article 11 - **Colorcon Asia (P.) Ltd. v. Joint Commissioner of Income-tax - [2025] 181 taxmann.com 301 (Bombay)**

SECTION 91 OF THE DIRECT TAX VIVAD SE VISHWAS SCHEME, 2024 - FILING OF DECLARATION AND PARTICULARS TO BE FURNISHED

3.39 Where assessee's appeal against assessment was pending as on specified date i.e. 22-7-2024, mere non-condonation of delay in filing appeal did not render appeal non-pending and therefore Designated Authority was not

justified in rejecting Form-1 declaration under DTVSV Scheme, 2024 and was required to process declaration - **Narendrabhai Parsottambhai Chauhan v. Principal Commissioner of Income-tax - [2025] 181 taxmann.com 296 (Gujarat)**

SECTION 115JC OF THE INCOME-TAX ACT, 1961 - MINIMUM ALTERNATE TAX - PERSONS OTHER THAN COMPANY

3.40 Provisions of section 264 would also cover within its ambit a claim which is not made in Return of Income - **Dipti Enterprises v. Assistant Director of Income-tax, Centralised Processing Centre - [2025] 181 taxmann.com 10 (Bombay)**

3.41 Where revenue had not assigned any cogent reasons for distinguishing decision of jurisdictional tribunal in S.K. Ventures v. ITO [IT Appeal No.1248 (Mum) 2018, dated 5-3-2019] from that of petitioner regarding application of section 115JC, ratio laid down in S.K. Ventures was to be followed in instant case - **Dipti Enterprises v. Assistant Director of Income-tax, Centralised Processing Centre - [2025] 181 taxmann.com 10 (Bombay)**

SECTION 119 OF THE INCOME-TAX ACT, 1961 - CENTRAL BOARD OF DIRECT TAXES - INSTRUCTIONS TO SUBORDINATE AUTHORITIES

3.42 Where assessee filed return for Assessment Year 2021-22 with a delay of 13 days due to COVID-19 related disruptions and Government restrictions, delay constituted genuine hardship and deserved to be condoned. - **Rajgreen Infralink LLP v. Principal Commissioner of Income-tax - [2025] 181 taxmann.com 426 (Gujarat)**

3.43 Where assessee-company filed its return of income belatedly after a delay of 30 months and sought condonation of delay on ground that due to an inter se dispute amongst directors, return could not be filed within time, since no documents/records of any pending litigation had been produced to show how said dispute between directors seriously affected assessee from filing ITR even in extended period of limitation, delay could not be condoned - **Sirez Ltd. v. Union of India - [2025] 181 taxmann.com 544 (Delhi)**

3.44 Where assessee sought condonation of nine months' delay in filing revised return attributing delay to incorrect classification of business loss as speculative loss, Covid situation and NRI status, since original return was filed in time through e-portal and assessee, being President of a hospital-running trust in India, was presumed to have tax knowledge, no sufficient cause or genuine hardship was shown and thus, rejection of application under section 119(2)(b) was proper - **Sanjay Khurana v. Income-tax Department Ministry of Finance - [2025] 181 taxmann.com 462 (Delhi)**

SECTION 127 OF THE INCOME-TAX ACT, 1961 - INCOME-TAX AUTHORITIES - POWER TO TRANSFER CASES

3.45 Where no incriminating material relating to petitioner-company was found during search and petitioner had no connection with persons searched except that its Managing Director was searched, transfer of jurisdiction from Ahmedabad to Central Charge, Bengaluru under section 127 was unwarranted and order of transfer was liable to be quashed. - **Chartered Capital and Investment Ltd. v. Principle Commissioner of Income-tax - [2025] 181 taxmann.com 300 (Gujarat)**

SECTION 131 OF THE INCOME-TAX ACT, 1961 - DISCOVERY, PRODUCTION OF EVIDENCE, POWER REGARDING

3.46 Where authorities under section 131 are vested with powers of a civil court, including examining persons on oath; therefore, statements recorded thereunder cannot be treated as inadmissible or lacking evidentiary value merely on ground that authority is not empowered to administer oath - **Principal Commissioner of Income-tax v. Lalitha Jewellery Mart (P.) Ltd. - [2025] 181 taxmann.com 152 (Madras)**

SECTION 132 OF THE INCOME-TAX ACT, 1961 - SEARCH AND SEIZURE - GENERAL

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

SECTION 132B OF THE INCOME-TAX ACT, 1961 - SEARCH AND SEIZURE - RETAINED ASSETS, APPLICATION OF

3.48 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 - **Rajesh Gupta v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 866 (Delhi)**

3.49 Where jewellery seized from assessee's employees was requisitioned under section 132A and assessee sought release under section 132B claiming it as stock-in-trade, rejection of application by an Assessing Officer not having jurisdiction over assessee or seized assets was invalid; impugned order was to be set aside and matter remanded to concerned jurisdictional officer holding charge over assessee to decide application afresh - **Sanghvi Dhanrupji Devaji & Co v. Union of India - [2025] 181 taxmann.com 755 (Bombay)**

SECTION 139 OF THE INCOME-TAX ACT, 1961 - RETURN OF INCOME - GENERAL

3.50 Where successive resignation of employees, especially those with specialized knowledge in accounts and having access to critical information, disrupted operations and prevented timely filing of return, such aspect constituted a reasonable and sufficient cause for condoning delay in filing return - *Exim Infrastructure India (P.) Ltd. v. Central Board of Direct Taxes* - [2025] 181 taxmann.com 12 (Orissa)

SECTION 143 OF THE INCOME-TAX ACT, 1961 - ASSESSMENT - GENERAL

3.51 Where final assessment order was passed in name of company which had ceased to exist after amalgamation with assessee company and Assessing Officer was aware of merger, such assessment order issued in name of non-existent entity could not be sustained and was liable to be quashed - *Principal Commissioner of Income-tax v. IPSOS Research (P.) Ltd.* - [2025] 181 taxmann.com 292 (Bombay)

SECTION 144B OF THE INCOME-TAX ACT, 1961 - FACELESS ASSESSMENT

3.52 Where assessee was denied reasonable opportunity to respond to show-cause notice due to holidays and inadequate notice period and personal hearing was not effectively granted as mandated under section 144B(6)(viii), assessment order, consequential demand notice and penalty proceedings were vitiated for breach of principles of natural justice and were liable to be quashed with remand for de novo consideration in accordance with law - *Vallabhji Malsi & Co. v. National Faceless Assessment Centre, Delhi* - [2025] 181 taxmann.com 20 (Bombay)

SECTION 147 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - GENERAL

3.53 Where Assessing Officer reopened assessment of assessee-company solely on basis of inputs emerging from a Suspicious Transaction Report alleging circuitous related-party transactions, without doubting documentary evidence furnished by assessee or pointing out any infirmity in explanations or bank statements and assessee had fully disclosed income, impugned reopening proceedings and consequential orders were liable to be quashed - *Vivaansh Edutech (P.) Ltd. v. Assistant Commissioner of Income-tax* - [2025] 181 taxmann.com 873 (Gujarat)

SECTION 148 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - ISSUE OF NOTICE FOR

3.54 Where reassessment notice under section 148 was issued in name of deceased assessee and revenue, despite being informed of death, continued proceedings and passed assessment order against deceased without corrective action, such assessment is invalid and must be set aside, though revenue may initiate fresh proceedings in accordance with law against legal representatives -

Smt. Sushila Gupta v. Union of India - [2025] 181 taxmann.com 793 (Calcutta)

3.55 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 - *Snehdham Trust v. Assistant Commissioner of Income-tax* - [2025] 181 taxmann.com 98 (Gujarat)

3.56 Where under faceless regime notice under section 148 was issued and reassessment order under section 147 was passed by Jurisdictional Assessing Officer instead of Faceless Assessing Officer, such notice and assessment order were liable to be quashed - *Ashok Jethwani v. Principal Commissioner of Income-tax* - [2025] 181 taxmann.com 250 (Rajasthan)

SECTION 148A OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - CONDUCTING INQUIRY, PROVIDING OPPORTUNITY BEFORE ISSUE OF NOTICE UNDER SECTION 148

3.57 Where assessee was issued notice under section 148A(b) alleging unexplained financial transactions, but was not granted adequate time or opportunity to respond as required under section 148A(b) and assessment order was passed without proper hearing, such order and consequent reassessment notice were not tenable and were therefore quashed - *Gaurang Raghavjibhai Patel v. Income-tax Officer Ward - 3(2)(1)* - [2025] 181 taxmann.com 513 (Gujarat)

3.58 Where assessee challenged notices issued under section 148A(1) and consequent notice under section 148 alleging ambiguity in 'reasons to believe' regarding links with dummy entities and bank/GST transactions, facts and reasons were clearly stated without ambiguity or prejudice to defense, it was not a case of change of opinion and no jurisdictional defect in notice issuance was shown, so no jurisdictional issue arose in writ petition - *Amandeep Singh v. Assistant Commissioner of Income-tax* - [2025] 181 taxmann.com 326 (Delhi)

SECTION 149 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - TIME LIMIT FOR ISSUANCE OF NOTICE

3.59 For assessment year 2015-16, all reassessment notices issued on or after 1-4-2021 are required to be dropped, as such notices would not fall for completion within period prescribed under Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 (TOLA) - *Dimple Sanjaykumar Shah v. Assistant Commissioner of Income-tax* - [2025] 181 taxmann.com 256 (Gujarat)

3.60 Where Assessing Officer issued section 148 notice (old regime) on 30-06-2021 and thereafter issued a section 148A(b) notice on 20-05-2022 to which assessee replied on 03-06-2022, since after applying statutory exclusions

3.70 Where Settlement Commission accepted disclosure of Rs. 70.66 crores but found that remaining Rs. 80 crores disclosed as business income was not a full and true disclosure for want of substantiation of manner of earning, it was bound to reject settlement application in entirety; Settlement Commission had no power to convert such income into deemed income under section 69B or levy tax under section 115BBE - *Khazana Jewellery (P.) Ltd. v. Income-tax Settlement Commission - [2025] 181 taxmann.com 504 (Madras)*

SECTION 251 OF THE INCOME-TAX ACT, 1961 - COMMISSIONER (APPEALS) - POWERS OF

3.71 Where Commissioner (Appeals) remanded matter to Assessing Officer for fresh assessment without adjudicating assessee's jurisdictional pleas, such jurisdictional issues under section 251 had to be decided by Commissioner (Appeals) itself and not by Assessing Officer, thus orders of Commissioner (Appeals) and Tribunal were set aside and matter remanded to Commissioner (Appeals) for deciding appeal afresh including jurisdictional pleas raised by assessee - *Akasaki Technology (P.) Ltd. v. Principal Commissioner of Income-tax - [2025] 181 taxmann.com 325 (Delhi)*

SECTION 254 OF THE INCOME-TAX ACT, 1961 - APPELLATE TRIBUNAL - ORDER OF

3.72 Where assessee received ITAT's order on 24-3-2025 and filed rectification application on 16-7-2025, limitation of six months for filing such application commenced from date of communication of order and not date of order itself; accordingly, application was within time and order treating it as time-barred was liable to be quashed - *Accost Media LLP v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 298 (Bombay)*

3.73 Where Tribunal had partly allowed appeal and directed adoption of 5 per cent profit ratio, it could not, in exercise of power under section 254(2), reappraise material and determine estimated income afresh - *Devaraj v. Income-tax Officer - [2025] 181 taxmann.com 51 (Madras)*

SECTION 270A OF THE INCOME-TAX ACT, 1961 - PENALTY FOR UNDER-REPORTING AND MISREPORTING OF INCOME

3.74 Where assessee's returned income and assessed income were identical and only issue was alleged excess claim of Foreign Tax Credit (FTC), mandatory ingredients for invoking penalty under section 270A for under-reporting or misreporting of income were not satisfied; consequently, penalty order and related notices were unsustainable and liable to be quashed - *Srinivasa Gandhi Sampath v. Assistant Commissioner of Income-tax, Bengaluru - [2025] 181 taxmann.com 308 (Karnataka)*

SECTION 278B OF THE INCOME-TAX ACT, 1961 - OFFENCE AND PROSECUTION - BY COMPANIES

3.75 Where assessee, Managing Director of company, was summoned for offence under section 276B, read with section 278B, for failure to deposit tax deducted at source within prescribed time and allegations regarding deduction of TDS, delay in deposit, assessee's role as person in charge of conduct of company's business and absence of material establishing reasonable cause were disputed questions of fact, such issues were required to be examined at trial and, therefore, impugned summoning order did not warrant interference and was to be upheld - *Dr. Manoj Khanna v. Income-tax Officer - [2025] 181 taxmann.com 496 (Delhi)*

SECTION 279 OF THE INCOME-TAX ACT, 1961 - OFFENCE AND PROSECUTION - PROSECUTION TO BE AT INSTANCE OF CHIEF COMMISSIONER/COMMISSIONER

3.76 Where amount of tax sought to be evaded was more than Rs. 25 lakhs, appropriate authority for initiating prosecution proceedings would be sanctioning authority, i.e., PCIT and not collegium of two CCIT/DGIT rank officers - *Saumya Chaurasia v. Union of India - [2025] 181 taxmann.com 304 (Delhi)*

3.77 Where petitioner filed a compounding application under section 279(2) which was rejected by competent authority and thereafter, despite final directions of High Court, he was asked to pay compounding charges determined in accordance with revised Compounding Guidelines dated 17-10-2024, such demand was unsustainable and compounding fee was liable to be recomputed under CBDT Guidelines dated 16-5-2008 - *K.M. Mammen v. Principal Commissioner of Income-tax - [2025] 181 taxmann.com 733 (Madras)*

4. INCOME TAX APPELLATE TRIBUNAL

SECTION 2 OF THE INCOME-TAX ACT, 1961 - DEFINITIONS.

4.1 Where assessee acquired shares through tax-neutral amalgamation and demerger meeting statutory conditions, in computing long-term capital gains on buyback, assessee could adopt cost of acquisition and holding period of previous owner, including applying fair market value as on 1-4-1981 for relevant holdings and corresponding indexation benefits, rather than book value or shorter holding period post amalgamation - *ACIT v. KCT Papers Ltd. - [2025] 181 taxmann.com 423 (Delhi - Trib.)*

SECTION 2(15) OF THE INCOME-TAX ACT, 1961 - CHARITABLE PURPOSE

4.2 Where assessee, a non-profit entity, was engaged in promoting commerce between European Union business community and Indian public authorities through policy advocacy on trade policy, investment protection and ease of doing business, such activities qualified as objects of general public utility under section 2(15); therefore,

assessee was eligible for registration under section 12A - **Federation of European Business in India v. Commissioner of Income-tax (Exemption) - [2025] 181 taxmann.com 303 (Delhi - Trib.)**

- 4.3** Where predominant object of assessee-trust was to provide practical and theoretical training in field of yoga, which would ultimately provide medical relief to society at large, it would be covered under category of 'imparting of education' as provided under section 2(15) and, thus, trust would be eligible for exemption under sections 11 and 12 - **Assistant Commissioner of Income-tax, Exemptions v. Vyakti Vikas Kendra India - [2025] 181 taxmann.com 311 (Ahmedabad - Trib.)**
- 4.4** Where assessee-society, engaged in nurturing entrepreneurship through educational, networking and mentoring activities, carried on objects falling under 'advancement of any other object of general public utility' and its receipts from trade, commerce or business remained within 20 per cent threshold under proviso to section 2(15), exemption under section 11 was allowable - **Indus Entrepreneurs v. Deputy Commissioner of Income-tax (Exemptions) - [2025] 181 taxmann.com 318 (Hyderabad - Trib.)**

SECTION 2(31) OF THE INCOME-TAX ACT, 1961 - PERSON

- 4.5** Where assessee-partnership firm sold immovable property but claimed that on alleged discontinuance of business capital gains were taxable in hands of partners/AOP, since firm remained owner and vendor of property and discontinuance did not vest ownership in partners, capital gains were assessable only in hands of firm and credit of taxes wrongly paid by partners was to be allowed to firm - **Vivek Industries v. Income-tax Officer - [2025] 181 taxmann.com 501 (Visakhapatnam - Trib.)**

SECTION 2(47) OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - TRANSFER

- 4.6** Where assessee executed a Joint Development Agreement in respect of his land without receipt of consideration and with possession given only for development purposes and not in terms of section 2(47) read with section 53A of Transfer of Property Act, no taxable event of "transfer" within meaning of section 2(47) had taken place during year under consideration and consequently no taxable capital gains accrued to assessee. - **Manohar Reddy Cheruku v. Deputy Commissioner of Income-tax, Central Circle 1(3) - [2025] 181 taxmann.com 407 (Hyderabad - Trib.)**
- 4.7** Where assessee entered into a Joint Development Agreement (JDA) with a developer under which assessee was to receive 37 per cent of revenue arising from sale of developed flats, mere entering into a JDA did not convert a capital asset into stock-in-trade, nor did sharing of revenue make assessee a real estate developer and thus, no transfer of property within meaning of section 2(47)(v) or section 2(47)(vi) had taken place in relevant assessment

year - **Deputy Commissioner of Income-tax v. Mathikere Ramaiah Seetharam - [2025] 181 taxmann.com 262 (Bangalore - Trib.)**

SECTION 4 OF THE INCOME-TAX ACT, 1961 - INCOME - CHARGEABLE AS

- 4.8** Export incentive received under Merchandise Exports from India Scheme ('MEIS scheme') is a capital receipts and is not an income within meaning of section 2(24) (xviii) - **Deputy Commissioner of Income-tax v. Alembic Pharmaceuticals Ltd. - [2025] 181 taxmann.com 170 (Ahmedabad - Trib.)**
- 4.9** Excise duty subsidy and interest subsidy received with object of creating avenues for perpetual employment, to eradicate social problem of unemployment by accelerating industrial development is capital receipt - **Balaji Powertronics v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 76 (Delhi - Trib.)**
- 4.10** Where assessee received subsidy for new cold storage project and claimed it as capital receipt, but failed to produce capital work-in-progress ledger or fully explain treatment in accounts, matter was to be remanded back to Assessing Officer to verify treatment given by assessee in its books of account - **Innovative Cuisine (P.) Ltd. v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 14 (Ahmedabad - Trib.)**
- 4.11** Excise duty subsidy embedded in sales of assessee's eligible unit was capital receipt not chargeable to tax. - **SRF Ltd. v. ACIT, LTU - [2025] 181 taxmann.com 403 (Delhi - Trib.)**
- 4.12** Where assessee received interest subsidy under Technology Upgradation Fund Scheme, such interest subsidy was a capital receipt, not includible in total income and hence must be excluded from taxable income - **SRF Ltd. v. ACIT, LTU - [2025] 181 taxmann.com 403 (Delhi - Trib.)**
- 4.13** Where assessee received proceeds from transfer of Certified Emission Reductions and cancellation of CER contracts, such receipts were capital receipts not chargeable to tax - **SRF Ltd. v. ACIT, LTU - [2025] 181 taxmann.com 403 (Delhi - Trib.)**

SECTION 5 OF THE INCOME-TAX ACT, 1961 - INCOME - ACCRUAL OF

- 4.14** Where assessee, which had not commenced its principal business, advanced interest-free loans and advances for proposed acquisitions without any contractual stipulation to charge interest and in absence of any statutory deeming provision, no notional interest could be said to accrue and therefore adoption of 8 per cent notional interest by Assessing Officer was unjustified and addition was liable to be deleted - **Robust Transportation (P.) Ltd. v.**

Income-tax Officer - [2025] 181 taxmann.com 752 (Mumbai - Trib.)

4.15 Where assessee, a non-resident individual deputed by an Indian company, rendered services outside India and claimed exclusion of salary attributable to such period, accrual of income was to be determined by situs of employment and rendering of services and not by employer's residence or source of payment; accordingly, salary for work performed outside India was not income accruing in India and addition made in respect thereof was unsustainable - **Debashis Das v. ACIT, International Taxation - [2025] 181 taxmann.com 787 (Kolkata - Trib.)**

SECTION 9 OF THE INCOME-TAX ACT, 1961 - INCOME DEEMED TO ACCRUE OR ARISE IN INDIA

4.16 Where assessee, a French company, under composite contracts for train control and signaling systems, effected offshore supply of equipment and services with title and risk passing outside India and no fixed place or installation permanent establishment was established in India for relevant years, profit attribution regarding offshore receipts did not arise and both offshore supply and related design transactions were not taxable in India in absence of a PE. - **Alstom Transport SA v. Deputy Commissioner of Income-tax, International Taxation - [2025] 181 taxmann.com 248 (Delhi - Trib.)**

4.17 Where assessee, a Japanese company, received cost-to-cost reimbursements from Indian group entities for salaries of seconded employees, with employment contracts existing between employees and Indian entities and all salary payments made by Indian entities after deducting tax at source, such reimbursements were not taxable in India as FTS but constituted non-taxable employer-employee salary reimbursements - **Toshiba Energy System & Solutions Corporation v. Deputy Commissioner of Income-tax, International Taxation - [2025] 181 taxmann.com 619 (Delhi - Trib.)**

4.18 Where assessee, a Mauritius-based telecasting company, granted a non-exclusive satellite broadcasting licence of Hindi feature films to an Indian licensee, without transferring any copyright or conferring any right of editing, modification, reproduction or exploitation, payment received therefor was not liable to be characterized as royalty, since no copyright was parted with and consequently such consideration was not taxable as royalty either under section 9(1)(vi) (Explanation 2) or Article 12 of India-Mauritius DTAA - **Asia Today Ltd. v. Assistant Director of Income-tax (International Taxation) - [2025] 181 taxmann.com 839 (Mumbai - Trib.)**

4.19 Where assessee-company made payments to overseas third parties for rework and segregation of certain exported parts and activities performed by such parties were routine, standardized processes not requiring any specialized or high technical skill, nor involving any new scientific or technical application, impugned payments

could not be characterized as 'fees for technical services', so disallowance for non-deduction of TDS was not justified and rightly deleted - **Deputy Commissioner of Income-tax v. Roop Automotives Ltd. - [2025] 181 taxmann.com 352 (Delhi - Trib.)**

4.20 Where assessee deployed employees to Indonesia and routed salary and service fee payments through an Indonesian entity without deducting tax at source and lower authorities treated assessee as real employer and disallowed such payments, matter was required to be remanded for fresh examination of secondment agreement, invoices and nature of relationship between those employees and assessee company - **Informatica Business Solutions (P.) Ltd. v. Joint Commissioner of Income-tax - [2025] 181 taxmann.com 422 (Bangalore - Trib.)**

4.21 Where assessee, a Swiss company, received subscription fees from Indian customers for providing access to online pharmaceutical market research reports without having any PE in India and on identical facts earlier Tribunal decisions in assessee's own case had held that such receipts were not taxable either as Royalty under section 9(1)(vi) or as Fees for Technical Services under section 9(1)(vii) read with article 12 of India-Switzerland DTAA, addition made on account of subscription fees was not sustainable and was to be deleted - **IQVIA AG v. Deputy Commissioner of Income-tax (International Taxation) - 2 - [2025] 181 taxmann.com 290 (Mumbai - Trib.)**

4.22 Where assessee, a Japanese company, received guarantee fees from Indian companies in connection with guarantee given by assessee to certain banks for loans taken by those companies, since issue whether guarantee fee income was business income in case of assessee had not been examined and considered both by Assessing Officer and Commissioner (Appeals), matter was to be remanded back to Assessing Officer to examine same; otherwise guarantee fee would be taxed at 10 per cent - **Mitsui & Company Ltd v. ACIT, International Taxation New Delhi - [2025] 181 taxmann.com 350 (Delhi - Trib.)**

4.23 Payment received by foreign telecom operator from Indian company for VoIP services could not be treated as 'Royalty' or 'FTS' - **WPI Group INC v. Deputy Commissioner of Income-tax International Taxation - [2025] 181 taxmann.com 75 (Delhi - Trib.)**

4.24 Where assessee-company, engaged in supply of VoIP services, had filed its Tax Residency Certificate (TRC) duly issued by Department of Treasury, Internal Revenue Service (IRS), USA, which stated that assessee was an "S" Corporation and each of its shareholders were tax residents of USA, assessee-company was to be regarded as tax resident of USA - **WPI Group INC v. Deputy Commissioner of Income-tax International Taxation - [2025] 181 taxmann.com 75 (Delhi - Trib.)**

4.25 Where assessee, a tax resident of Singapore, provided bandwidth services to Indian customers, receipts from

such services were not taxable as royalty either under section 9(1)(vi) or under article 12(3) of the India-Singapore DTAA - **Telstra Singapore Pte Ltd v. Deputy Commissioner of Income-tax, International Taxation - [2025] 181 taxmann.com 404 (Delhi - Trib.)**

4.26 Where assessee, a UK-based company, supplied in-flight entertainment (IFE) content to Indian airlines without transferring any copyright, reproduction or distribution rights, fees received by assessee from Indian airline were not in nature of royalty under section 9(1)(vi) or Article 13 of India-UK DTAA and would not be taxable in India - **Anuvu UK Operations Ltd. v. Deputy Commissioner of Income-tax, International Taxation - [2025] 181 taxmann.com 515 (Delhi - Trib.)**

4.27 Where assessee, a UK-based company, supplied in-flight entertainment (IFE) content to Indian airlines, since no technical knowledge, skill or know-how was made available to recipient, fees received by assessee from Indian airline would not qualify as fees for technical services under section 9(1)(vii) read with Article 13 of India-UK DTAA - **Anuvu UK Operations Ltd. v. Deputy Commissioner of Income-tax, International Taxation - [2025] 181 taxmann.com 515 (Delhi - Trib.)**

4.28 Where assessee, a Singapore based company, provided ancillary support and maintenance services linked to distribution and sale of software licences to Indian entities and such services were not of a 'make available' nature but were ancillary to main product sales per agreement, consideration received could not be taxed in India as FTS under section 9 read with article 12 of India-Singapore DTAA. - **CA(Singapore) PTE Ltd. v. Assistant Commissioner of Income-tax, International Taxation, Circle 2 (1)(1), Mumbai - [2025] 181 taxmann.com 516 (Mumbai - Trib.)**

4.29 Where assessee, a US company, provided manpower support services to Flipkart and the Assessing Officer treated receipts as fees for technical services under section 9(1)(vii) and article 12(4) of India-US DTAA, in absence of any finding that assessee transferred technology, know-how or skill, 'make available' condition was not satisfied and such receipts were not taxable in India - **Myntra Inc. v. Assistant Commissioner of Income-tax, International Taxation - [2025] 181 taxmann.com 538 (Delhi - Trib.)**

4.30 Where assessee, a US company, received reimbursement from PhonePe towards manpower costs and claimed that services were rendered outside India, but took inconsistent stands regarding nature of arrangement and relevant facts remained unclear, issue was rightly restored to file of Assessing Officer for fresh adjudication after examination of documents and submissions - **Myntra Inc. v. Assistant Commissioner of Income-tax, International Taxation - [2025] 181 taxmann.com 538 (Delhi - Trib.)**

4.31 Where assessee, a Hong Kong resident, provided satellite transponder capacity to Indian customers using satellites

and infrastructure located outside India, with no equipment or presence in India, fee received for providing satellite transmission services did not fall within definition of royalty under article 12 of the India-Hong Kong DTAA and, section 90(2) being applicable, such receipts were not taxable in India - **Asia Satellite Telecommunications Company Ltd. v. Assistant Commissioner of Income-Tax, International Taxation - [2025] 181 taxmann.com 687 (Delhi - Trib.)**

4.32 Where assessee, a Singapore based company, provided Indian customers with access to an online platform through a reseller arrangement limiting its role to maintaining a standard electronic facility and not offering specialized or exclusive technical services, subscription receipts could not be characterized as fees for technical services under section 9 or India-Singapore DTAA and thus were not taxable in India - **Deputy Commissioner of Income-tax (IT) v. Alibaba.com Singapore ECommerce (P.) Ltd. - [2025] 180 taxmann.com 876 (Mumbai - Trib.)**

4.33 Where assessee, a Japan tax resident, received reimbursements from Indian group entities towards salaries paid to seconded employees and established, through documentary evidence, employee-employer relationship with Indian entities and payment of salaries, such receipts constituted mere reimbursement and not fees for technical services and, therefore, fell outside ambit of FTS taxable in India. - **Toshiba Corporation v. Deputy Commissioner of Income-tax, International Taxation - [2025] 181 taxmann.com 244 (Delhi - Trib.)**

4.34 Where assessee received reimbursement of IT support services from Indian AE on cost-to-cost basis without markup and those services were routine, recurring and did not make available any technical knowledge or skill to recipient, such receipts were not taxable as fees for technical services under Article 12(5) of India-Netherlands DTAA or section 9. - **Nunhems Netherlands B.V. v. ACIT International Taxation - [2025] 181 taxmann.com 497 (Delhi - Trib.)**

4.35 Where assessee, a Netherlands company, provided marker analysis and Double Haploid testing services to Indian AE using scientific expertise that had commercial value for plant variety breeding, payments for such services constituted royalties under Article 12(4) of India-Netherlands DTAA and section 9 - **Nunhems Netherlands B.V. v. ACIT International Taxation - [2025] 181 taxmann.com 497 (Delhi - Trib.)**

4.36 Where assessee received dividend from its Omani subsidiary, it was entitled to FTC even though no tax was actually paid in Oman and tax authorities could not demand separate confirmations or impose requirements not specified in the DTAA - **Assistant Commissioner of Income-tax v. Bahwan Cybertek (P.) Ltd. - [2025] 181 taxmann.com 231 (Chennai - Trib.)**

SECTION 10(10AA) OF THE INCOME-TAX ACT, 1961 - LEAVE SALARY

4.37 Where assessee, an employee of BSNL, claimed exemption on leave encashment under section 10(10AA), since employees of a corporation fully controlled by Central Government cannot be equated with Central Government employees within meaning of Article 12 of Constitution, assessee was not entitled to exemption as a Central Government servant under said section - *Jily Mathew v. Income-tax Officer* - [2025] 181 taxmann.com 259 (Cochin - Trib.)

SECTION 10(23FB) OF THE INCOME-TAX ACT, 1961 - VENTURE CAPITAL FUND

4.38 Where assessee, a venture capital fund, filed an appeal against order of Commissioner (Appeals) and specifically made a request before Commissioner (Appeals) for grant of an opportunity of a personal hearing but same was not granted to assessee, appeal was to be remanded back to Commissioner (Appeals) for de novo adjudication after granting opportunity to assessee for personal hearing as per Faceless Appeal Scheme, 2021 - *KAE Capital Fund v. Income-tax Officer* - [2025] 181 taxmann.com 25 (Mumbai - Trib.)

SECTION 10(38) OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - INCOME ARISING FROM TRANSFER OF LONG-TERM SECURITIES

4.39 Where assessee purchased shares in question through banking channels, held them as investment reflected in balance sheet and sold them through registered brokers claiming exemption under section 10(38), in absence of any material to establish sham transactions, addition under section 68 was to be deleted - *DCIT, Circle - 1(3), Surat v. Chunibhai Haribhai Gajera* - [2025] 180 taxmann.com 879 (Surat - Trib.)

SECTION 10A OF THE INCOME-TAX ACT, 1961 - FREE TRADE ZONE

4.40 Where assessee's SEZ unit claimed an additional deduction under section 10A(1A) which was omitted due to a clerical and arithmetical error in initial computation, refusal to consider revised calculation solely on procedural grounds would defeat substantive justice and upon verification of revised working and evidence, additional deduction should be allowed. - *SRF Ltd. v. ACIT, LTU* - [2025] 181 taxmann.com 403 (Delhi - Trib.)

SECTION 10AA OF THE INCOME-TAX ACT, 1961 - SPECIAL ECONOMIC ZONES - NEWLY ESTABLISHED UNITS IN

4.41 Where return was filed with marginal delay of a few hours due to technical glitches on Income-tax portal and requisite audit report was filed within due date and timely filing condition was not applicable for relevant year, denial of SEZ deduction was not justified - *Cummins India Ltd. v. ACIT* - [2025] 181 taxmann.com 330 (Pune - Trib.)

SECTION 11 OF THE INCOME-TAX ACT, 1961 - CHARITABLE OR RELIGIOUS TRUST - EXEMPTION OF INCOME FROM PROPERTY HELD UNDER

4.42 Where assessee-trust, engaged in field of education, filed Form No. 10 to accumulate income for construction of buildings at two specified schools but utilized funds on capital and revenue expenditure for all its schools, since entire expenditure was towards sole charitable object of education, such application constituted valid charitable application and benefit of section 11(2) would flow to assessee - *Salwan Education Trust v. Deputy Commissioner of Income-tax, Exemption 2(1), Delhi* - [2025] 181 taxmann.com 401 (Delhi - Trib.)

4.43 Where assessee-club had explained reasons for delay in furnishing of audit report due to delay in completion of audit which had not been disputed by revenue, delay in filing of audit report was to be condoned and Assessing Officer was to be directed to consider audit report and decide claim of exemption under section 11 in accordance with law - *MIG Cricket Club v. DCIT (E)-2* - [2025] 181 taxmann.com 153 (Mumbai - Trib.)

4.44 Where assessee-trust had a valid registration under section 12A throughout previous year relevant to assessment year 2021-22 and it had applied for renewal within extended time granted by CBDT and registration under section 12AB was granted thereafter, absence of new registration number in ITR was merely a timing and technical mismatch arising out of statutory process itself and not a substantive ground to deny exemption under sections 11 and 12 - *Vinayaka Education Trust v. Income-tax Officer, Exemption* - [2025] 181 taxmann.com 310 (Ahmedabad - Trib.)

4.45 Where Urban Development Authority claimed exemption under section 11 after setting off brought-forward losses and unabsorbed depreciation and application for registration under section 12A along with condonation petition under section 119(2)(b) was pending, appeals were restored for reassessment in light of Supreme Court's ruling in *Asstt. CIT (Exemptions) v. Ahmedabad Urban Development Authority* [2022] 143 taxmann.com 278 (SC)/[2023] 291 Taxman 11 (SC)/[2022] 449 ITR 1 (SC) on GPU charities and outcome of condonation petition for delay in registration - *Shimoga Urban Development Authority v. Income-tax Officer* - [2025] 181 taxmann.com 419 (Bangalore - Trib.)

4.46 Where assessee-trust missed statutory appeal deadline due to lack of effective service of adverse intimation during Covid-19 administrative paralysis and took corrective action promptly upon knowledge, delay of 967 days was condonable and appeal required restoration for fresh adjudication on merits - *Rotary Club of Bombay North Island Charitable Trust v. CPC, Bangalore* - [2025] 181 taxmann.com 15 (Mumbai - Trib.)

4.47 Denial of alternate claim of exemption under section 11 due to non-filing of audit report in Form No. 10B, without affording an opportunity under section 139(9), is a

debatable issue and, therefore, same cannot be done under section 143(1) - **Goswami Bhagwan Lal Education Society v. Income-tax Officer - [2025] 181 taxmann.com 22 (Delhi - Trib.)**

4.48 Where assessee was denied exemption under section 11, it would not mean that assessee was not eligible to claim revenue expenditure incurred exclusively to earn income and, therefore, income embedded in gross receipts could be taxed and not entire gross receipts, under head 'Income from Other Sources' in accordance with provisions of sections 56 and 57 - **Goswami Bhagwan Lal Education Society v. Income-tax Officer - [2025] 181 taxmann.com 22 (Delhi - Trib.)**

4.49 Where assessee filed Form 10BB with a delay of 19 days, but before filing return for Assessment Year 2024-25 and audit report was available on record at time of processing of return, delay in filing Form 10BB was held to be condonable and Assessing Officer was directed to consider audit report and decide claim of exemption under sections 11 and 12 in accordance with law. - **St. Francis Xavier Church Trust v. Income-tax Officer - [2025] 181 taxmann.com 59 (Mumbai - Trib.)**

4.50 Where assessee-trust filed original Form 10 within time under section 139(1) and during search assessment proceedings filed revised Form 10 reporting higher accumulation, revised Form 10 would relate back to original Form 10 and be reckoned as originally filed and assessee-trust was entitled to exemption under section 11. - **ACIT v. Chettinad Academy of Research and Education - [2025] 181 taxmann.com 49 (Chennai - Trib.)**

4.51 Where assessee, an educational institution, claimed expenses on account of donation and charity, since assessee had given donation in accordance with its object and claim of assessee was actually based on rebate given to students having poor financial background, impugned expenditure was to be allowed - **Deputy Commissioner of Income-tax, Exemption v. Maharana Pratap Education Centre - [2025] 181 taxmann.com 104 (Delhi - Trib.)**

4.52 Where assessee, an educational institution, provided hostel facilities as an integral part of its educational activity and Assessing Officer treated hostel activity as commercial by adopting incorrect figures and making arbitrary additions, such addition was unsustainable and rightly deleted - **Deputy Commissioner of Income-tax, Exemption v. Maharana Pratap Education Centre - [2025] 181 taxmann.com 104 (Delhi - Trib.)**

4.53 If donations has been made from income of previous year and not out of accumulation under section 11(2) then same should be eligible to be considered as application of income as long as recipients are charitable organizations - **Assistant Commissioner of Income-tax, Exemptions v. Vyakti Vikas Kendra India - [2025] 181 taxmann.com 311 (Ahmedabad - Trib.)**

4.54 Where assessee trust was found to be eligible for deductions under section 11, disallowances made by Assessing Officer under section 11(2) and section 11(1)(a) were to be deleted - **Assistant Commissioner of Income-tax, Exemptions v. Vyakti Vikas Kendra India - [2025] 181 taxmann.com 311 (Ahmedabad - Trib.)**

4.55 Where assessee-trust received donations during Janmashtami Mahotsav and used same to organize event, arrange free meals, conduct religious discourses and pay for publicity material like banners and posters, since these activities were pursuant to trust's declared religious/cultural objects, impugned addition made by Assessing Officer treating donations as advertisement or business promotion receipts was to be deleted - **Krishna Janmashtmi Mahotsav Samiti v. Income-tax Officer, Exemption - [2025] 181 taxmann.com 879 (Delhi - Trib.)**

SECTION 12A OF THE INCOME-TAX ACT, 1961 - CHARITABLE OR RELIGIOUS TRUST - REGISTRATION OF

4.56 Where assessee alumni association trust's objects were for overall development of students in education, relief to poor and medical relief and were not limited solely to benefit of members, rejection of regular registration under section 12A(1)(ac)(iii) and cancellation of provisional registration were not justified - **Sir P. T. Sarvajanic College of Science alumni association v. CIT(Exemption) - [2025] 181 taxmann.com 120 (Surat - Trib.)**

SECTION 12AA OF THE INCOME-TAX ACT, 1961 - CHARITABLE OR RELIGIOUS TRUST - REGISTRATION PROCEDURE

4.57 Where Tribunal remanded matter directing Commissioner to examine issue of registration under section 12A(1)(a) strictly in terms of scope of enquiry envisaged under section 12AA(1), but Principal Commissioner again rejected registration on vague and unsubstantiated allegations of capitation fee and diversion of funds without recording any adverse finding on charitable objects, such rejection was unsustainable and registration was to be granted - **D.Y.Patil Education Society v. Commissioner of Income-tax(Central) - [2025] 181 taxmann.com 331 (Pune - Trib.)**

SECTION 12AB OF THE INCOME-TAX ACT, 1961 - CHARITABLE OR RELIGIOUS TRUST - PROCEDURE FOR FRESH REGISTRATION

4.58 Where Commissioner(Exemption) cancelled assessee-trust's registration under section 12AB citing non-genuineness of activities and misalignment with stated objects without issuing a specific show cause notice or adequately considering assessee's submissions, such cancellation was vitiated for breach of natural justice and required restoration for fresh consideration after granting reasonable opportunity of being heard to assessee - **Shri Surati Modh Ganchi Gnati jilla Nanpura Panch v.**

Commissioner of Income-tax(Exemption) - [2025] 181 taxmann.com 124 (Surat - Trib.)

SECTION 13 OF THE INCOME-TAX ACT, 1961 - CHARITABLE OR RELIGIOUS TRUST - DENIAL OF EXEMPTION

- 4.59** Where assessee, an educational institution, incurred service expenses under a master service agreement with a related entity and Assessing Officer disallowed 20 per cent thereof without disputing services rendered or demonstrating undue benefit or excessiveness, such ad hoc disallowance under section 13 could not be sustained - **Deputy Commissioner of Income-tax, Exemption v. Maharana Pratap Education Centre - [2025] 181 taxmann.com 104 (Delhi - Trib.)**
- 4.60** Where assessee, an educational institution, paid royalty at 4 per cent of student fees under a trademark user agreement to a related entity and Assessing Officer neither questioned genuineness of agreement nor proved excessiveness through comparables, entire royalty payment could not be disallowed under section 13 - **Deputy Commissioner of Income-tax, Exemption v. Maharana Pratap Education Centre - [2025] 181 taxmann.com 104 (Delhi - Trib.)**
- 4.61** Where assessee, an educational society, incurred advertisement expenditure through a related service provider and Assessing Officer disallowed same merely due to relationship without disputing services rendered or establishing excessiveness by market comparison, denial of exemption under section 13(1)(c) was unjustified - **Deputy Commissioner of Income-tax, Exemption v. Maharana Pratap Education Centre - [2025] 181 taxmann.com 104 (Delhi - Trib.)**

SECTION 14A OF THE INCOME-TAX ACT, 1961 - EXPENDITURE INCURRED IN RELATION TO INCOME NOT INCLUDIBLE IN TOTAL INCOME

- 4.62** Where assessee-company earned exempt income of certain amount during relevant assessment year, disallowance under section 14A could not exceed amount of exempt income so earned - **Dodia Dairy Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 178 (Hyderabad - Trib.)**
- 4.63** Only dividend bearing investments are to be considered for purpose of making disallowance under section 14A - **Matrix Clothing (P.) Ltd. v. ACIT - [2025] 181 taxmann.com 336 (Delhi - Trib.)**
- 4.64** Where Assessing Officer recorded dissatisfaction with assessee's suo motu disallowance and, considering involvement of board members, senior management and treasury team in investment decisions, computed disallowance at 1 per cent of exempt income, enhanced disallowance was rightly sustained - **Cummins India Ltd. v. ACIT - [2025] 181 taxmann.com 330 (Pune - Trib.)**

- 4.65** Where assessee-company had made investments in equity instruments and had earned dividend income, disallowance under section 14A read with rule 8D could not exceed exempt income earned during relevant assessment year - **Jasper Industries (P.) Ltd. v. Deputy Commissioner of Income-tax, Circle - 2(1) - [2025] 181 taxmann.com 579 (Hyderabad - Trib.)**

SECTION 24 OF THE INCOME-TAX ACT, 1961 - INCOME FROM HOUSE PROPERTY - DEDUCTIONS

- 4.66** Where assessee had claimed deduction under section 24(b) for a flat against, however, assessee failed to produce copy of interest certificate and loan sanction letter from bank, disallowance of claim of assessee was justified - **Vinayak Hanumantrao Ghorpade v. Vaishnavi Satish Bankar - [2025] 181 taxmann.com 383 (Pune - Trib.)**
- 4.67** Where assessee acquired a commercial property and borrowed funds for same, since said property was not occupied for business purposes, assessee was entitled to claim deduction of interest paid on borrowed funds under section 24(b) - **Rup Kumar Ramchandani v. Income-tax Officer - [2025] 181 taxmann.com 753 (Jaipur - Trib.)**

SECTION 28(i) OF THE INCOME-TAX ACT, 1961 - BUSINESS INCOME - CHARGEABLE AS

- 4.68** DEPB income being intrinsically linked to export activity is in nature of operating income being directly connected with normal business operations of export and, thus, same cannot be segregated from export business for purpose of computing gross profit - **Aamir Khatri v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 855 (Mumbai - Trib.)**
- 4.69** Where assessee incurred expenditure by making payment to a non-registered or non-approved trust and admitted that such payment was not for business purposes but for scientific research, allowance of actual amount as business loss under section 28 could not be accepted - **Joshi Technologies International Inc India Projects v. ACIT (Intl Taxn) - [2025] 181 taxmann.com 400 (Ahmedabad - Trib.)**
- 4.70** Where assessee fruit vendor deposited substantial cash in bank account, since business of assessee appeared to be authentic, entire deposits in bank account were to be treated as gross receipts from his fruit business and net profit was to be computed at rate of 8 per cent as admitted by assessee in his trading and profit and loss account - **Abdul Jaleel v. Income-tax Officer - [2025] 181 taxmann.com 227 (Bangalore - Trib.)**
- 4.71** Where assessee, a partnership firm, claimed loss on trading in BSE equity derivatives and contract notes placed on record, which remained uncontroverted, revealed absence of reversal or matched trades and assessee produced complete documentary evidence without any material showing pre-meditated or contrived scheme, impugned loss represented genuine business loss and was allowable - **Deputy Commissioner of**

Income-tax, Central v. Jainam Investments - [2025] 181 taxmann.com 54 (Mumbai - Trib.)

- 4.72** Where assessee, regular trader dealing in large basket of scrips, claimed business loss on trading in shares and routed all transactions through recognised stock exchanges with supporting documents and revenue failed to bring any material establishing price manipulation or accommodation entries beyond general statement not subjected to cross-examination, loss arose in normal course of business and disallowance made by Assessing Officer was unsustainable - **Deputy Commissioner of Income-tax, Central v. Jainam Investments - [2025] 181 taxmann.com 54 (Mumbai - Trib.)**
- 4.73** Where assessee-bank had granted a term loan to a company which was subsequently converted into equity shares as a compelled measure under a restructuring package designed to maximise recovery of a doubtful asset, loss incurred on such conversion represented erosion in value of an existing loan asset and constituted a genuine business loss arising in ordinary course of banking operations, deductible under section 28; alternatively, such diminution was allowable as business expenditure under section 37(1) - **Assistant Commissioner of Income-tax v. DBS Bank Ltd. - [2025] 180 taxmann.com 880 (Mumbai - Trib.)**

SECTION 28(iv) OF THE INCOME-TAX ACT, 1961 - BUSINESS INCOME - VALUE OF ANY BENEFIT OR PERQUISITE ARISING FROM EXERCISE OF BUSINESS OR PROFESSION

- 4.74** Where assessee, a software development company, received reimbursement from its associated enterprise for realised forex loss on repayment of ECB and had not claimed related unrealised losses earlier, reimbursement being in shape of money was not taxable as benefit or perquisite under section 28 (iv) - **Informatica Business Solutions (P.) Ltd. v. Joint Commissioner of Income-tax - [2025] 181 taxmann.com 422 (Bangalore - Trib.)**

SECTION 32 OF THE INCOME-TAX ACT, 1961 - DEPRECIATION - ALLOWANCE/RATE OF

- 4.75** Where Assessing Officer had allowed depreciation on goodwill without carrying out any inquiry or examination, despite goodwill having been fully impaired and shown at nil value in books of account, assessment order was erroneous and prejudicial to interests of revenue and was rightly revised under section 263 to extent of directing fresh verification of such claim - **Gera Developments (P.) Ltd. v. Principal Commissioner of Income-tax (Central) - [2025] 181 taxmann.com 469 (Pune - Trib.)**
- 4.76** Extraction of mineral oil is akin to manufacture or production of article or thing, thus, assessee was entitled to claim additional depreciation under section 32(1)(iia) - **Joshi Technologies International Inc India Projects v. ACIT (Intl Taxn) - [2025] 181 taxmann.com 400 (Ahmedabad - Trib.)**

- 4.77** Where assessee acquired participating interest in a joint venture and paid goodwill for acquiring commercial right, depreciation on goodwill under section 32 was to be allowed - **Joshi Technologies International Inc India Projects v. ACIT (Intl Taxn) - [2025] 181 taxmann.com 400 (Ahmedabad - Trib.)**

- 4.78** Where assessee engaged in mineral oil extraction claimed depreciation at 60 percent on oil wells and oil field equipment as per Appendix I, disallowance of higher rate of depreciation was unjustified - **Joshi Technologies International Inc India Projects v. ACIT (Intl Taxn) - [2025] 181 taxmann.com 400 (Ahmedabad - Trib.)**

- 4.79** Goodwill being an intangible asset is eligible for depreciation under section 32(1)(ii) - **SRF Ltd. v. ACIT, LTU - [2025] 181 taxmann.com 403 (Delhi - Trib.)**

- 4.80** Where assessee claimed 10 per cent additional depreciation under section 32(1)(iia) on assets put to use for less than 180 days in preceding year, but Assessing Officer did not discuss or allow claim, issue was to be remitted back to file of Assessing Officer for verification - **SRF Ltd. v. ACIT, LTU - [2025] 181 taxmann.com 403 (Delhi - Trib.)**

- 4.81** Where assessee claimed depreciation on factory building asserting completion in F.Y. 2020-21, but evidence including occupancy certificate, consultant's letter, fire NOC fee and electricity bills gave conflicting date, matter required reconsideration - **Vermeiren India Rehab (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 841 (Hyderabad - Trib.)**

- 4.82** Where assessee, an educational institution, capitalised branding expenditure incurred for establishment of a new campus and claimed depreciation and Assessing Officer disallowed part of depreciation on ad hoc basis without pointing out defects in accounts or adverse material, such disallowance was unsustainable - **Deputy Commissioner of Income-tax, Exemption v. Maharana Pratap Education Centre - [2025] 181 taxmann.com 104 (Delhi - Trib.)**

- 4.83** Where assessee, an educational institution, incurred expenditure on curriculum development, capitalised same and claimed depreciation and Assessing Officer disallowed a portion thereof without disputing incurrence of expenditure or identifying defects or excessiveness, such ad hoc disallowance of depreciation was not justified - **Deputy Commissioner of Income-tax, Exemption v. Maharana Pratap Education Centre - [2025] 181 taxmann.com 104 (Delhi - Trib.)**

SECTION 35 OF THE INCOME-TAX ACT, 1961 - SCIENTIFIC RESEARCH EXPENDITURE

- 4.84** Where assessee's in-house R&D facility was duly approved by DSIR and all scientific research expenditure was evidenced and certified by statutory auditors, weighted deduction under section 35(2AB) could not be limited to amount quantified in Form 3CL, but must be

its Managing Director, no part of interest bearing funds raised by assessee-company were diverted for advancing loan at a discounted rate to its Managing Director and, thus, interest on said loan was to be allowed - **Dodia Dairy Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 178 (Hyderabad - Trib.)**

4.97 Where borrowed funds were utilised for acquisition of a commercial property and assessee failed to establish that such asset was put to use for business purposes during relevant year, interest paid prior to put-to-use was not allowable as deduction under section 36(1)(iii) - **Rup Kumar Ramchandani v. Income-tax Officer - [2025] 181 taxmann.com 753 (Jaipur - Trib.)**

SECTION 36(1)(va) OF THE INCOME-TAX ACT, 1961 - EMPLOYEE'S CONTRIBUTIONS

4.98 Since delayed payment on account of employees' contribution towards PF and ESI was not to be deducted under section 36(1)(va) but Assessing Officer failed to disallow such expenses, PCIT was justified in setting aside re-assessment order passed by AO - **Bhargab Engineering Works v. Principal Commissioner of Income-tax - [2025] 181 taxmann.com 112 (Kolkata - Trib.)**

SECTION 36(1)(vii) OF THE INCOME-TAX ACT, 1961 - BAD DEBTS

4.99 Where assessee-company advanced money in ordinary course of business for supply of project material which became irrecoverable, such write-off constituted trading loss allowable as business loss notwithstanding that income from corresponding project was not recognised during year under project completion method - **Bengal Omnitech Nirman Ltd. v. ACIT/ ITO - [2025] 181 taxmann.com 251 (Kolkata - Trib.)**

4.100 Where assessee claimed deduction for bad debts and CPC disallowed same treating it as capital advance under section 143(1)(a)(ii), since there was no indication in return or books of account that amount was capital in nature, such claim could not be regarded as an incorrect claim apparent from information in return and, therefore, CPC's adjustment was liable to be quashed. - **Deputy Commissioner of Income-tax v. M. M. Healthcare Ltd. - [2025] 181 taxmann.com 881 (Delhi - Trib.)**

SECTION 37 OF THE INCOME-TAX ACT, 1961 - GENERAL

4.101 Where a pharmaceutical company claimed deduction for channel partner, retail promotion and conference expenses but failed to prove expenses were incurred solely for channel partners or retailers and not for medical practitioners, disallowance of 7.5 per cent by Assessing Officer was upheld as no infirmity was found in order sustaining such disallowance - **Deputy Commissioner of Income-tax v. Eris Lifesciences Ltd. - [2025] 181 taxmann.com 468 (Ahmedabad - Trib.)**

SECTION 37(1) OF THE INCOME-TAX ACT, 1961 - BUSINESS EXPENDITURE - ALLOWABILITY OF

- 4.102** Where assessee created a provision for expenses disallowed under section 40(a)(ia) in earlier year due to non-deduction of TDS and later reversed the unrequired provision, since disallowance was already made in year of creation, reversal was not taxable as income and no further disallowance was warranted in relevant year. - **Informatica Business Solutions (P.) Ltd. v. Joint Commissioner of Income-tax - [2025] 181 taxmann.com 422 (Bangalore - Trib.)**
- 4.103** Where DTH operator made provision for interest on delayed payment of license fee to Ministry of Information and Broadcasting pursuant to contractual terms and demand notices, such provision constituted an ascertained contractual liability and was allowable as revenue expenditure under section 37, notwithstanding that payment was not made during year and AGR computation was under litigation - **Bharti Telemedia Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 551 (Delhi - Trib.)**
- 4.104** Where assessee, a cooperative spinning mill, obtained loan from State Government under certain conditions and as per mercantile system of accounting, interest was required to be provided in books of account, interest provided in books of account was an ascertained liability and could not be disallowed under section 37 - **Dindayal Magasvargiya Sahakari Soot Girni Ltd. v. ACIT - [2025] 181 taxmann.com 512 (Pune - Trib.)**
- 4.105** Where assessee was not owner of vehicles taken on finance lease, principal portion of lease rentals was allowable as revenue expenditure and disallowance treating it as capital was unjustified - **Scientific Games India (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 499 (Chennai - Trib.)**
- 4.106** Subscriber verification penalty paid by assessee to Department of Telecommunications for violation of KYC norms was to be allowed as business expenditure under section 37(1) - **DCIT v. Bharti Hexacom Ltd. - [2025] 181 taxmann.com 550 (Delhi - Trib.)**
- 4.107** Where assessee incurred spectrum usage charges separately from licence fee same would be allowable as revenue expenditure under section 37(1). - **DCIT v. Bharti Hexacom Ltd. - [2025] 181 taxmann.com 550 (Delhi - Trib.)**
- 4.108** Where cooperative sugar factories paid cane price above FRP and in some cases incurred cane development expenditure, Commissioner (Appeals) rightly disallowed only the excess paid exclusively to member growers as profit distribution after benchmarking against non-member rates and balance was allowable as business expenditure under section 37(1) - **Khedut Sahakari Khand Udhdyog Mandli Ltd. v. ITO - [2025] 181 taxmann.com 399 (Surat - Trib.)**

- 4.109** Where co-operative sugar factory paid higher cane price to members than non-members without cost-based justification, any excess paid over statutory price that constitutes profit distribution to members is not allowable under section 37(1) as business expenditure and only commercially justified excess is deductible - **Khedut Sahakari Khand Udhog Mandli Ltd. v. ITO** - [2025] 181 taxmann.com 399 (Surat - Trib.)
- 4.110** Where assessee claimed certain amount as consultancy charges and Assessing Officer disallowed same on ground that assessee did not file any details, since assessee filed certain invoices before Commissioner (Appeals), however, no GST Number was mentioned in invoice and no TDS had been deducted on these consultancy charges, matter was to be remanded back to Assessing Officer for denovo adjudication - **Vinayak Hanumantrao Ghorpade v. Vaishnavi Satish Bankar** - [2025] 181 taxmann.com 383 (Pune - Trib.)
- 4.111** Where assessee claimed sales promotion and travelling expenses, however, sample invoices filed by assessee did not mention any GST or PAN number and further, address of some parties mentioned in invoices were incomplete, disallowance of expenses was justified - **Vinayak Hanumantrao Ghorpade v. Vaishnavi Satish Bankar** - [2025] 181 taxmann.com 383 (Pune - Trib.)
- 4.112** Where assessee, engaged in business of engineering consultant, claimed foreign exchange fluctuation loss, since assessee was following mercantile system of accounting and foreign exchange loss had been accounted as per Accounting Standard 11, same was to be allowed as business expenditure - **Assistant Commissioner of Income-tax v. Lurgi Indian/International Services (P.) Ltd.** - [2025] 181 taxmann.com 13 (Delhi - Trib.)
- 4.113** Where assessee sold leasehold industrial land and paid commission and brokerage to local brokers who were not only negotiating sale price, identifying buyer but also coordinating with SPICOT officials for getting NOC for transfer of leasehold industrial land, entire sum paid by assessee towards commission and brokerage was to be allowed as transfer expenses while computing long-term capital gains - **Matrix Clothing (P.) Ltd. v. ACIT** - [2025] 181 taxmann.com 336 (Delhi - Trib.)
- 4.114** Where assessee, a subsidiary, claimed deduction of ESOP expenditure reimbursed to its Singapore holding company and there was no change in facts from earlier year where such claim was allowed, ESOP expenditure being a cross-charge and not contingent in nature was allowable under section 37 as business expenditure - **Deputy Commissioner of Income-tax v. Flipkart India (P.) Ltd.** - [2025] 181 taxmann.com 334 (Bangalore - Trib.)
- 4.115** Where e-commerce operator incurred heavy losses due to selling goods below cost and Assessing Officer treated discounts as capital expenditure for creating marketing intangibles, enhancing sales price and disallowing such losses, action was incorrect as Act does not permit enhancing declared sale price without evidence or treating discounts as capital outlays, thus losses declared by assessee were to be accepted - **Deputy Commissioner of Income-tax v. Flipkart India (P.) Ltd.** - [2025] 181 taxmann.com 334 (Bangalore - Trib.)
- 4.116** Where assessee paid amount to a school located within business premises, which gave admission preference to employees' children thus serving as staff welfare, such payment constituted allowable business expenditure and disallowance as donation was not justified. - **SRF Ltd. v. ACIT, LTU** - [2025] 181 taxmann.com 403 (Delhi - Trib.)
- 4.117** Where year-end provisions for installation, authorized services and sales commission were disallowed by Assessing Officer, since non-ad hoc provisions, if created on a scientific basis, reversed in succeeding year and not credited to parties' accounts, are allowable as deductions, matter was remanded to Assessing Officer to verify whether provisions were made on a scientific basis and to allow deduction if so established - **Fuji Electric India (P.) Ltd. v. DCIT** - [2025] 181 taxmann.com 421 (Chennai - Trib.)
- 4.118** Where assessee-company paid interest to purchasers on refund of booking advances due to failure to deliver flats within stipulated time, such interest was incurred for business purposes and was allowable as business expenditure under section 37(1) despite non-recognition of project income - **Bengal Omnitech Nirman Ltd. v. ACIT/ ITO** - [2025] 181 taxmann.com 251 (Kolkata - Trib.)
- 4.119** Where assessee, a real estate developer, incurred TDR cost as business expenditure but was denied deduction in both assessment years 2018-19 and 2020-21 due to inconsistent stands by revenue, assessee was entitled to deduction in assessment year 2018-19, as cost was actually incurred for business and revenue could not deny claim in both years - **Essae Suhagraja (P.) Ltd. v. Deputy Commissioner of Income-tax** - [2025] 181 taxmann.com 302 (Bangalore - Trib.)
- 4.120** Where assessee engaged in software development procured hardware and software solely for supply to customers as required under customer contracts, such expenditure constituted revenue expenditure in assessee's hands and could not be treated as capital expenditure, since it did not result in creation of any intangible asset or enduring benefit to assessee - **Assistant Commissioner of Income-tax v. Bahwan Cybertek (P.) Ltd.** - [2025] 181 taxmann.com 231 (Chennai - Trib.)
- 4.121** Where assessee-company reached a settlement with its workers through assistance of labour union and made payment to labour union for facilitating settlement, since necessary nexus had been established by assessee-company between payment so made with its business

4.133 Where assessee's short TDS deduction was due to TRACES technical errors which were corrected with supporting evidence and DRP after verifying facts directed deletion of disallowance under section 40(a)(ia), Assessing Officer was obliged to follow DRP's directions - **Shell India Markets (P.) Ltd. v. Assessment Unit, ITD, NFAC, Delhi - [2025] 181 taxmann.com 307 (Mumbai - Trib.)**

4.134 Where assessee, a general insurance company, paid co-insurance administration fees without deducting TDS and Assessing Officer treated said payment as commission disallowable under section 40(a)(ia), since same issue was already decided in assessee's favour for earlier years, disallowance was not sustainable and was to be deleted. - **Deputy Commissioner of Income-tax v. Tata AIG General Insurance Company Ltd. - [2025] 181 taxmann.com 910 (Mumbai - Trib.)**

SECTION 43B OF THE INCOME-TAX ACT, 1961 - BUSINESS DISALLOWANCE - CERTAIN DEDUCTIONS TO BE ALLOWED ONLY ON ACTUAL PAYMENT

4.135 Where assessee failed to file any evidence of payment of GST payable, Assessing Officer was to be directed to verify whether impugned amount was paid before filing return of income or not, since as per provisions of section 43B, if amount is paid before filing return of income, then it is an allowable deduction - **Vinayak Hanumantrao Ghorpade v. Vaishnavi Satish Bankar - [2025] 181 taxmann.com 383 (Pune - Trib.)**

4.136 Where assessee-company paid certain customs duty under protest during relevant assessment year and offered to tax amount refunded in pursuance thereof in subsequent assessment year, impugned addition made by Assessing Officer by disallowing customs duty under section 43B would lead to double taxation and same was to be deleted - **Keysight Technologies India (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 103 (Delhi - Trib.)**

4.137 Where Assessing Officer recomputed valuation of closing stock by adopting incorrect project area instead of total project area declared by assessee, resulting in addition on account of alleged stock difference, since assessee had computed cost per square foot on basis of total project area, such addition was unsustainable and liable to be deleted - **Bengal Omnitech Nirman Ltd. v. ACIT/ ITO - [2025] 181 taxmann.com 251 (Kolkata - Trib.)**

SECTION 44AA OF THE INCOME-TAX ACT, 1961 - ACCOUNTS, COMPULSORY MAINTENANCE OF

4.138 Where an eligible assessee opting for presumptive taxation under section 44AD is not required to maintain books of account under section 44AA, no penalty under section 271A can be imposed for non-maintenance of books. - **Vallabhbai Bhagvanjibhai Kathiriya Khitadia v. ITO - [2025] 181 taxmann.com 411 (Rajkot - Trib.)**

SECTION 44BB OF THE INCOME-TAX ACT, 1961 - NON-RESIDENTS - BUSINESS FOR PROSPECTING/ EXPLORATION OF MINERAL OIL ETC.

4.139 GST would not form part of gross receipts for purpose of computing income under section 44BB - **Oceaneering International GmbH v. Deputy Commissioner of Income-tax (International Taxation) - [2025] 181 taxmann.com 742 (Mumbai - Trib.)**

SECTION 45 OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - CHARGEABLE AS

4.140 Where registered sale deed evidenced transfer only of land and no building was sold, entire consideration was liable to be taxed as long-term capital gains in hands of assessee-firm and Assessing Officer was not justified in bifurcating consideration between land (LTCG) and building (STCG) - **Vivek Industries v. Income-tax Officer - [2025] 181 taxmann.com 501 (Visakhapatnam - Trib.)**

SECTION 48 OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - COMPUTATION OF

4.141 Where assessee-company acquired shares of an Indian company from its non-resident shareholders and remitted purchase consideration after deducting TDS at rate of 11.54 per cent, since said rate was in consonance with rate prescribed under section 112(1)(c)(iii) and first and second provisions to section 48 relate only to mode of computation of capital gains and not to rate of tax, Assessing Officer was to be directed to verify remittances to non-resident shareholders by applying TDS rate of 11.54 per cent - **Income-tax Officer v. Godrej Agrovet Ltd. - [2025] 181 taxmann.com 631 (Mumbai - Trib.)**

SECTION 54 OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - PROFIT ON SALE OF PROPERTY USED FOR RESIDENCE

4.142 Date of transfer under section 2(47) is date of Agreement to Sell if accompanied by possession, substantial consideration, or enforceable rights and such date governs eligibility for Section 54 exemption. - **Poonam Dhananjay Sandu v. ITO - [2025] 181 taxmann.com 157 (Mumbai - Trib.)**

SECTION 54B OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - TRANSFER OF LAND USED FOR AGRICULTURAL PURPOSES

4.143 Where assessee's claim for deduction under section 54B was disallowed for producing only an unsigned, undated and unregistered draft sale deed and additional evidence relevant to claim was subsequently sought to be filed before Tribunal which would be vital for verifying claim of deduction made by assessee under section 54B, in interest of justice and fair play, additional evidence ought to be admitted - **Kirit Babubhai Jhaveri v. ACIT - [2025] 181 taxmann.com 470 (Surat - Trib.)**

SECTION 54F OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - EXEMPTION OF, IN CASE OF INVESTMENT IN RESIDENTIAL HOUSE

- 4.144** Where assessee's claims for cost of improvement and exemptions under sections 54F and 54B were disallowed or rejected for want of documentary evidence and Commissioner (Appeals) dismissed appeal ex parte without adjudicating issues on merits, such order was unsustainable in law and matter required fresh adjudication after detailed factual examination - **Kirit Babubhai Jhaveri v. ACIT - [2025] 181 taxmann.com 470 (Surat - Trib.)**
- 4.145** Where assessee, after demolishing one house, constructed three independent residential units with separate kitchens and earned rental income therefrom, he was held to own more than one residential house and thus not eligible for deduction under section 54F. - **Ram Kishore Seth v. Income-tax Officer - [2025] 181 taxmann.com 381 (Delhi - Trib.)**
- 4.146** Where assessee sold two plots and invested proceeds in a residential property jointly with spouse and deduction under section 54F was disallowed on basis of stamp duty value mismatch without proper appreciation of facts regarding source of funds and joint ownership, disallowance required reconsideration and matter was rightly remanded for fresh decision - **Anil Hanumant Choudhari v. Income-tax Officer - [2025] 181 taxmann.com 230 (Pune - Trib.)**

SECTION 56 OF THE INCOME-TAX ACT, 1961 - INCOME FROM OTHER SOURCES - CHARGEABLE AS

- 4.147** Where assessee received gift from husband's HUF and claimed exemption treating HUF as 'relative', since HUF cannot qualify as 'relative' for individual donee under section 56, exemption under section 56 was not allowable; however, issue of exemption under section 10(2) required reconsideration as per facts and was remanded for such examination - **Seema Sureka v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 220 (Kolkata - Trib.)**
- 4.148** Where assessee received his share on sale of a jointly held immovable property, established ownership and receipt of consideration was through registered documents and invested capital gains within statutory periods, treatment of receipt as unexplained income under section 56 was unsustainable and denial of deductions under sections 54 and 54EC was unfounded, making addition under section 56 liable to be deleted. - **Rajsheel Jitendra Patel v. Income-tax Officer (International Taxation) - [2025] 181 taxmann.com 219 (Ahmedabad - Trib.)**
- 4.149** Where assessee received gifts by cheque from first cousin and family friend in connection with his marriage though credited to account days after wedding, such gifts

were held to be received on occasion of marriage and covered by exemption under proviso to section 56(2)(vii), as viewing credit date strictly ignores practical realities. - **Dhruv Sanjay Gupta v. Joint Commissioner of Income-tax - [2025] 181 taxmann.com 233 (Mumbai - Trib.)**

- 4.150** Where assessee received gift of certain amount from an HUF of which he was a member, but had not furnished affidavit confirming acceptance of gift nor bank statements/income-tax returns of donor and donee, matter was to be remanded to Assessing Officer for proper adjudication after due investigation and verification in respect of gift amount - **Kunal Rajendra Mashru v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 31 (Rajkot - Trib.)**
- 4.151** Where assessee had entered into redevelopment agreement whereby he surrendered right in property admeasuring 623 sq.ft. vide agreement dated 23-10-2010 and in exchange received 961 sq.ft., no addition could be made under section 56(2)(vii) even if consideration paid by way of surrender of old flat measuring 623 sq.ft. was less than value of new area of 961 sq.ft. acquired by assessee - **Laxman Kanaiyalal Dharmani v. Income-tax Officer - [2025] 181 taxmann.com 415 (Mumbai - Trib.)**
- 4.152** Where assessee-company, on account of its shares having been acquired by a public limited company, became a deemed public limited company within meaning of section 2(18), provisions of section 56(2)(viib) were not applicable to issue of shares and, therefore, addition made thereunder on alleged excess share premium was to be deleted - **Asirvad Micro Finance Ltd. v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 509 (Chennai - Trib.)**
- 4.153** Where allotment letter issued for purchase of a flat fixed consideration and payment schedule, conferred enforceable and exclusive rights and part consideration was paid by account-payee cheque, such letter constituted a valid agreement for purposes of proviso to section 56(2)(vii)(b); consequently, no addition was warranted on account of difference between agreement value and stamp duty value - **Raghavendra Ramakrishna Naik v. Income Tax Officer - [2025] 181 taxmann.com 663 (Mumbai - Trib.)**

SECTION 68 OF THE INCOME-TAX ACT, 1961 - CASH CREDIT

- 4.154** Where assessment under section 153A for an unabated year involved unsecured loans but no incriminating material relating to alleged cash credits was found during search, no addition under section 68 could be made and entire addition was liable to be deleted - **Adhyatm Jain v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 463 (Lucknow - Trib.)**

Officer was rightly confirmed - **Gopaljee Prasad v. DC/AC - [2025] 181 taxmann.com 573 (Patna - Trib.)**

Vallabhbhai Bhagvanjibhai Kathiriya Khitadia v. ITO - [2025] 181 taxmann.com 411 (Rajkot - Trib.)

SECTION 69A OF THE INCOME-TAX ACT, 1961 - UNEXPLAINED MONEYS

- 4.179** Where, in course of search operation, a pair of diamond bangles purchased from a third party was found and assessee furnished purchase bill valuing bangles at ₹,18.72 lakh, addition made under section 69A solely on basis of statement of an employee of said third party, without any corroborative material, was not sustainable - **Amit Jatia v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 472 (Mumbai - Trib.)**
- 4.180** Where, on basis of search conducted in case of a third party, Assessing Officer concluded that assessee had paid cash over and above cheque payment towards purchase of jewellery and made addition under section 69A, but except solitary statement of a third-party employee no material was brought on record to establish such cash payment, addition being based on conjecture and surmises, without supporting evidence, was liable to be deleted - **Amit Jatia v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 472 (Mumbai - Trib.)**
- 4.181** Where best judgment assessment of a non-filer housewife treated term deposits of ₹,15.33 lakh as ₹,15.33 crore, additional evidence correcting quantum went to root of matter; delay in appeal was condonable and matter required remand for de novo assessment - **Savita Devi v. Income-tax Officer - [2025] 181 taxmann.com 418 (Patna - Trib.)**
- 4.182** Where assessee was taxed on foreign bank account deposits based only on BUP IDs reflected in base note and internal identifiers, since such IDs were not separate accounts, peak balance was already assessed in late Dhirubhai Ambani's hands and no independent material supported additions under section 69A, additions made on substantive or protective basis were unsustainable. - **Deputy Commissioner of Income-tax v. Anil Dhirajlal Ambani - [2025] 181 taxmann.com 548 (Mumbai - Trib.)**
- 4.183** Where a retail jeweller deposited significant cash during demonetization, explaining source as opening cash balance from recorded sales and receipts and supported by cash book extracts and sales bills, addition under section 69A as unexplained money was not sustainable since cash deposits were backed by proper books and supporting documents, warranting deletion of addition - **Ms. Lalitha Padmaja Thallapalli v. Income-tax Officer - [2025] 181 taxmann.com 369 (Hyderabad - Trib.)**
- 4.184** Where for assessment year 2015-16, notice under section 148 was required to be issued on or before 31-03-2019 but Assessing Officer issued notice after 01-04-2021 same was invalid and, consequently, assessment order based thereon was liable to be quashed. - **Vallabhbhai Bhagvanjibhai Kathiriya Khitadia v. ITO - [2025] 181 taxmann.com 411 (Rajkot - Trib.)**
- 4.185** Where assessee established that cash deposited during demonetization was sourced from earlier withdrawals, refundable security deposits and sale consideration under a joint development agreement, addition under section 69A was to be deleted. - **Ram Kishore Seth v. Income-tax Officer - [2025] 181 taxmann.com 381 (Delhi - Trib.)**
- 4.186** Where during demonetization period, assessee deposited certain amount in her bank account and explained that source for cash deposits was out of accumulated income earned from her business activity of running tuition classes from past several years, since assessee could not explain source for cash deposit with known source of income and also with relevant supporting evidences, addition made by Assessing Officer towards cash deposit under section 69A was to be upheld - **Smt. Sangeeta Yadav v. Income-tax Officer - [2025] 180 taxmann.com 874 (Hyderabad - Trib.)**
- 4.187** Where cash-in-hand was duly recorded in regular books of account of assessee and its group companies and Assessing Officer himself acknowledged such recording, absence of corresponding physical cash during search could not render same unexplained and addition made under section 69A read with section 115BBE was rightly deleted - **Deputy Commissioner of Income-tax v. Ace Infracity Developers (P.) Ltd. - [2025] 181 taxmann.com 63 (Delhi - Trib.)**
- 4.188** Where assessee, a teacher undertaking contract work, deposited cash explained as contract income, agricultural land sale, wife's withdrawals and wedding gifts, with Assessing Officer accepting only land and wife's account sources and treating other sources as unexplained despite complete evidentiary details provided, such addition under section 69A was not sustainable in absence of cogent rebuttal of assessee's evidence. - **Manubhai Dahyabhai Bhoi v. Income-tax Officer - [2025] 181 taxmann.com 234 (Ahmedabad - Trib.)**
- 4.189** Where Assessing Officer added estimated gross profit on alleged excess gold and silver stock surrendered during survey without substantiating existence of unexplained stock and failed to disprove explanations from repair, remodeling register and available purchase vouchers, addition of estimated gross profit on such unproved excess stock was not sustainable - **Subhash Kumar Aahi v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 757 (Jabalpur - Trib.)**
- 4.190** Where during survey, excess cash found was explained by assessee as withdrawn from bank in three instalments before survey but not posted in cash book and evidence of such withdrawals was submitted with no finding of cash being spent elsewhere, addition made for unexplained cash was unjustified and liable to be deleted

- **Subhash Kumar Aahi v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 757 (Jabalpur - Trib.)**

- 4.191** Where jeweller surrendered excess gold stock in survey but later explained excess arose from customers' jewellery for repair and remodeling and separate receipt books and registers for such items were found and corroborated by employee's statement, explanation could not be disregarded and addition for unaccounted stock without considering repair and remodeling register was unsustainable - **Subhash Kumar Aahi v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 757 (Jabalpur - Trib.)**

SECTION 69B OF THE INCOME-TAX ACT, 1961 - UNDISCLOSED INVESTMENTS

- 4.192** Where assessee purchased a shop with an existing three-storey structure and claimed recorded renovation expenses, but Assessing Officer made addition based on valuer's report which failed to segregate old construction and actual renovation and since purchase bills for furniture supported lower expenses, addition as unexplained investment was unsustainable, especially as property purchase and renovation spanned separate years - **Subhash Kumar Aahi v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 757 (Jabalpur - Trib.)**
- 4.193** Where survey on a jeweller led to surrender of excess silver jewellery but purchase vouchers for such silver were found during survey and Assessing Officer did not dispute authenticity of these purchases or allege they were from undisclosed income, addition for alleged excess jewellery was not justified and was to be deleted - **Subhash Kumar Aahi v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 757 (Jabalpur - Trib.)**

- 4.194** Where assessee-company received notice under section 153C and addition was made on account of bogus purchases and same was under challenge before Commissioner (Appeals), initiation of proceedings under section 263 by Principal Commissioner on same issue was bad in law - **Vaksons Metaplast (P.) Ltd. v. Principal Commissioner of Income-tax (Central) - [2025] 181 taxmann.com 410 (Delhi - Trib.)**

SECTION 69C OF THE INCOME-TAX ACT, 1961 - UNEXPLAINED EXPENDITURE

- 4.195** Where assessee made purchases from a company which was alleged to be engaged in providing bogus sales bills, since assessee had submitted all bills with transport receipt and payment was made by account payee cheque and purchases were consequent to sales which was not disputed, addition could not be made in hands of assessee under section 69C - **Durga Prasad Sharma v. Income-tax Officer - [2025] 181 taxmann.com 224 (Jaipur - Trib.)**

- 4.196** Where Assessing Officer made addition under section 69C in respect of bogus purchases, since Assessing Officer's whole case was based on suspicion arising out of blank letter heads found during search which were dumb documents, making any addition on basis of said documents in assessment completed under section 153A read with section 143(3) was not justified - **RG Home Furnishing (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 72 (Delhi - Trib.)**

- 4.197** Where Assessing Officer made an addition under section 69C on ground that during a search conducted in case of a third party a draft agreement was found which showed that assessee had purchased a property and paid Rs. 1.01 crore in cash to vendors but same was not disclosed in books of account and ROI, since said draft agreement to sell found was undated and unsigned and assessee had furnished complete details of all payments made to vendors on account of purchase of property by cheques, impugned addition made under section 69C was to be deleted - **News Builders and Developers (P.) Ltd. v. Income-tax Officer - [2025] 181 taxmann.com 71 (Delhi - Trib.)**

SECTION 70 OF THE INCOME-TAX ACT, 1961 - LOSSES - SET OFF OF FROM ONE SOURCE AGAINST INCOME FROM ANOTHER SOURCES UNDER SAME HEAD OF INCOME

- 4.198** Section 70 does not provide any hierarchy for set-off of losses and, thus, assessee's method of first setting off short-term capital loss against non-STT gains taxable at thirty per cent and then applying balance against STT gains taxable at fifteen per cent was entirely consistent with wording of section 70(2) - **Florida Retirement System v. Assistant Commissioner of Income-tax (INTERNATIONAL TAX)-2(3)(1) - [2025] 181 taxmann.com 232 (Mumbai - Trib.)**

SECTION 79 OF THE INCOME-TAX ACT, 1961 - LOSSES - CARRY FORWARD AND SET OFF OF, IN CASE OF CERTAIN COMPANIES

- 4.199** Where Assessing Officer invoking provisions of section 79 denied carry forward of losses on ground that there was substantial change in shareholding, since post amalgamation, ultimate beneficial ownership of assessee-company remained consistent, Commissioner (Appeals) rightly allowed claim of assessee - **Assistant Commissioner of Income-tax v. Lurgi Indian/International Services (P.) Ltd. - [2025] 181 taxmann.com 13 (Delhi - Trib.)**

SECTION 80C OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS - LIFE INSURANCE PREMIA, CONTRIBUTION TO PROVIDENT FUND, ETC.

- 4.200** Where assessee claimed deduction of Rs. 1.50 lakhs under section 80C for housing loan, however, he had not proved by documentary evidence that he had taken housing loan, impugned addition was to be upheld -

Ltd. - [2025] 181 taxmann.com 468 (Ahmedabad - Trib.)

- 4.211** Where delay in filing return was solely due to technical glitches and statutory audit report and employment audit report were filed within prescribed time, appellate authority rightly allowed employment generation deduction and CPC's denial merely on account of delay was unsustainable - **Cummins India Ltd. v. ACIT - [2025] 181 taxmann.com 330 (Pune - Trib.)**
- 4.212** Where assessee engaged in processing and export of frozen vegetables and fruits claimed deduction under section 80JJAA for additional employee cost, but most employees had worked less than 240 days in year and entire claim was disallowed without verification, matter was to be remanded to allow deduction only for those employees who satisfied the statutory condition of 240 days - **Innovative Cuisine (P.) Ltd. v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 14 (Ahmedabad - Trib.)**
- 4.213** Where assessee claimed deduction under section 80JJAA for additional employee cost, with Form 10DA showing current-year 30 percent deduction and also eligibility for an additional 30 percent relating to prior year, factual verification was needed, so Assessing Officer was directed to verify and re-quantify deduction for claim under section 80JJAA - **Dodia Dairy Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 178 (Hyderabad - Trib.)**

SECTION 80P OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS - INCOME OF CO-OPERATIVE SOCIETIES

- 4.214** Where Principal Commissioner's revisionary order directing denial of deduction under section 80P(2)(d) had already been quashed by Tribunal and such decision was affirmed by High Court, Commissioner (Appeals) rightly deleted addition pertaining to section 80P(2)(d) - **ACIT v. Kutch District Co-operative Milk Producers Union Ltd. - [2025] 181 taxmann.com 119 (Rajkot - Trib.)**
- 4.215** Where assessee, co-operative society, claimed deduction under section 80P(2)(d) on interest income and dividend income from investments with co-operative banks and Assessing Officer denied same citing section 80P(4) restrictions, since co-operative bank was itself a co-operative society, deduction under section 80P(2)(d) was to be allowed - **Deputy Commissioner of Income-tax v. Pursottam Farmers Co-op. Cotton Grnning and Pressing Soc. Ltd. - [2025] 181 taxmann.com 121 (Surat - Trib.)**
- 4.216** Where assessee-co-operative society earned interest income on fixed deposit kept with co-operative bank, assessee would be eligible for deduction under section 80P(2)(d) on said interest income - **Deputy Commissioner of Income-tax v. Bardoli Vibhag Gram Vikas Co-op. Society Ltd. - [2025] 181 taxmann.com 117 (Surat - Trib.)**

- 4.217** Where a co-operative society earned interest income from investments with banks made due to statutory compulsion under Karnataka Co-operative Societies Act, such interest qualified for deduction under Section 80P, but if investments were not for statutory requirements and interest was taxed as 'Income from Other Sources', deduction of corresponding expenses under Section 57 would be granted. - **Saunshi Urban Co-op Credit Society Ltd. v. Income-tax Officer - [2025] 181 taxmann.com 97 (Bangalore - Trib.)**
- 4.218** Where assessee-society did not hold a valid banking license issued by Reserve Bank of India, it would not be hit by provisions of section 80P(4) and would be eligible to claim deduction under section 80P(2)(d) in respect of interest income earned from co-operative banks - **Saunshi Urban Co-op Credit Society Ltd. v. Income-tax Officer - [2025] 181 taxmann.com 97 (Bangalore - Trib.)**
- 4.219** Where assessee-society, made investment in co-operative bank, since said co-operative bank was a co-operative society duly registered under Gujarat Co-operative Societies Act, 1961, assessee would be eligible for deduction under section 80P(2)(d) on income earned from said investment - **Vihan Vibhag Credit Co-operative Society Ltd. v. Income-tax Officer - [2025] 181 taxmann.com 398 (Surat - Trib.)**

SECTION 90 OF THE INCOME-TAX ACT, 1961 - DOUBLE TAXATION RELIEF - WHERE AGREEMENT EXISTS

- 4.220** Where assessee, resident in India, claimed foreign tax credit for salary taxed in both India and USA but filed Form 67 after due date, since filing of Form 67 is a procedural/directory requirement and Form 67 was already available with Assessing Officer at time of processing return under section 143(1), Assessing Officer was to be directed to allow FTC after due verification of Form 67 in accordance with law - **Kumar Gaurav Sharma v. Income-tax Officer - [2025] 181 taxmann.com 294 (Pune - Trib.)**
- 4.221** Foreign Tax Credit (FTC) cannot be denied for delay in filing Form-67 as filing of Form-67 is merely a procedural requirement - **Mekala Rakesh Reddy v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 688 (Hyderabad - Trib.)**
- 4.222** Where assessee claimed foreign tax credit in return of income and furnished Form No. 67 along with copy of return filed in Singapore and proof of tax paid therein within time permitted under section 139(4), assessee was entitled to double taxation relief under section 90/91 - **Deputy Commissioner of Income-tax v. Malvinder Mohan Singh - [2025] 181 taxmann.com 495 (Delhi - Trib.)**

SECTION 92 OF THE INCOME-TAX ACT, 1961 - TRANSFER PRICING - GENERAL

Where assessee, a dairy company, claimed deduction under section 80IB on profits from inter-unit transfer of chilled milk

mark-up and TPO recharacterised such recoveries as support services and applied a margin without carrying out a proper functional, asset and risk analysis or transparent benchmarking, issue of mark-up on recoveries required fresh examination to determine whether recoveries constituted pass-through items and, if not, appropriate arm's length benchmarking - **Shell India Markets (P.) Ltd. v. Assessment Unit, ITD, NFAC, Delhi - [2025] 181 taxmann.com 307 (Mumbai - Trib.)**

4.235 Where assessee, a low-risk captive entity providing IT-enabled and software development services to AEs from Bengaluru, offered a 12 per cent mark-up under TNMM, but TPO/DRP relied on non-current comparables and modified filters without undertaking a fresh contemporaneous search, transfer pricing adjustment was to be set aside and matter restored for fresh adjudication using current-year data in accordance with rule 10B read with rule 10CA - **Shell India Markets (P.) Ltd. v. Assessment Unit, ITD, NFAC, Delhi - [2025] 181 taxmann.com 307 (Mumbai - Trib.)**

4.236 Where assessee benchmarked royalty paid to its AE under TNMM as part of manufacturing activity, separate benchmarking of royalty and upward adjustment made by TPO was unsustainable - **Cummins India Ltd. v. ACIT - [2025] 181 taxmann.com 330 (Pune - Trib.)**

4.237 Where assessee had extended loan to its AE and charged interest at rate of 3.55 per cent on said loan, since rate adopted by assessee was on basis of Jordan Central Bank rate, interest charged by assessee from its AE on loan advanced at rate of 3.55 per cent was to be accepted to be at ALP - **Matrix Clothing (P.) Ltd. v. ACIT - [2025] 181 taxmann.com 336 (Delhi - Trib.)**

4.238 Where assessee incurred certain expenses on account of SBLC charges for SBLC provided on behalf of its AE and benchmarked said transaction using 'Other Method' determining ALP at nil, since entire amount on account of SBLC was recovered by assessee from its AE on cost to cost basis, benchmarking adopted by assessee was to be accepted as ALP - **Matrix Clothing (P.) Ltd. v. ACIT - [2025] 181 taxmann.com 336 (Delhi - Trib.)**

4.239 Where TPO denied working capital adjustment on ground that assessee failed to demonstrate that working capital differences impacted its profits and treated overdue AE receivables as a separate international transaction, since comparables were selected by TPO, it was duty of TPO to demonstrate that no adjustment with respect to working capital was required; accordingly, matter was to be remanded to TPO and if such adjustment was allowable, no separate TP adjustment on interest for overdue receivables would survive - **Schneider Electric IT Business India (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 342 (Bangalore - Trib.)**

4.240 Where assessee claimed overhead charges at 1 per cent of contract cost under a production sharing contract

and records showed these were not included in head office expenses, making addition on account of ALP adjustment for such contractual overheads allocated by head office to project office was not justified - **Joshi Technologies International Inc India Projects v. ACIT (Intl Taxn) - [2025] 181 taxmann.com 400 (Ahmedabad - Trib.)**

4.241 Where TPO had accepted assessee's approach of benchmarking using TNMM as MAM in previous assessment years, rule of consistency should be followed and, thus, DRP/TPO had erred in selecting CUP method as MAM for determining ALP for similar transactions - **TDK India (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 409 (Kolkata - Trib.)**

4.242 Corporate guarantee fee charged at rate of 0.25 per cent by assessee from its AEs was at arm's length - **SRF Ltd. v. ACIT, LTU - [2025] 181 taxmann.com 403 (Delhi - Trib.)**

4.243 Where assessee advanced foreign currency loan to its wholly owned subsidiary and charged interest at LIBOR plus appropriate basis points, substantiated by internal CUP in form of Citibank's sanction to same AE at similar rates, benchmarking loan and delayed receivables at LIBOR + 225/250 bps was consistent with arm's length standards - **SRF Ltd. v. ACIT, LTU - [2025] 181 taxmann.com 403 (Delhi - Trib.)**

4.244 A Government undertaking cannot be accepted as comparable to assessee's marketing support services - **SRF Ltd. v. ACIT - [2025] 181 taxmann.com 402 (Delhi - Trib.)**

4.245 Where assessee benchmarked sale of goods to its AEs by adopting internal CUP method supported by reliable internal comparables, rejection of CUP without cogent reasons and application of TNMM by TPO was unwarranted - **SRF Ltd. v. ACIT - [2025] 181 taxmann.com 402 (Delhi - Trib.)**

4.246 Where assessee benchmarked transfer of electricity by its captive power and wind power units using internal CUP based on State Electricity Board tariffs, adoption of averaged SEB and IEX/TNERC rates by TPO was unsustainable - **SRF Ltd. v. ACIT - [2025] 181 taxmann.com 402 (Delhi - Trib.)**

4.247 Where assessee had advanced foreign currency loans to its AEs and charged interest based on LIBOR/EURIBOR plus appropriate mark-up, rejection of such benchmarking and adoption of higher rates by TPO was unwarranted, as LIBOR/EURIBOR constituted proper benchmark for determining arm's length interest on foreign currency loans - **SRF Ltd. v. ACIT - [2025] 181 taxmann.com 402 (Delhi - Trib.)**

4.248 Where assessee provided management support services to AEs, a credit rating / information services company, being functionally dissimilar, was liable to be

excluded from comparables - **SRF Ltd. v. ACIT - [2025] 181 taxmann.com 402 (Delhi - Trib.)**

- 4.249** Where assessee treated software allocation costs recovered from its AEs as pure reimbursements on cost-to-cost basis, imputation of mark-up by TPO was unwarranted - **SRF Ltd. v. ACIT - [2025] 181 taxmann.com 402 (Delhi - Trib.)**
- 4.250** Where assessee, being parent company, issued corporate guarantees on behalf of its wholly owned subsidiaries and charged guarantee fee at 0.25 per cent, following binding Tribunal decisions in assessee's own case holding said rate to be at arm's length, upward adjustment made by TPO/DRP by adopting rate of 0.50 per cent was not sustainable - **SRF Ltd. v. ACIT - [2025] 181 taxmann.com 402 (Delhi - Trib.)**
- 4.251** Where primary international transaction of sale of goods to AEs had been accepted at arm's length after granting working capital adjustment under TNMM, treating outstanding trade receivables as a separate international transaction and making notional interest adjustment thereon was not warranted - **SRF Ltd. v. ACIT - [2025] 181 taxmann.com 402 (Delhi - Trib.)**
- 4.252** Where assessee merely facilitated payment of event-related expenses to third-party vendors on behalf of its AE without rendering any service and recovered amounts on a cost-to-cost basis, such reimbursements did not constitute an international transaction requiring arm's length mark-up or transfer pricing adjustment - **Fuji Electric India (P.) Ltd. v. DCIT - [2025] 181 taxmann.com 421 (Chennai - Trib.)**
- 4.253** A company engaged in global business consulting and IT services solutions could not be held comparable to assessee engaged in software development services - **Assistant Commissioner of Income-tax v. Bahwan Cybertek (P.) Ltd. - [2025] 181 taxmann.com 231 (Chennai - Trib.)**
- 4.254** Where assessee availed management support services from its AE and TPO disallowed a portion of management service charges and determined ALP of international transaction for these services at nil, since TPO had accepted part of management service payment as being at arm's length, which implicitly acknowledged that AE rendered certain managerial and support services to assessee, complete determination of remaining portion of management charges at nil was not sustainable - **EWAC Alloys Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 225 (Mumbai - Trib.)**
- 4.255** Where assessee, a fashion retail joint venture, imported finished goods entirely from its AE without making any value addition and operated purely as a routine distributor bearing routine risks, adoption of RPM as MAM was correct and not TNMM - **Massimo Dutti India (P.) Ltd. v. ACIT - [2025] 181 taxmann.com 289 (Delhi - Trib.)**

- 4.256** Where issue of corporate guarantee fee had been settled in assessee's favour vide orders of Tribunal for previous assessment years, in absence of any change in factual matrix and legal proposition, no adjustment could be made on account of corporate guarantee fee for subsequent assessment year - **Deputy Commissioner of Income-tax v. Alembic Pharmaceuticals Ltd. - [2025] 181 taxmann.com 170 (Ahmedabad - Trib.)**
- 4.257** Where manufacturing unit of assessee was located in backward area of Himachal Pradesh and main incentives granted to assessee were waiver of excise duty and waiver of CST, operating profit margin was to be computed without considering excise duty, sales tax and income-tax - **Balaji Powertronics v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 76 (Delhi - Trib.)**
- 4.258** Where there were certain inconsistencies in respect of margins computed by TPO in order passed under section 92CA in respect of some comparables, issue was to be set aside to file of Assessing Officer/TPO to relook issue of TP adjustment - **Vermeiren India Rehab (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 841 (Hyderabad - Trib.)**
- 4.259** Where management consultancy services availed by assessee formed part of an integrated suite of support functions and benchmarking under other method, corroborated by TNMM, showed margins within arm's-length range, determination of arm's length price at Nil by TPO, without any functional analysis or identification of comparables, was unsustainable - **Kantar Analytics India (P.) Ltd. v. Assistant Commissioner of Income-tax, Circle 1(3)(1), Mumbai - [2025] 180 taxmann.com 843 (Mumbai - Trib.)**

SECTION 92CA OF THE INCOME-TAX ACT, 1961 - TRANSFER PRICING - REFERENCE TO TPO

- 4.260** Where Assessing Officer passed final assessment order for Assessment year 2021-22 in case of assessee on 18-10-2024, since it was a case of reference made under section 92CA, limitation for completing assessment under section 153 was available with Assessing Officer up to 31-12-2023 and, thus, impugned assessment order being beyond limitation period was liable to be quashed - **Ethan Energy India (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 52 (Hyderabad - Trib.)**
- 4.261** Where Assessing Officer made a reference to TPO on 28-01-2022 for assessment year 2019-20, after expiry of limitation period under section 153 on 30-09-2021, assessment order passed under section 143(3) read with section 144B on 28-03-2022 was barred by limitation and liable to be quashed - **CBRE South Asia (P.) Ltd. v. Additional, Joint, Deputy, Assistant Commissioner of Income Tax, National Faceless Assessment Centre, Delhi - [2025] 181 taxmann.com 840 (Delhi - Trib.)**

**SECTION 124 OF THE INCOME-TAX ACT, 1961 -
 ASSESSING OFFICER - JURISDICTION OF**

- 4.273** Where assessee-company had filed its return before Assessing Officer of Ward-1(1)(1), Gujarat, clause (a) of section 124(3) would be applicable and assessee could not question jurisdiction of Assessing Officer after expiry of one month from date of service of notice under section 142(1) or section 143(2) or after completion of assessment, whichever was earlier - **Aashka Hospitality (P) Ltd. v. Income Tax Officer - [2025] 181 taxmann.com 169 (Ahmedabad - Trib.)**

**SECTION 143 OF THE INCOME-TAX ACT, 1961 -
 ASSESSMENT - GENERAL**

- 4.274** Where assessee's return showed NIL GST refund but tax audit report disclosed substantial GST refund not credited to profit and loss account, CPC's prima facie adjustment for mismatch was justified; however, for verification of GST ledger, refund application, related orders and accounting entries, issue was required to be restored for further examination - **BNY Mellon International Operations (India) (P.) Ltd. v. Income-tax Officer - [2025] 181 taxmann.com 222 (Pune - Trib.)**
- 4.275** Where assessee had already disallowed a specific expense in computation and return but CPC made a duplicate disallowance due to a mismatch with the Tax Audit Report, authorities were to verify records to ensure that no duplicate disallowance was made if amount had already been disallowed by assessee - **Shell India Markets (P.) Ltd. v. Assessment Unit, ITD, NFAC, Delhi - [2025] 181 taxmann.com 307 (Mumbai - Trib.)**

**SECTION 144C OF THE INCOME-TAX ACT, 1961 -
 TRANSFER PRICING- DISPUTE RESOLUTION PANEL**

- 4.276** Limitation period for passing final assessment order is to be calculated as per section 153(1) read with section 153(4) and not as per section 144C(13) - **TMEIC Industrial Systems India (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 405 (Hyderabad - Trib.)**
- 4.277** Where reference under section 92CA(1) is made by Assessing Officer to TPO, Limitation for passing final assessment order has to be computed under section 153(1) read with section 153(4) and not under section 144C(13). - **Concentrix Catalyst Technologies (P.) Ltd v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 380 (Hyderabad - Trib.)**
- 4.278** Period of limitation for passing final assessment order by Assessing Officer is to be calculated in accordance with provisions of section 153(1) read with section 153(4) and not as per provisions of section 144C(13) - **Western UP Tollway Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 406 (Hyderabad - Trib.)**

- 4.279** Where final assessment orders were passed beyond one month from end of month in which DRP directions under section 144C(5) were received, there was failure to comply with mandatory time-limit under section 144C(13); hence, impugned assessment orders were barred by limitation and liable to be set aside - **Luminous Power Technologies (P.) Ltd. v. Deputy Director of Income-tax - [2025] 181 taxmann.com 416 (Delhi - Trib.)**

- 4.280** Where for Assessment Year 2020-21 a reference under section 92CA(1) was made by Assessing Officer to TPO, limitation period for completion of assessment under Section 153(1) read with Section 153(4) expired on 30-09-2023 and, thus, final assessment order passed on 25-7-2024 was barred by limitation - **Shakti Hormann (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 689 (Hyderabad - Trib.)**

- 4.281** Where assessee, engaged in manufacturing of mobile phones and printed circuit board assemblies, faced transfer pricing and corporate additions based on an ex parte assessment and Commissioner(Appeals) granted partial relief without referring to or considering remand proceedings and remand report obtained by Assessing Officer pursuant to additional evidence filed earlier, such omission vitiated appellate order, which was therefore required to be set aside and matter remanded to Commissioner(Appeals) for de novo adjudication - **Assistant Commissioner of Income-tax v. Flextronics Technologies India (P.) Ltd. - [2025] 181 taxmann.com 226 (Chennai - Trib.)**

- 4.282** Where TPO's order was barred by limitation and non est in law, assessee ceased to be an eligible assessee under section 144C and final assessment completed beyond time-limit prescribed under section 153 was barred by limitation - **Saint Gobain India (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 788 (Chennai - Trib.)**

**SECTION 145 OF THE INCOME-TAX ACT, 1961 - METHOD
 OF ACCOUNTING - SYSTEM OF ACCOUNTING**

- 4.283** Where assessee, engaged in business of freight forwarding and handling, collected gross amount from customers, retained service charges and balance had to be remitted to airlines or shipping company, merely because gross receipts as per Form 26AS were much higher than income declared by assessee, addition could not be made on account of difference between gross receipt and income declared by assessee unless it was proved that gross receipt was actually for compensation rendered by assessee - **Deputy Commissioner of Income-tax v. MKF Logistics (P.) Ltd. - [2025] 181 taxmann.com 740 (Delhi - Trib.)**
- 4.284** Where assessee-company paid interest on unsecured loans to its directors through current account transactions on day-to-day basis and such interest was comparable with interest paid to other parties, disallowance on ground that interest was excessive and unreasonable was not justified and interest was

allowable under section 36(1)(iii) - **Bengal Omnitech Nirman Ltd. v. ACIT/ ITO - [2025] 181 taxmann.com 251 (Kolkata - Trib.)**

4.285 Where difference in reported sales turnover in ITR and TAR was on account of rounding up of figures in lakhs reported in financial statements and ITR, no addition could be made on account of said difference - **Timex Group India Ltd. v. Additional Commissioner of Income-tax - [2025] 181 taxmann.com 100 (Delhi - Trib.)**

4.286 Where assessee engaged in trading of brass items deposited and withdrew cash through business bank accounts and declared income at 2% of such deposits with supporting evidences, but Assessing Officer estimated income at 10%, ends of justice would be met by adopting net profit rate of 3% on total cash deposits. - **Vallabhbai Bhagvanjibhai Kathiriya Khitadia v. ITO - [2025] 181 taxmann.com 411 (Rajkot - Trib.)**

SECTION 147 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - GENERAL

4.287 Where assessee, a non-resident, had not filed its return for year and Assessing Officer issued a reopening notice under section 148A(b) from office of ITO, Ward-1(1), Thane, whereas jurisdiction over assessee vested with ITO (International Taxation), Ward-4(2)(1), Mumbai, notice issued by ITO, Ward-1(1), Thane was without jurisdiction - **Haseeb Mohammed Iqbal Shaikh v. Income-tax Officer(International Taxation) - [2025] 181 taxmann.com 3 (Mumbai - Trib.)**

SECTION 148A OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - CONDUCTING INQUIRY, PROVIDING OPPORTUNITY BEFORE ISSUE OF NOTICE UNDER SECTION 148

4.288 Where assessee received reassessment notice under section 148 and order under section 148A after 29-03-2022 from Jurisdictional Assessing Officer instead of faceless NFAC mechanism as required by section 151A, such notices and consequent orders were liable to be set aside. - **Abdul Kani Kareem v. Income-tax Officer - [2025] 181 taxmann.com 62 (Chennai - Trib.)**

SECTION 149 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - TIME LIMIT FOR ISSUANCE OF NOTICE

4.289 Where reopening of assessment was challenged as time-barred under section 149 and below statutory threshold, Assessing Officer was to be directed to examine evidence and drop proceedings if conditions of section 149 were not satisfied - **Savita Devi v. Income-tax Officer - [2025] 181 taxmann.com 418 (Patna - Trib.)**

SECTION 151 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - SANCTION FOR ISSUE OF NOTICE

4.290 Where notice under section 148 was issued after three years from end of relevant assessment year but sanction for order under section 148A(d) and notice under section 148 was obtained from Principal Commissioner instead of requisite Principal Chief Commissioner as mandated by section 151(ii), notice and reassessment proceedings were legally invalid and quashed - **Imran Majeed v. Income-tax Officer - [2025] 181 taxmann.com 53 (Amritsar - Trib.)**

4.291 Where notice under section 148 was issued beyond three years from end of relevant assessment year and sanction was obtained from Principal Commissioner instead of Principal Chief Commissioner who is Competent Authority, notice under section 148 along with assessment order was void ab initio and liable to be quashed - **Paresh Hiralal Shah v. Income-tax Officer - [2025] 181 taxmann.com 2 (Mumbai - Trib.)**

SECTION 153 OF THE INCOME-TAX ACT, 1961 - ASSESSMENT - TIME LIMIT FOR COMPLETION OF ASSESSMENT

4.292 Where reference under section 92CA was made and final assessment orders under section 143 read with section 144C were passed beyond time limit prescribed under section 153 read with section 92CA and TOLA, such orders were barred by limitation, since sections 144C and 153 are mutually inclusive and section 153 governs outer limitation for completion of assessment - **EPAM Systems India (p.) Ltd. v. Deputy Commissioner of Income-Tax & ACIT - [2025] 181 taxmann.com 11 (Hyderabad - Trib.)**

4.293 Where final assessment order, pursuant to DRP directions and involving transfer pricing adjustment towards interest on outstanding trade receivables, was passed under section 143(3) read with sections 144C and 144B beyond extended time-limit prescribed under section 153(4), such order was barred by limitation and liable to be quashed - **NetCracker Technology Solutions (India) (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 456 (Hyderabad - Trib.)**

4.294 Where final assessment order passed under sections 143(3) read with sections 144C(13) and 144B was beyond upper time limit prescribed under sections 153(1) and 153(4), such order was barred by limitation and liable to be quashed - **ADP (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 547 (Hyderabad - Trib.)**

SECTION 153A OF THE INCOME-TAX ACT, 1961 - SEARCH AND SEIZURE - ASSESSMENT IN CASE OF

4.295 Where seized papers/rukkas showed that assessee acted only as a broker between lenders and borrowers, only brokerage income attributable to finance broking activities could be added as undisclosed income of assessee; addition could not be based on disclosure petition alone unless there was corroborative materials -

Deputy Commissioner of Income-tax v. Sobha Chand Bhansali - [2025] 181 taxmann.com 77 (Kolkata - Trib.)

SECTION 153C OF THE INCOME-TAX ACT, 1961 - SEARCH AND SEIZURE - ASSESSMENT OF ANY OTHER PERSON

4.296 Where search was conducted on a third party and seized material relating to assessee was handed over to assessee's Assessing Officer on 08-09-2022, such date was to be treated as date of initiation of search under section 153C; since initiation was after 01-04-2021, proceedings under section 153C were barred by section 153C(3) and notices issued thereunder were liable to be quashed - **Shanmugasundaram Manoharan v. Dy.CIT - [2025] 181 taxmann.com 786 (Chennai - Trib.)**

SECTION 159 OF THE INCOME-TAX ACT, 1961 - LEGAL REPRESENTATIVES

4.297 Where assessee died during pendency of reassessment proceedings and legal heir duly informed Assessing Officer, reassessment order passed in name of deceased by Assessing Officer suffered from fundamental defect and was a nullity, requiring assessment to be reframed after impleading legal representatives of assessee - **Dasari Sai Annapurna v. Assistant Commissioner of Income-tax - [2025] 181 taxmann.com 511 (Visakhapatnam - Trib.)**

SECTION 194A OF THE INCOME-TAX ACT, 1961 - DEDUCTION OF TAX AT SOURCE - INTEREST OTHER THAN INTEREST ON SECURITIES

4.298 Where assessee-bank paid interest to a political party without deducting TDS and disallowance was made under section 40(a)(ia), since section 194A did not grant any exemption from TDS in respect of political parties and mere exemption of income under section 13A would not dispense with TDS obligation; however, matter was remanded to Assessing Officer to examine applicability of first proviso to section 201(1) and consequential allowability of disallowance - **Deputy Commissioner of Income-tax v. Vijaya Bank - [2025] 181 taxmann.com 382 (Bangalore - Trib.)**

SECTION 194H OF THE INCOME-TAX ACT, 1961 - DEDUCTION OF TAX AT SOURCE - COMMISSION, BROKERAGE, ETC.

4.299 Section 194H is not applicable on discount allowed by assessee, a telecom service provider, to distributors on prepaid instruments - **DCIT v. Bharti Hexacom Ltd. - [2025] 181 taxmann.com 550 (Delhi - Trib.)**

SECTION 194-I OF THE INCOME-TAX ACT, 1961 - DEDUCTION OF TAX AT SOURCE - RENT

4.300 Minimum guarantee fee paid by assessee to hotels/guest houses for shortfall in bookings or loss from lower room tariffs, without any exclusive right to use

rooms, was not rent; hence, Assessing Officer was not justified in invoking section 194-I. - **Oravel Stays Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 155 (Delhi - Trib.)**

SECTION 199 OF THE INCOME-TAX ACT, 1961 - DEDUCTION OF TAX AT SOURCE - CREDIT FOR TAX DEDUCTED

4.301 Where assessee, pursuant to amalgamation, claimed advance tax credit in respect of tax paid by amalgamating company as reflected in its Form 26AS, denial of such credit without verification was unjustified and Assessing Officer was directed to verify relevant challans and Form 26AS and grant credit accordingly - **Shell India Markets (P.) Ltd. v. Assessment Unit, ITD, NFAC, Delhi - [2025] 181 taxmann.com 307 (Mumbai - Trib.)**

4.302 Where assessee claimed TDS and TCS credit in revised return, but Assessing Officer allowed only partial deduction, resulting in short credit, since assessee filed rectification application with Form 26AS and documentation, but they were not acted upon, Assessing Officer was to verify claim and grant proper credit for tax deducted at source as reflected in Form 26AS - **SRF Ltd. v. ACIT, LTU - [2025] 181 taxmann.com 403 (Delhi - Trib.)**

SECTION 201 OF THE INCOME-TAX ACT, 1961 - DEDUCTION OF TAX AT SOURCE - CONSEQUENCE OF FAILURE TO DEDUCT OR PAY

4.303 Where Assessing Officer disallowed certain sum for short deduction of TDS based on CPC data and assessee submitted updated TRACES evidence showing no outstanding default, disallowance was unjustified as assessee duly proved short deduction was rectified and no liability remained - **SRF Ltd. v. ACIT, LTU - [2025] 181 taxmann.com 403 (Delhi - Trib.)**

SECTION 234C OF THE INCOME-TAX ACT, 1961 - INTEREST, CHARGEABLE AS

4.304 Where assessee's returned income was accepted in scrutiny without additions but CPC levied interest under section 234C after processing under section 143(1) and since computation details of interest were not discernible, issue relating to levy of interest under section 234C was required to be verified with reference to returned income and, therefore, matter was remitted to Jurisdictional Assessing Officer for necessary verification and decision - **BNY Mellon International Operations (India) (P.) Ltd. v. Income-tax Officer - [2025] 181 taxmann.com 222 (Pune - Trib.)**

SECTION 244A OF THE INCOME-TAX ACT, 1961 - REFUNDS - INTEREST ON

4.305 Where assessee filed original return within due date claiming TDS/TCS refund and later filed revised return only to claim additional TDS, filing of revised return could

not be treated as delay attributable to assessee and interest under section 244A was required to be granted from beginning of assessment year on refund claimed in original return, with section 244A(1)(a)(ii) applying only to additional TDS claimed in revised return - **Suzlon Gujarat Wind Park Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 714 (Ahmedabad - Trib.)**

4.306 Where refund was issued through a Demand Draft, date of issue of Demand Draft constituted date of grant of refund for purposes of computing interest under section 244A and interest was therefore payable only up to date of issue of Demand Draft and not up to date of its receipt or encashment - **Suzlon Gujarat Wind Park Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 714 (Ahmedabad - Trib.)**

SECTION 250 OF THE INCOME-TAX ACT, 1961 - COMMISSIONER (APPEALS) - PROCEDURE OF

4.307 Where Assessing Officer made addition to income of assessee on account of long term capital gain and Commissioner (Appeals) upheld said addition by calling for remand report from Assessing Officer, since no opportunity of rebuttal of remand report was given to assessee, matter was to be remanded to file of Assessing Officer so as to give one more opportunity to assessee to substantiate his claim and LTCG - **Aashka Hospitality (P) Ltd. v. Income Tax Officer - [2025] 181 taxmann.com 169 (Ahmedabad - Trib.)**

4.308 Where Commissioner (Appeals) dismissed assessee's appeal ex parte for non-prosecution despite issuing multiple notices and assessee contended that adequate opportunity was not granted and sought one more opportunity to plead its case on merit, since principles of natural justice would call for giving another opportunity of hearing to assessee, matter was to be remanded to Commissioner (Appeals) for fresh adjudication - **Coper Co-operative Sugar Ltd. v. Income-tax Officer - [2025] 181 taxmann.com 118 (Surat - Trib.)**

4.309 Where assessee could not file return and comply due to authorised CA's death, leading Assessing Officer to complete assessment based only on information gathered under section 133(6), since assessee submitted voluminous documentary evidence along with a Rule 46A application for admission of additional evidence before Commissioner (Appeals), matter was to be remanded for de novo adjudication after considering all such evidence and granting reasonable opportunity of hearing. - **Imran Majeed v. Income-tax Officer - [2025] 181 taxmann.com 53 (Amritsar - Trib.)**

4.310 Where NFAC dismissed assessee's appeal in limine as infructuous after reassessment order had been revised and set aside under section 263, such dismissal lacked statutory backing and contravened sections 251(1) and 250(6) and, thus, impugned dismissal was to be set aside and matter was to be remanded for de novo adjudication by passing a speaking order - **Sonali**

Mahendra Naik Gaunekar v. Income-tax Officer - [2025] 181 taxmann.com 408 (Panaji - Trib.)

SECTION 263 OF THE INCOME-TAX ACT, 1961 - REVISION - OF ORDERS PREJUDICIAL TO INTEREST OF REVENUE

4.311 PCIT is competent to revise any order if he is of view that order passed by Assessing Officer is erroneous in so far as it is prejudicial to interests of revenue and limitation of powers under sub-section (2) of section 263 are not limited only to original assessment order but any order, including assessment order as well as reassessment order, both of which can be revised as both are separate orders for purpose of Act - **Bhargab Engineering Works v. Principal Commissioner of Income-tax - [2025] 181 taxmann.com 112 (Kolkata - Trib.)**

SECTION 269SS OF THE INCOME-TAX ACT, 1961 - DEPOSITS - MODE OF TAKING /ACCEPTING

4.312 Where assessee received cash towards sale of immovable property, since agreement to sell was entered into prior to amendment to section 269SS with effect from 1-6-2015, there existed reasonable cause under section 273B and, therefore, penalty under section 271D was not leviable - **Hari Krishna Leela Prasad Paladugu v. Income-tax Officer - [2025] 181 taxmann.com 574 (Hyderabad - Trib.)**

SECTION 270A OF THE INCOME-TAX ACT, 1961 - PENALTY FOR UNDER-REPORTING AND MISREPORTING OF INCOME

4.313 Where addition originally made under section 69 was ultimately sustained only as estimated unaccounted business income, penalty under section 270A was not invocable - **Deputy Commissioner of Income-tax v. Jagathrakshakan Srinisha - [2025] 180 taxmann.com 882 (Chennai - Trib.)**

4.314 Where Assessing Officer disallowed deduction claimed by assessee under section 37(1) for keyman insurance premium paid for its director and initiated penalty proceedings under section 270A without specifying relevant sub-clause, since allowability of such premium was held to be allowable under section 37(1) by several judicial precedents, no penalty could have been levied under section 270A - **Essae Suhagraja (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 181 taxmann.com 302 (Bangalore - Trib.)**

4.315 Where assessee, a salaried employee, opted for VRS and originally declared whole income received from company which was matching with Form 24Q filed by employer and subsequently revised return of income with belief that VRS benefits were exempt from tax, since there was no intention to under-report or misreport income and no loss to revenue, penalty under section 270A was to be deleted - **Ajay Pal Singh v. Income Tax Officer - [2025] 181 taxmann.com 228 (Delhi - Trib.)**

**SECTION 271(1)(c) OF THE INCOME-TAX ACT, 1961 -
PENALTY - FOR CONCEALMENT OF INCOME**

4.316 Where disallowance of provisions for gratuity, leave encashment and donation made in assessment was due to inadvertent omission in computation not reflected in tax audit report but fully disclosed in audited accounts and tax audit report and assessee accepted disallowance without appeal, penalty for furnishing inaccurate particulars was not justified as no concealment of income was established, thus penalty was to be deleted. - *Stepathlon Lifestyle (P.) Ltd. v. Deputy Commissioner of Income-tax* - [2025] 181 taxmann.com 4 (Mumbai - Trib.)

4.317 Where penalty under section 271(1)(c) was imposed consequent to an assessment which itself was set aside, such penalty could not survive independently and delay in filing appeal, owing to assessee being out of country, was liable to be condoned with restoration of penalty proceedings for fresh consideration in accordance with law - *Prasanth Puttamareddy v. Income-tax Officer* - [2025] 181 taxmann.com 460 (Hyderabad - Trib.)

**SECTION 271AAB OF THE INCOME-TAX ACT, 1961 -
PENALTY WHERE SEARCH HAS BEEN INITIATED**

4.318 Where assessee declared additional income in return filed in response to notice under section 153A and such additional income comprised taxable portion of life-insurance maturity proceeds and bank interest, there was no 'undisclosed income' as defined under section 271AAB; accordingly, penalty under section 271AAB

was not imposable - *Arvind Kumar Jain v. Deputy Commissioner of Income-tax* - [2025] 181 taxmann.com 249 (Indore - Trib.)

**5. APPELLATE TRIBUNAL
SAFEMA****SECTION 2(9) OF THE PROHIBITION OF BENAMI
PROPERTY TRANSACTIONS ACT, 1988 - DEFINITIONS**

5.1 Where jewellery was provisionally attached and attachment was confirmed in benami proceedings against companies that were already struck off and such jewellery did not belong to those companies, no interference with order confirming provisional attachment was warranted - *Dagger Commercial (P.) Ltd. v. Initiating Officer, (BPU), Kolkata* - [2025] 181 taxmann.com 255 (SAFEMA - New Delhi)

5.2 Where an under-construction property was purchased in name of a company (DCPL) using funds routed through RDPL from shell entities and DCPL neither allotted shares to RDPL nor executed any loan agreement, causing RDPL's advances to become time-barred, shareholders/directors who took over DCPL indirectly became beneficial owners of property; hence, transaction was a benami transaction within section 2(9)(A) - *Deputy Commissioner of Income-tax v. Dhanrishi Commosales (P.) Ltd.* - [2025] 181 taxmann.com 9 (SAFEMA - New Delhi)

Lineal ascendant or lineal descendant meaning



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The present article deals with the meaning of “lineal ascendant” or “lineal descendant” which is commonly used in various laws. It is particularly to be noted that in relation to the Income Tax Act, 1961 the provisions of Section 56 which are contained under the heading “income from other sources” and Section 56(2) in several sub-clauses uses the aforesaid term “lineal descendant” or “lineal ascendant” for the purpose of exempting gifts which are received by a person from his/her lineal descendant/lineal ascendant and thus it is important to understand as to what is the meaning of these terms.

Ordinarily lineal descent is defined as the descent of an estate from ancestor to heir in a right line. When lineal descent and lineal descendant are read together ‘lineal descendant’ means descendant in the right line as from father to son etc., without any deviation.

In the Oxford English Dictionary, Vol. III, a ‘descendant’ is defined as one who ‘descends’ or is descended from an ancestor; issue, offspring (in any degree near or remote).

The idea of right line without any deviation seems to be absent from the dictionary meaning of the word ‘descendant’. So, when the law speaks of ‘lineal descendant’, the intention is that a person must be descended in a right line without any deviation as from father to son, grandson, great grandson and so on. Ordinarily lineal descendant is taken to mean descent from male line of the family.

A question arises whether descent can be said to be lineal if it goes from mother to daughter and granddaughter and great granddaughter, or from father to daughter, father to daughter’s daughter and so on.

It is relevant in this regard to note that Section 25 of the Indian Succession Act, 1925 defines “lineal consanguinity”, while Section 26 defines “collateral consanguinity”.

(i) Section 25 of the Indian Succession Act reads as under:

“25. *Lineal consanguinity* –

(1) *Linear consanguinity is that which subsists between two persons, one of whom is descended in a direct line from the other, as between a man and his father, grandfather and great-grandfather and so upwards in the direct ascending line; or between a man and his son, grandson, great-grandson and so downwards in the direct descending line.*

(2) *Every generation constitutes a degree, either ascending or descending.*

(3) *A person’s father is related to him in the first degree and so likewise is his son; his grandfather and grandson in the second degree; his great-grandfather and great-grandson in the third degree and so on.”*

(ii) It is also relevant in this regard to note the provisions of Section 24 of the Act which defines kindred or consanguinity as the connection or relation of persons descended from the same stock or common ancestor.

(iii) In the light of aforesaid provisions it is clear that in order to have lineal consanguinity two persons must be descended or ascended from the same stock or common ancestor. The same stock or common ancestor has not been specified to be in the male line only and thus in order to determine the same stock or common ancestor whether one can take the help of male as well as female line is a question.

Whether a person's son, grandson, great-grandson or a person's daughter, granddaughter, great-granddaughter notwithstanding whether that person is a male or female, will mean descended from the same stock or common ancestor, is an issue which is of importance.

(iv) In so far as Section 26 of the Indian Succession Act is concerned, the same reads as under:

“26. *Collateral consanguinity* –

(1) *collateral consanguinity is that which subsists between two persons, who are descended from the same stock or ancestor, but neither of whom is descended in a direct line from the other.*

(2) *For the purpose of ascertaining in what degree of kindred any collateral relative stands to a person deceased, it is necessary to reckon upwards from the person deceased to the common stock and then downwards to the collateral relative, a degree being allowed for each person, both ascending and descending.”*

(v) Where the descent is by lineal consanguinity, one may call it a lineal descent and the person, so descending is a lineal descendant. But where the relationship is by collateral consanguinity, he may be a descendant to the other, but he cannot be said to be lineally descended. This is the distinction between “lineal descendant” and the “descendant”.

The aforesaid issue arose before the Hon'ble Rajasthan High Court in the case of **Commissioner of Income Tax, Delhi, Admer, Rajasthan and Madhya Bharat Vs. Dhannalal Devilal**, reported in (1956) 29 ITR 165 (Raj) where the question arose whether a son or a grandson is a 'lineal descendant' of his mother or grand-mother respectively. In that context the Hon'ble Judges referred to Wharton's Law Lexicon (14th Edition) where 'lineal consanguinity' was defined as that relationship which subsists between persons descended in a right line, as grandfather, father, son, grandson. The Hon'ble Judges in that case held that a son or a grandson can be said to be lineal descendant of his mother or grandmother respectively and negated the decision of the Learned Appellate Tribunal where the Learned Tribunal had held that even though a son is the descendant of the mother but the grandson is not descendant because in the opinion of the Learned Members of the Tribunal the privilege under the Hindu Law is given only to a male and minor son cannot be said to be lineal descendant of the mother or grandmother although they might be descendants of the mother or the grandmother.

It is also appropriate in this regard to refer to Privy Council decision in the case of **Bhimanath Missir and others Vs. Smt. Tara Dai and others**, 1929 SCC online PC 34 where the Privy Council was seized of a situation regarding inheritance by a daughter from her father and in that context Their Lordships held that the term 'lineal descendant' included all descendants male and female (married and unmarried).

It is also relevant to note that the word 'lineal descendant' has not been defined in the Indian Succession Act, 1925 and therefore reference may be made to other sources like Black's Law Dictionary where in 6th edition at page 239 the meaning of 'lineal descendant' has been given and which would mean a person in the direct line of descent such as a child or grandchild as contrasted with a collateral descendent such as a niece. The meaning of the word 'descendant' has been given in the same edition at page 445, which means those persons who are in the blood stream of the ancestor and further it means those descended from another, persons who proceed from a body of another such as a child or grandchild, to the remotest degree. Thereafter on the same page classification of descents has been mentioned in the dictionary as follows:

“Descents are of two sorts, lineal and collateral. Lineal descent is descent in a direct or right line, as from father or grandfather to son or grandson. Collateral descent is descent in a collateral or oblique line, this is, upto the common ancestor and then down from him, as from brother to brother or between cousins.”

Thus in the light of aforesaid the lineal descendent or lineal ascendent will cover only those relationship which arises from same stock or common ancestor and hence it will cover relationship from father to son, grandson and so on as well as from mother to son, grandson and so on as well as from mother to daughter though will not include mother to daughter's daughter because daughter's daughter will not mean common ancestor from the male line. Similar will be the situation in the case of father to daughter and father to daughter's daughter. In both these situations lineality will break and cannot be covered within the meaning of lineal descendent though it will be covered within the meaning of 'descent' but not lineally descent.

Thus whether father/mother to daughter and father/mother to daughter's daughter and so on be lineally descended or not is subject matter of doubt because the father/mother's daughter's daughter will lead to the family of husband of the daughter coming into the situation which will break the lineality and father/mother's daughter's daughter cannot be covered within the meaning of lineal descendant.

This is the way the lineal descendent and lineal ascendent has to be interpreted for the purposes of various laws. The Income-tax Act, 1961 doesn't define these terms and therefore the succession laws as well as judicial interpretations will be of immense importance. In so far as Income-tax Act, 2025 is concerned, Section 92 is the corresponding section to Section 56 of the 1961 Act and the said Section 92 while including Lineal ascendant specifically refers to maternal as well as paternal, though the same is not done while referring to Lineal descendant. Thus, while the above situation is specifically covered in the Income-tax Act, 1925 but the reason for not referring to maternal and paternal while referring to Lineal descendant is not understood. Litigation is not ruled out in relation to this and only judicial interpretations will settle the issue.

Hope this article will be useful for readers.

Disclaimer - This is a personal view and readers are advised to take independent opinion in this regard

~ A new calendar year reminds every professional that excellence is not achieved overnight, but through disciplined effort every single day.

Faceless Assessment: An Administrative Guideline or a Jurisdictional Mandate



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Indian tax administration faces an unprecedented interpretive crisis. Courts disagree on whether faceless assessment is a binding jurisdictional mandate or merely administrative guidance—a distinction that determines the validity of thousands of reassessment proceedings. The majority view treats NFAC's exclusive authority as non-negotiable; the minority preserves traditional JAO powers through concurrent jurisdiction theory. This split affects strategic litigation choices and outcomes. Without Supreme Court intervention, taxpayers in Maharashtra face different legal realities than those in Delhi, undermining the scheme's foundational promise of uniformity. The need for authoritative resolution has never been more urgent

The Faceless Jurisdiction of Income-tax Authorities Scheme, 2022¹, introduced under sections 144B and 151A of the Income Tax Act, was intended to replace conventional territory-based jurisdiction with a dynamic, automated allocation system to eliminate human interface. It is a digital initiative to eliminate direct personal interaction between taxpayers and income tax authorities. The goal is to enhance transparency, efficiency and accountability by using an automated, anonymous and team-based approach for income tax assessments. Certain cases are excluded from the faceless assessment scheme and handled by jurisdictional officers, including cases related to central charges (search and seizure matters) and international tax charges (non-residents and foreign companies).

The scheme operates through several centers and units established by the Central Board of Direct Taxes (CBDT) like:

- **National Faceless Assessment Centre (NFAC):** The central hub that manages and controls all faceless assessment proceedings, serving as the single point of contact with the taxpayer.
- **Assessment Units (AU):** Perform the core function of making the assessment, analyzing materials and identifying issues.
- **Verification Units (VU):** Conduct inquiries, cross-verifications and examine books of accounts or witnesses when required.
- **Technical Units (TU):** Provide expert advice on complex matters such as law, accounting, valuation, or transfer pricing.
- **Review Units (RU):** Review draft assessment orders to ensure all relevant facts, laws and evidence are correctly incorporated before finalization.

¹ Notification number 15/2022 dated 28th March 2022

Procedure

1. **Notice Issuance:** The NFAC issues a notice (e.g., under Section 143(2) or 142(1)) to the taxpayer via their registered e-filing account, email and mobile app.
2. **Taxpayer Response:** The taxpayer must submit their response and supporting documents electronically through their e-filing portal account within the specified timeframe.
3. **Case Processing:** The NFAC assigns the case to an Assessment Unit (AU) through an automated system. The AU may request further information or refer the case to a VU or TU.
4. **Draft Order:** The AU prepares a draft assessment order, which may propose modifications to the returned income.
5. **Review & Finalization:** The NFAC may send the draft order to a Review Unit. If modifications prejudicial to the taxpayer are proposed, a show-cause notice is issued and the taxpayer is given an opportunity for a virtual hearing via video conferencing.
6. **Final Order:** The NFAC passes the final assessment order and issues a demand or refund notice. All electronic records are then transferred to the jurisdictional Assessing Officer for further actions like penalty imposition or demand recovery.

The Issue

When the Government of India launched the Faceless Assessment and Faceless Appeal Scheme, it promised a major structural reform — transparency, consistency, reduced discretion and significantly lower taxpayer-officer interface. For a system historically criticized for subjectivity and inconsistency, faceless assessment appeared to be a transformative leap. However, now the debate is no longer about whether faceless assessment is desirable or not. Instead, the critical question is whether the faceless mechanism is merely an administrative tool or a mandatory pre-condition for a valid assessment or reassessment.

Recent litigation across multiple High Courts has exposed a sharp divide. While some courts treat faceless assessment as a mandatory jurisdictional mandate and thus any non-compliance making reassessment void, others see it as a procedural framework that does not completely oust the statutory powers of the traditional Jurisdictional Assessing Officer (JAO). This article analyses the issue through key judgments in this regard, some of which have been discussed below.

View 1: Faceless Proceeding as Jurisdictional Mandate

Hexaware Technologies Ltd. vs. ACIT²

In the case of *Hexaware Technologies Ltd. vs. ACIT* before the Bombay High Court, the primary ruling established that the **JAO cannot issue a reassessment notice under Section 148** because, under the faceless assessment scheme established by Section 151A of the Income Tax Act, **only the NFAC has the exclusive jurisdiction to do so**. The court found the notice issued by the JAO was invalid and contrary to the faceless and automated nature of the scheme and emphasized that deviating from this framework would undermine the purpose of faceless proceedings and lead to procedural inconsistencies

² Writ Petition No. 1778 of 2023.

Sharda Devi Chhajer vs. ITO & Another³

Similar view was taken by Rajasthan High Court in *Sharda Devi Chhajer vs. ITO & Another*, where reassessment notice issued under Section 148 by JAO, was quashed by the honorable court stating that adverting to old methods contradict legislative intent. The Court expressly rejected the argument that the JAO retains a parallel or overlapping jurisdiction once faceless mechanism is mandated.

Shri Manoj Kumar Jain v. ITO⁴

In this recent case, the Rajasthan High Court quashed a reassessment order because the initial notice under Section 148 was issued by the JAO and the entire subsequent assessment was carried out physically instead of through NFAC. The Court concluded that this was not a curable procedural lapse but a **jurisdictional defect**. Court also held that jurisdictional issue can be raised at any stage specially when legal precedent has been set at a later stage.

Views similar to above has been taken in various other High Courts in numerous other cases like:

- *Kankanala Ravindra Reddy v. ITO* (Telangana HC)
- *Jatinder Singh Bhangu v. UOI* (Punjab & Haryana HC)
- *Mark Studio India Pvt. Ltd.* (Madras HC)

ADIT (Intl. Taxation) 2, Hyderabad v. Deepanjan Roy, SLP⁵

In the case of *ADIT (International Taxation) 2, Hyderabad & Anr. vs. Deepanjan Roy*, the apex court dismissed the Revenue's Special Leave Petition (SLP), effectively upholding the Telangana High Court's verdict in favor of the assessee as it did not comply with CBDT's faceless assessment scheme. The honorable Supreme Court, though condoned the delay in filing the SLP and also allowed exemption from filing a certified copy of the impugned judgment, refused to interfere with the High Court's order, stating there was "no good reason to interfere" and dismissed the SLP, conclusively ending the Revenue's challenge. This dismissal, while brief, upholds the High Court's decision and sends a strong message about the need for procedural rigor in tax assessments.

View 2: Faceless Proceedings as an Administrative Guideline

On the other side of the spectrum lies the Delhi High Court's jurisprudence, which adopts a more flexible view in several cases before it.

Sanjay Gandhi Memorial Trust v. CIT (Exemptions)⁶

In *Sanjay Gandhi Memorial Trust v. CIT*, the court directly addressed whether the JAO could exercise assessment authority alongside the faceless assessment system. The court concluded that, while the faceless system centralizes case handling through the National Faceless Assessment Centre, this framework does not

³ Civil Writ Petition No. 11787/2024, decided on March 19, 2025

⁴ D.B. Civil Writ Petition No. 20145/2025 on **10 October, 2025**

⁵ **SC Diary No.:** 33956/2025

⁶ [(2023) 455 ITR 164 (Delhi); (2023) 3 HCC (Del) 396.]

completely replace or nullify the JAO's role. The Central Board of Direct Taxes notifications⁷ further affirm this shared responsibility, specifying that the National Faceless Assessment Centre and the jurisdictional Assessing Officer hold concurrent jurisdiction, thereby allowing the faceless system to conduct assessments without stripping the jurisdictional Assessing Officer of its foundational authority.

Vinay Jain HUF v. ITO

The Delhi HC held that though NFAC is the apex authority for faceless assessments, the scheme does not eliminate the role of the JAO and JAO continues to have **concurrent, complementary** jurisdiction. The Court emphasized that nothing in the statute expressly divests the JAO of power to issue initial notices such as Section 148 and accordingly, non-issuance through NFAC was held **not inherently fatal**, unless substantial prejudice was caused.

Inder Dev Gupta V ACIT⁸

In a latest judgement dated 21st November, 2025, Delhi High Court still maintained a consistent position, that both JAO and FAO possess concurrent jurisdiction to initiate reassessment proceedings under Section 148 of the Act. The assessee contended that the honorable Supreme Court, having dismissed the Revenue's SLP, in ADIT (International Taxation)-2, Hyderabad & Anr. v. Deepanjan Roy, has concluded that only the FAO has jurisdiction to issue notices under Section 148 of the Act. However, High court do not find any merit in the submission, for the reason that the Supreme Court while dismissing the SLP, had only stated that it does not find any merit in the SLP, without giving any detailed reasons. It cited the decision of Supreme Court in Fuljit Kaur vs. State of Punjab and Others, where it had held that,

“There is no dispute to the settled proposition of law that dismissal of the special leave petition in limine by this Court does not mean that the reasoning of the judgment of the High Court against which the special leave petition has been filed before this Court stands affirmed or the judgment and order impugned merges with such order of this Court on dismissal of the petition. It simply means that this Court did not consider the case worth examining for the reason, which may be other than merit of the case. Nor such an order of this Court operates as res judicata. An order rejecting the special leave petition at the threshold without detailed reasons therefore does not constitute any declaration of law or a binding precedent.”

The Delhi Court further observed that the Supreme Court does not reverse or modify the decree or order appealed against while deciding a SLP to appeal. What is impugned before the Supreme Court can be reversed or modified only after granting leave to appeal and then assuming appellate jurisdiction over it. If the order impugned before the Supreme Court cannot be reversed or modified at the SLP stage; obviously that order cannot also be affirmed at the SLP stage.

Impact of contradicting decisions

Because different High Courts take different positions, the validity of a JAO-issued notice depends heavily on geographical jurisdiction. A notice that is void in Hyderabad might be considered valid in Delhi. Due to this kind of uncertainty, revenue officers may face a compliance dilemma as to whether they should issue notices themselves, trusting Delhi HC jurisprudence, or do they need to rely fully on NFAC to avoid challenges. Taxpayers at different jurisdiction also are required to use different litigation strategy as in strict-approach

⁷ Notification No. 64 of 2020 dated August 13, 2020

⁸ W.P.(C) 16937/2025& Ors.

states like Telangana, Rajasthan andra Pradesh if they challenge the notice immediately, they have high chance of success. On the other hand, in jurisdiction like Delhi, they need to argue prejudice, non-application of mind, or procedural impropriety, not merely the mode of issuance of notice.

Conclusion

As we see, the faceless assessment is treated as a jurisdictional mandate in a majority of High Courts, though not all, as faceless regime represents a *structural overhaul*, not a cosmetic change where the entire architecture is designed around NFAC and automation. In such a scenario, allowing JAOs to operate in parallel defeats the purpose of eliminating discretion. Despite the above arguments, the mandate by Delhi High Court treats faceless scheme to be merely procedural, as it believes assessment powers are conferred by the Act, not the Scheme and a subordinate legislative tool like notifications should not override statutory jurisdiction. The need of the hour is a clear and authoritative pronouncement by the apex court until then taxpayers must adopt jurisdiction-specific strategies.

~ Professional growth in a new year begins when competence is guided by conscience.

GST & INDIRECT TAXES

1. STATUTORY UPDATES

- 1.1** GST Appellate Tribunal revokes staggered filing protocol for GST appeals from 18-12-2025: Order - **ORDER NO. 315/2025 [F. NO. GSTAT/PR. BENCH/PORTAL/125/25-26/2367-70], DATED 16-12-2025**

Editorial Note: The GST Appellate Tribunal (GSTAT) has revoked its earlier order dated 24-09-2025 which had prescribed staggered filing of appeals under Section 112 of the CGST Act, 2017. With effect from 18-12-2025, appeals may now be filed without the staggered protocol, while preserving the validity of appeals already filed prior to this date.

- 1.2** Govt. amends recruitment rules for GST Appellate Tribunal Group 'C' employees: Notification - **NOTIFICATION NO. G.S.R. 918(E) [F. NO. A-11/1/2024-CESTAT-DOR-PART (1), DATED 24-12-2025**

Editorial Note: The Government has notified the GST Appellate Tribunal (Recruitment, Salary and other Terms and Conditions of Service of Group 'C' Employees) Amendment Rules, 2025. The amendment revises the educational qualification for Stenographer Grade II from a Degree in any discipline from a recognised University or Institute to 12th pass or equivalent and removes the deputation provision for the post of Upper Division Clerk (UDC).

- 1.3** GSTAT allocates benches to Technical and Judicial Members across India: Office Order - **ORDER NO. 03/2025, DATED 26-12-2025**

Editorial Note: The Government has issued an Office Order allocating benches to appointed Members of the GST Appellate Tribunal (GSTAT), covering Technical Members (Centre), Technical Members (State) and Judicial Members at various locations across India. All members have been directed to join their respective benches on 21.01.2026.

- 1.4** Copy of Central Excise (Amendment) Bill, 2025

Editorial Note: The Government has proposed to introduce the Central Excise (Amendment) Bill, 2025 in Parliament to substitute the table containing the tariff rates of tobacco and tobacco products in Section IV of the Fourth Schedule to the Central Excise Act, 1944. The amendment aims to provide fiscal space for higher excise rates after the discontinuation of GST compensation cess, while maintaining overall tax incidence.

- 1.5** Govt. introduces 'Health Security SE National Security Cess Bill, 2025' in Lok Sabha

Editorial Note: The Government has introduced 'Health Security SE National Security Cess Bill, 2025' in Lok Sabha to increase the resources for meeting expenditure on national security and public health and to levy a cess for these purposes on the machines installed or other processes undertaken for

the manufacture or production of specified goods, namely, pan masala.

- 1.6** GSTN issues additional FAQs on GSTR-9 and GSTR-9C for FY 2024-25: Advisory

Editorial Note: The GSTN has released an additional set of FAQs to address taxpayer queries on reporting requirements in GSTR-9 and GSTR-9C for FY 2024-25. The FAQ clarifies treatment of RCM reporting, ineligible ITC, reversals, table-wise disclosures, non-GST purchases and reporting by e-commerce operators.

- 1.7** GSTN makes Table 3.2 of GSTR-3B non-editable from Nov 2025 tax period: Advisory

Editorial Note: The GSTN has announced that auto-populated values in Table 3.2 of GSTR-3B (inter-State supplies to unregistered persons, composition taxpayers and UIN holders) will be non-editable from the November 2025 tax period onwards, with FAQs also issued to clarify the process. Any corrections must be made through Form GSTR-1A, which will instantly update Table 3.2 before filing GSTR-3B.

- 1.8** ICAI releases updated Technical Guide on GSTR-9 for FY 2024-25

Editorial Note: The ICAI has released a revised Technical Guide on GST Annual Return (Form GSTR-9) for FY 2024-25. The guide provides detailed, table-wise instructions on preparing GSTR-9, including reporting of outward and inward supplies, ITC classification, reversals and reconciliation with GSTR-1 and GSTR-3B. It also clarifies disclosure requirements, late fee provisions, common mismatches and updated legal changes.

- 1.9** ICAI releases updated Technical Guide on GSTR-9C for FY 2024-25

Editorial Note: The ICAI has released a revised Technical Guide on GST Reconciliation Statement (Form GSTR-9C) for FY 2024-25. The guide provides detailed instructions on preparing GSTR-9C, key reconciliation areas, compliance checks, turnover rules, ITC matching etc. It also clarifies late fee computation, common mismatches and updated legal provisions.

- 1.10** GSTN enables auto-suspension of GST Registration due to missing bank details under Rule 10A: Advisory

Editorial Note: The GSTN has introduced an automated system to suspend GST registrations if bank account details are not furnished within 30 days or before filing GSTR-1/IFF. After updating bank details through a non-core amendment, cancellation proceedings are auto-dropped, with a manual option if needed. Further, OIDAR and NRTP taxpayers are exempt from furnishing bank account details, except OIDAR entities that appoint an Indian representative.

1.11 GSTN issues consolidated FAQs on GSTR-9 and GSTR-9C for FY 2024-25: Advisory

Editorial Note: The GSTN has issued FAQs on 16 Oct 2025 and 4 Dec 2025 to assist taxpayers in filing the Annual Return and Reconciliation Statement, i.e., GSTR-9 and GSTR-9C. For ease of reference, the GSTN has now released a consolidated set of FAQs, clarifying issues relating to ITC reporting, reversals, RCM, table-wise disclosures, non-GST purchases, late fee computation and reporting by e-commerce operators.

1.12 ICAI releases updated Handbook on Interest, Late Fee and Penalties under GST

Editorial Note: The ICAI has released a revised Handbook on Interest, Late Fee and Penalties under GST. The handbook provides practical guidance on computation of interest, applicability of late fees, penalty provisions, waivers and related compliance aspects under the GST law.

1.13 GSTN to block excess ITC re-claim and RCM ITC through system validations in GSTR-3B: Advisory

Editorial Note: The GSTN has issued an advisory with FAQs introducing system validations for the ITC Reclaim Ledger and RCM Liability/ITC Statement. Shortly, GSTR-3B filing will be blocked where reclaimed ITC or RCM ITC exceeds the available balance, requiring taxpayers to reverse excess ITC or pay additional RCM liability before filing.

2. SUPREME COURT

SECTION 6 OF THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017 - EXEMPTION FROM TAX, POWER TO GRANT

2.1 Since amendment to Notification No. 9/2017-IGST (Rate) was made to deny registered persons exemption for letting was only prospective in operation; exemption remained available for pre-amendment period under unamended Entry 13 and retrospective denial was impermissible. - **State of Karnataka v. Taghar Vasudeva Ambrish** - [2025] 181 taxmann.com 199 (SC)

2.2 Where a co-owned residential building was leased to a company which sub-let rooms as hostels for long-term stays to students and working professionals, property qualified as a residential dwelling and exemption under Entry 13 of Notification No. 9/2017- Integrated Tax (Rate) could not be denied since 'use as residence' was satisfied by sub-lessees, making exemption activity-specific and not person-specific - **State of Karnataka v. Taghar Vasudeva Ambrish** - [2025] 181 taxmann.com 199 (SC)

SECTION 74 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - TAX OR INPUT TAX CREDIT INVOLVING FRAUD, MISSTATEMENT, OR SUPPRESSION

2.3 Review petition dismissed against SC order that where taxpayer failed to file GST returns and pay tax despite having capacity to pay, penalty under Section 74 was upheld as constituting wilful suppression of facts to evade tax - **Sriba Nirman Company v. Commissioner (Appeals), Guntur, Central Tax and Customs** - [2025] 181 taxmann.com 47 (SC)

2.4 Notice issued in SLP against order of High Court that where petitioner engaged in highway construction was subjected to search and issued SCN invoking extended period alleging ITC irregularities and fraud based on search and draft notice detailing wilful evasion, writ challenge regarding sufficiency of fraud or application of limitation at threshold was not maintainable - **GR Infra Projects Ltd. v. State of Madhya Pradesh** - [2025] 181 taxmann.com 923 (SC)

SECTION 140 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - TRANSITIONAL PROVISIONS - INPUT TAX CREDIT - TRANSITIONAL ARRANGEMENT FOR

2.5 Where Petitioner had filed a writ petition under Article 32 praying for allowing transition and adjustment of accumulated Input Tax Credit of Goods and Services Tax Compensation Cess in respect of stock held as on date of abolition of Compensation Cess, towards Goods and Services Tax payable thereon, notice was to be issued to Union of India. - **Sendoz Commercials (P.) Ltd. v. Union of India** - [2025] 181 taxmann.com 891 (SC)

3. HIGH COURT

SECTION 2 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEFINITIONS

3.1 Supply of solar power generating system including parts thereof is taxable at rate of 8.9 per cent (5 per cent CGST and 5 per cent SGST) even if such supply is treated as works contract relating to immovable property - **Vikram Solar Ltd. v. Commissioner of Central Tax** - [2025] 181 taxmann.com 524 (Andhra Pradesh)

SECTION 2 OF THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017 - DEFINITIONS

3.2 Where both Customs Department and GST Department issued show cause notice for export related refund, matter required consideration as to who would be 'proper officer' in such a case - **Talbro's Sealing Material (P.) Ltd. v. Additional Commissioner of Customs Export** - [2025] 181 taxmann.com 215 (Delhi)

3.3 Where under bi-partite agreement, assessee provided services to foreign entity for assisting students to secure admission in foreign universities and assessee was not an intermediary; there being export of service, demand was to be quashed - **IDP Education India (P.) Ltd. v. Union of India** - [2025] 181 taxmann.com 701 (Punjab & Haryana)

SECTION 5 OF BOMBAY SALES TAX ACT, 1959 - SALES AND PURCHASES OF CERTAIN GOODS FREE FROM ALL TAX

3.4 Pineapple slices, pineapple tidbits, fruit cocktail preserved in sugar syrup and canned in vacuum sealed tin containers are not 'fresh fruits' covered under Entry A-23 of Bombay Sales Tax Act, 1959 and, therefore, not exempted from tax - **Commissioner of Sales Tax v. Sudha Instant Soft Drinks and Essences - [2025] 181 taxmann.com 312 (Bombay)**

SECTION 6 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - GST AUTHORITIES AND ADMINISTRATION - STATE/UNION TERRITORY TAX OFFICERS, AUTHORIZATION OF

3.5 Where petitioner challenged jurisdiction of State GST officers issuing authorisation and SCN for CGST determination due to absence of specific government notification prescribing conditions, statutory mandate presently permits cross-empowered SGST/UTGST officers to act as proper officers for CGST purposes without need of further notification making such authorisation and SCN valid and within jurisdiction - **Pinnacle Vehicles and Services (P.) Ltd. v. Joint Commissioner, (Intelligence & Enforcement), Kozhikode - [2025] 181 taxmann.com 156 (Kerala)**

3.6 Where State Authority initiated proceedings first through inquiry and intimation and Central Authority later issued summons and SCN on same subject matter, only the first-in-time authority could pursue adjudicatory proceedings in line with Section 6(2)(b), while subsequent adjudication by another authority was barred, bona fide investigatory steps like summons remained permissible but authorities were directed to coordinate to avoid multiple adjudications against assessee on same issue - **Friends Alloys v. Union of India - [2025] 181 taxmann.com 80 (Himachal Pradesh)**

3.7 Where summons were issued by State GST Authority and show cause notice was issued by Central GST Authority in respect of same subject matter, assessee was to be directed to appear before Central Authority and file response to show cause notice and also comply with summons issued by State Authority; both authorities were to coordinate to ensure that assessee is not subjected to multiple adjudicatory processes on same subject matter - **J.B. Rolling Mills Ltd. v. Union of India - [2025] 181 taxmann.com 397 (Himachal Pradesh)**

SECTION 7 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - SUPPLY - SCOPE OF

3.8 Where under a Network Agreement with a foreign entity, assessee provided courier/shipment delivery services both in India and in Germany without receipt of any consideration, said service would not be covered under export of service as one of condition for constituting 'Zero Rated Supply' is receipt of consideration in convertible foreign exchange which was absent in instant case - **Dhl Express (India) (P.) Ltd. v. Union of India - [2025] 181 taxmann.com 697 (Delhi)**

SECTION 8 OF THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017 - SUPPLY, INTRA-STATE SUPPLY

3.9 Where cross-LoC barter trade took place between persons situated across LoC in territories constituting erstwhile State of J&K, with no currency exchange, supplies were intra-State as both location of supplier and place of supply lay within same State and such transactions were amenable to GST levy. - **New Gee Enn & Sons v. Union of India - [2025] 181 taxmann.com 1 (Jammu & Kashmir and Ladakh)**

SECTION 8 OF BOMBAY SALES TAX ACT, 1959 - LEVY OF SALES TAX ON GOODS IN SCHEDULE C

3.10 Premix that yields coffee on adding hot water is, in common and commercial parlance, instant coffee; hence, classifiable under specific Entry C-II-3 rather than general Entry C-II-18(2), since taxing entries follow popular meaning and not technical descriptions. - **Commissioner of Sales Tax Maharashtra State v. M-s Nestle India Ltd. - [2025] 181 taxmann.com 291 (Bombay)**

SECTION 9 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - LEVY & COLLECTION OF TAX

3.11 Petitioner-government enterprise redeveloped an area for residential and commercial spaces and gave same on lease, proceeds from which were credited to escrow for onward transfer to Ministry; with exemption or reverse charge claimed as applicable, GST demand was unsustainable in light of Ministry of Finance's office memorandum - **NBCC (India) Ltd. v. Additional Commissioner CGST Delhi South - [2025] 181 taxmann.com 604 (Delhi)**

3.12 Where works contracts were executed prior to commencement of Pre-GST VAT regime i.e. prior to 1st July, 2017 while payments were made in GST regime, assessee would be entitled to reimbursement of differential tax amount on change of tax rate - **N.R. Kulkarni NRK Construction Company v. Union of India - [2025] 181 taxmann.com 611 (Karnataka)**

3.13 Where petitioner assigned GIDC leasehold industrial plot through a registered deed with permission, pursuant to loan default settlement, such assignment constituted transfer of immovable property and not a supply of service, hence GST was not leviable under Section 9 - **Gopal Iron and Steel Co (Guj) Ltd. v. Office of Assistant Commissioner of State Tax - [2025] 181 taxmann.com 392 (Gujarat)**

3.14 Where petitioner challenged 18% GST on air purifiers and HEPA filters seeking 5% rate based on their recognition as medical devices under Drugs and Cosmetics Act notification and recommendations of a Parliamentary Committee, GST Council was required to urgently consider lowering or abolishing GST, observing that prima facie no reason existed why these products could not attract 5% GST as per the notification. - **Kapil Madan v. Union of India - [2025] 181 taxmann.com 897 (Delhi)**

SECTION 10 OF THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017 - SUPPLY - PLACE OF SUPPLY - GOODS OTHER THAN SUPPLY OF GOODS IMPORTED INTO, OR EXPORTED FROM INDIA

3.15 Place of supply of goods is to be determined by considering place where movement of goods terminates for delivery to recipient and not at place where movement of goods originates; show cause notice demanding CGST and SGST in addition to IGST already paid was to be quashed - *Toyota Kirloskar Motor (P.) Ltd. v. Union of India* - [2025] 181 taxmann.com 691 (Karnataka)

SECTION 11 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - LEVY AND COLLECTION OF TAX - EXEMPTION - POWER TO GRANT

3.16 Affiliation fees, admission fees, PG registration fees, convocation fees and other sums collected by universities are not liable to GST as activities undertaken by universities are statutory and regulatory in nature and not commercial - *Rani Channamma University v. Commercial Tax Officer* - [2025] 181 taxmann.com 442 (Karnataka)

3.17 Where petitioner society, formed under State order, executed works for State and Union, was governed by State-appointed officers and funded through State grants, it was under complete governmental control and satisfied definition of Government Entity under notifications 12/2017 and 32/2017, thus qualifying for exemption - *Bagalkot Nirmithi Kendra v. Union of India* - [2025] 181 taxmann.com 38 (Karnataka)

SECTION 12 OF THE CUSTOMS ACT, 1962 - DUTIABLE GOODS

3.18 Detention of imported industrial oil declared as Distillate Oil was held unsustainable as CRCL report showed only cloud point deviation and non-definitive diesel-fraction traits, while other parameters were satisfied; mis-declaration not being proved, applying most akin test, goods were rightly classifiable as Distillate Oil. - *Noya Infrastructure LLP v. Union of India* - [2025] 181 taxmann.com 741 (Gujarat)

SECTION 14 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - SUPPLY - CHANGE IN RATE OF TAX

3.19 Where Housing Board, in its payment certification and work orders issued to petitioner-assessing, initially applied a reduced rate of 12 per cent instead of statutory rate 18 per cent, it resulted in an underpayment of GST amounting to 6 per cent, Housing Board was to be directed to disburse difference of 6 per cent GST with applicable interest and penalties that might be levied by GST Authority due to said discrepancy in rates - *Kanthan Associates v. State of Tamil Nadu* - [2025] 181 taxmann.com 722 (Madras)

SECTION 16 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - INPUT TAX CREDIT - ELIGIBILITY AND CONDITIONS FOR TAKING CREDIT

3.20 Where assessee submitted return before cut-off date contemplated under section 16(5) of CGST Act, 2017, it was entitled to claim input tax credit even if it had not submitted return within time stipulated under section

16(4) - *Pazhassi Motors v. State of Kerala* - [2025] 181 taxmann.com 820 (Kerala)

3.21 Blocking ITC in excess of actual ledger balance of ECL being ultra vires, was to be restricted to balance available in ECL - *King Enterprises v. Union of India* - [2025] 181 taxmann.com 134 (Bombay)

3.22 Where respondent blocked assessee's electronic credit ledger solely on generic allegations of fake invoices and non-existent premises based on enforcement reports without providing pre-decisional hearing or recording independent reasons, impugned order was to be quashed - *A.H.Traders v. State of Karnataka* - [2025] 181 taxmann.com 267 (Karnataka)

3.23 Where registered person claimed ITC on supplies received from his supplier who filed return in GSTR-3B but failed to file GSTR-1 or to report a particular supply in GSTR-1, mismatch between ITC claimed and ITC available in Form GSTR-2A may be handled by following procedure provided in Circular No. 183/15/2022-GST - *Karibasappa Durgappa Hadagali v. Additional Commissioner* - [2025] 181 taxmann.com 389 (Karnataka)

3.24 Where assessee purchased scrap batteries from a registered supplier, made payment with Tax via banking channels and transactions were reflected in undisputed GSTR-2A/GSTR-3B, subsequent post-transaction cancellation of supplier's registration would not bar ITC claim under Section 16 and in absence of fraud or wilful misstatement, reversal of ITC and penalty under Section 74 was unjustified. - *Saniya Traders v. Additional Commissioner Grade-2* - [2025] 181 taxmann.com 487 (Allahabad)

3.25 Electronic credit ledger cannot be blocked under Rule 86A beyond actually available credit; creating a negative balance and disabling ITC utilisation beyond actually available credit is impermissible - *Abhishek Goyal v. Union of India* - [2025] 181 taxmann.com 363 (Punjab & Haryana)

3.26 Restriction under Rule 86A can only be imposed up to ITC available in ledger and negative blocking is impermissible; though prior notice was unnecessary, entries disallowing debit beyond available ITC were unsustainable - *H.S. Enterprises v. State of Punjab* - [2025] 181 taxmann.com 393 (Punjab & Haryana)

3.27 In case of fraudulent avilment of ITC, writ jurisdiction was not to be exercised and petitioner was to be relegated to appellate remedy - *A V Metals Marketing (P.) Ltd. v. Principal Commissioner CGST* - [2025] 181 taxmann.com 361 (Delhi)

3.28 Where dealers collected and paid CESS on outward supplies but omitted to disclose outward CESS liability in GSTR-3B, imposing demand without crediting unavailed CESS ITC and ignoring annual return disclosure violates Article 265, making demand unsustainable and necessitating proper credit consideration - *Bidyut Autotech (P.) Ltd. v. Assistant Commissioner of State Tax* - [2025] 181 taxmann.com 354 (Calcutta)

3.29 Where purchaser was denied ITC solely due to supplier's failure in GSTR-1 compliance and non-reflection in GSTR-2A/2B, Section 16(2)(aa) to be read down to prevent cascading effect and protect bona fide recipients, requiring authorities to offer opportunity to prove bona fides with invoices and documents before denying credit, pending a practical administrative solution by CBIC. - **MCLEOD Russel India Ltd. v. Union of India** - [2025] 181 taxmann.com 322 (Gauhati)

3.30 Negative blocking in absence of available ITC in Electronic Credit Ledger is impermissible; department can pursue recovery through statutory adjudication and recovery provisions - **ISKCON Steel Traders v. Union of India** - [2025] 181 taxmann.com 396 (Punjab & Haryana)

SECTION 16 OF THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017 - SUPPLY - ZERO RATED SUPPLY - GENERAL

3.31 Where assessee was a wholly owned Indian subsidiary of US company established exclusively for purpose of providing service fulfilling US company's technical requirements by assisting US entity in carrying on business of software development and providing advisory services for expansion of business, marketing, advertisement, publicity, personnel accounting, services being provided to parent company in independent capacity and not in capacity of agent or broker, claim of refund of unutilised input tax credit on inputs or input services used in making zero-rated supplies was to be allowed - **Infodesk India (P.) Ltd. v. Union of India** - [2025] 181 taxmann.com 395 (Gujarat)

SECTION 17 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - INPUT TAX CREDIT - CREDIT AND BLOCKED CREDITS, APPORTIONMENT OF

3.32 Where petitioner challenged blocking of Electronic Credit Ledger, such action was quashed following binding Division Bench ruling in K-9 Enterprises v. State of Karnataka, directing immediate unblocking of electronic credit ledger to permit filing of returns - **Bee Jay Engineers v. State of Karnataka** - [2025] 181 taxmann.com 353 (Karnataka)

SECTION 29 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - REGISTRATION - CANCELLATION OF

3.33 Where in reply to show cause notice issued for cancellation of registration, petitioner had provided all details including rent agreements and returns for last three months, but registration was cancelled without considering same, order was to be quashed - **MS Imagine Marketing Ltd. v. Joint Commissioner CGST Appeals II Delhi** - [2025] 181 taxmann.com 439 (Delhi)

3.34 Where petitioner's registration was cancelled for non-filing of returns and application for revocation was declined as 270-day limit expired, since petitioner had subsequently filed all pending returns and paid dues, proper officer had authority to restore registration upon such compliance. - **Barluit Organic Farmers Producer**

Company Ltd. v. Union of India - [2025] 181 taxmann.com 482 (Gauhati)

3.35 Where petitioner's registration was cancelled for non-filing of returns due to adversity, as petitioner had agreed to file all pending returns and pay costs, restoration of registration was to be permitted subject to compliance with pending statutory requirements. - **Sakshi Enterprises v. Additional Commissioner Appeals** - [2025] 181 taxmann.com 602 (Madhya Pradesh)

3.36 Cancellation of GST registration for alleged non-existence of business was held unsustainable since department simultaneously alleged tax liability for prior years, which presupposes business activity; such mutually contradictory allegations vitiated SCN, cancellation and appeal rejection, warranting restoration of registration - **Anil Kishore Purohit v. State of Madhya Pradesh** - [2025] 181 taxmann.com 695 (Madhya Pradesh)

3.37 Where registration was cancelled for non-filing of returns for six months, in view of fact that assessee was ready and willing to pay all dues for relevant period within 15 days of receipt of intimation from concerned GST authorities, subject to such compliance, impugned orders of cancellation of assessee's registration were to be quashed and set aside - **Shriyaa Enterprises v. State Tax Officer** - [2025] 181 taxmann.com 655 (Bombay)

3.38 Where petitioner's registration was cancelled ex parte for non-filing of returns due to financial distress and appeal was rejected as time-barred, but petitioner subsequently filed all pending returns and cleared tax, interest and late fee dues, order of cancellation and appellate order were to be quashed and registration was directed to be restored. - **Setu Joy (P.) Ltd. v. State of Gujarat** - [2025] 181 taxmann.com 208 (Gujarat)

3.39 Where assessee's GST registration was cancelled from SCN date without reasons or consideration of submitted leases and returns and revocation and appeal were rejected mechanically without examining replies or documents, such orders lacked fairness and application of mind; therefore, cancellation, revocation rejection and appellate orders were to be set aside and GST registration was to be restored - **Ms Imagine Marketing Ltd. v. Joint Commissioner CGST Appeals II Delhi** - [2025] 181 taxmann.com 193 (Delhi)

3.40 Show cause notice for cancellation of registration issued in system generated form without mentioning name and office of issuing authority was not sustainable - **M Y Ent Bhatta v. State of U.P.** - [2025] 181 taxmann.com 194 (Allahabad)

3.41 Where petitioner's GST registration was cancelled for fraud, suppression and misrepresentation after officials visited premises and found no genuine business with petitioner admitting a relative had used his Aadhaar and petitioner failed to produce credible contradictory evidence or show prejudice, claim of violation of natural justice was untenable and petition assailing cancellation was dismissed as abuse of process with costs. - **Digital Storm (Prop: Lokhamsi Popat Darji) v.**

Superintendent of CGST - [2025] 181 taxmann.com 95 (Bombay)

- 3.42 Where petitioner challenged suspension of GST registration and show cause notice alleging wrongful ITC on grounds of lack of jurisdiction and disproportionality, since interim suspension lasted only two months and nature of allegations justified action, suspension was neither without jurisdiction nor disproportionate - **Florida Solvent (P) Ltd v. Superintendent Range II Thane - [2025] 181 taxmann.com 79 (Bombay)**
- 3.43 Where petitioner's GST registration was cancelled by a non-speaking order despite filing a comprehensive reply with supporting documents and attending personal hearing, failure to provide reasons violated natural justice, warranting quashing of cancellation order and remand for fresh disposal of the show cause notice in accordance with law - **Florida Solvent (P) Ltd v. Superintendent Range II Thane - [2025] 181 taxmann.com 79 (Bombay)**
- 3.44 Where petitioner, a registered association who failed to file returns for 2022-23 due to illness of office bearer, faced cancellation of GST registration and statutory appeal was filed with delay of fifteen months which was dismissed as time-barred, a plea of non-service of order raised only orally in writ could not be entertained and interference with cancellation was unwarranted - **Ex Servicemen Welfare Association v. State of Bihar - [2025] 181 taxmann.com 96 (Patna)**
- 3.45 Where cancellation of GST registration was effected by a non-speaking order merely concluding that reply to show cause notice was unsatisfactory without assigning reasons, such absence of reasoning and violation of principles of natural justice rendered cancellation unsustainable, warranting setting aside of impugned order and fresh proceedings to be conducted in accordance with law. - **Anil Art and Craft v. State of Uttar Pradesh - [2025] 181 taxmann.com 39 (Allahabad)**
- 3.46 Retrospective cancellation of registration was not sustainable when show cause notice did not mention about proposed retrospective cancellation and order of cancellation was silent on reasons for retrospective cancellation - **Modi Packers v. Superintendent - [2025] 181 taxmann.com 732 (Delhi)**

SECTION 30 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - REGISTRATION - REVOCATION OF CANCELLATION OF

- 3.47 Where taxpayer's registration was cancelled due to non-filing of returns for six months and appeal period to seek revocation had lapsed, petitioner was to be permitted to approach proper officer within 60 days for restoration, subject to filing all pending returns and payment of tax, interest, penalty and late fee - **Masuk Ahmed Barbhuiya v. Union of India - [2025] 181 taxmann.com 437 (Gauhati)**
- 3.48 Where GST registration was cancelled due to non-filing of returns for six months and petitioner, citing serious illness and credential disputes, sought restoration after

substantial delay, registration was directed to be restored and portal access was to be enabled for pending compliance with late fees and interest etc. - **Eves Fashion v. Union of India - [2025] 181 taxmann.com 356 (Delhi)**

SECTION 37 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - RETURNS - OUTWARD SUPPLIES, FURNISHING DETAILS OF

- 3.49 Where petitioner, after inadvertent uploading of wrong GSTIN in GSTR-1 for outward supplies, sought to rectify error so respondent could claim ITC, amendment was permitted either through portal or manually, without expressing opinion on disputed claims between parties, thus enabling appropriate ITC claim based on rectified return. - **H. R. Carriers v. State of Karnataka - [2025] 181 taxmann.com 86 (Karnataka)**

SECTION 38 OF THE ANDHRA PRADESH VALUE ADDED TAX ACT, 2005 - REFUND OF TAX

- 3.50 Where refund approved on 19.06.2020 was paid on 31.03.2022 and authority excluded Covid period by invoking Supreme Court suo motu W.P.(C) No.03/2020 to deny statutory interest, Covid limitation extension did not apply to such statutory actions, refund was to be made within statutory period without exclusion and denial of interest on this ground was not sustainable. - **JBD Educationals (P.) Ltd v. State of Andhra Pradesh - [2025] 181 taxmann.com 427 (Andhra Pradesh)**
- 3.51 Where refund order was issued beyond ninety days and actual credit of refund was further delayed, Section 38 of Andhra Pradesh Value Added Tax Act, 2005 read with Rule 35(8)(c) required payment of interest at 1.25 percent per month from expiry of ninety days till date of actual refund and delays attributable to treasury/CFMS or Reserve Bank of India were irrelevant. - **JBD Educationals (P.) Ltd v. State of Andhra Pradesh - [2025] 181 taxmann.com 427 (Andhra Pradesh)**

SECTION 44 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - RETURNS - ANNUAL RETURN

- 3.52 Where petitioners filed late GSTR-9 annual return on 28-08-2023, disclosing earlier omitted outward CESS, pre-amendment of section 44 did not prohibit such late filing and late fee under section 47, so prohibition introduced from 01-10-2023 was prospective and GSTR-9 filed before that date had to be given due effect with regard to tax demand - **Bidyut Autotech (P.) Ltd. v. Assistant Commissioner of State Tax - [2025] 181 taxmann.com 354 (Calcutta)**

SECTION 50 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - PAYMENT OF TAX - INTEREST ON DELAYED PAYMENT

- 3.53 Where amount towards tax by way of Electronic Credit Ledger was available in Electronic Credit Ledger of assessee, assessee could not be liable to pay interest on tax towards input tax credit portion - **Bangalore International Airport Ltd. v. Union of India - [2025] 181 taxmann.com 360 (Karnataka)**

3.54 Where assessee had deposited cash portion of tax liability on or before due date, assessee was not liable to pay interest on cash portion on ground that there was delayed filing of returns - **Bangalore International Airport Ltd. v. Union of India - [2025] 181 taxmann.com 360 (Karnataka)**

3.55 Where petitioner faced assessment and DRC-13 recovery for interest on belated IGST ITC but a prior writ order regularised such belated ITC availment by retrospective statutory amendment, recovery of interest based on non-regularisation was arbitrary and unjustified. - **Rivera Enterprises v. Commercial Tax Officer (STO) - [2025] 181 taxmann.com 216 (Madras)**

SECTION 54 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - REFUND - TAX, REFUND OF

3.56 Where petitioner deposited advertisement tax in advance under pre-GST municipal agreements and, following GST rollout which removed power of municipality to levy such tax, refund was permissible for tax collected for period 01.07.2017 and 12.02.2018, subject to principles of unjust enrichment. - **Saffron Communication (P.) Ltd. v. State of U.P. - [2025] 181 taxmann.com 205 (Allahabad)**

3.57 Where e-BRCs/FIRCs were available with department, refund of unutilized ITC on account of export of services could not be denied on ground that same were not produced during proceedings - **Mavenir Systems (P.) Ltd. v. Union of India - [2025] 181 taxmann.com 197 (Karnataka)**

3.58 Where petitioner exported digital printing ink as zero-rated supply with IGST paid but a CHA error in punching drawback code on shipping bill blocked IGST refund, authorities were to be directed to amend Shipping Bill and refund IGST paid on export - **Kothari Infotech (P.) Ltd. v. Union of India - [2025] 181 taxmann.com 136 (Gujarat)**

3.59 Where manufacturer-exporters faced summons, SCNs and orders regarding IGST refunds based on Rule 96(10) of CGST Rules, as said rule was omitted without any saving from 8-10-2024, all pending proceedings under said Rule were abated; hence, such actions regarding IGST refunds could not be continued and stood quashed - **Vinayak International Housewares (P.) Ltd. v. Union of India - [2025] 181 taxmann.com 264 (Delhi)**

3.60 Where petitioner filed refund applications under Section 77 read with Rule 89(1A) for tax paid under wrong head during January 2019 to March 2022 and authorities rejected these as time-barred by excluding COVID-19 extension, since application dated 09.05.2023 was within limitation and further filings up to 03.02.2025 also complied with statutory timelines after applying exclusion under Notification 13/2022, such rejection was contrary to statute. - **Amidc Automation Technologies (P.) Ltd. v. Central Board of Indirect Taxes and Customs - [2025] 181 taxmann.com 45 (Karnataka)**

3.61 Where Notification No. 20/2024 omitted Rules 89(4B) and 96(10) from CGST Rules without saving, rendering

those provisions redundant ab initio, such omission applied to all pending proceedings and pre-notification orders not finalized, meaning impugned rejection or refusal of IGST export refunds stood quashed and petitioners were entitled to refund processing - **JJ Plastalloy (P.) Ltd. v. Union of India - [2025] 181 taxmann.com 386 (Gujarat)**

3.62 Rule 96(10) of CGST Rules, which provided for refund of unutilized ITC on account of inverted duty structure, had been repealed without a savings clause; order passed in exercise of power under section 54 of CGST Act, 2017 relying on rule 96(10) of CGST Rules was to be quashed - **A R Sulphonates (P.) Ltd. v. Union of India - [2025] 181 taxmann.com 692 (Bombay)**

3.63 Refund claims rejected solely on basis of CBIC/State circular No.181/13/2022-GST; order were set aside as such circulars were declared ultra vires Section 54 in Patanjali Foods Ltd.'s case - **Akash Agro Industries Ltd. v. State of Gujarat - [2025] 181 taxmann.com 694 (Gujarat)**

3.64 Where first test report of CRCL was in favour of assessee and without drawing any fresh samples, second report was issued in form of clarification, Commissioner of Customs was to be directed to consider assessee's representation for release of bank guarantee and to take decision on same - **National Fragrance v. Union of India - [2025] 181 taxmann.com 612 (Delhi)**

3.65 ITC is an indefeasible vested right accruing on purchase and cannot be retrospectively taken away; since benefit of unutilised ITC in cases of inverted duty structure could be passed on to working customers only after 18-7-2022; refund claim for pre-18.07.2022 periods could not be denied to assessee - **Swastik Oil Industries v. Union of India - [2025] 181 taxmann.com 523 (Rajasthan)**

3.66 Where Appellate Authority directed to refund petitioner an amount along with interest, competent authority could not refuse to comply with same in absence of any stay on ground that an appeal was contemplated against Appellate Authority's order - **Ma Agro v. Deputy Commissioner of State Tax - [2025] 181 taxmann.com 724 (Bombay)**

3.67 Where SCN was issued alleging violation of rule 96(10), which was omitted without making any provisions for saving pending proceedings, matter was to be remanded to adjudicating authority to decide afresh petitioner's refund application - **Kelvion India (P.) Ltd. v. Union of India - [2025] 181 taxmann.com 723 (Bombay)**

3.68 Assignment by sale and transfer of leasehold rights of plot allotted by GIDC to lessee in favour of third party assignee for a consideration is not subject to levy of GST; amount deposited under protest to be refunded - **Meghaaarika Enterprises (P.) Ltd. v. State of Gujarat - [2025] 181 taxmann.com 895 (Gujarat)**

3.69 Refund of unutilised ITC accumulated due to inverted duty structure was wrongly denied despite binding precedents in assessee's own case for other periods; following earlier writ orders, respondents should grant refund with applicable interest - **ITD Cemindia JV v.**

Joint Commissioner of Commercial Taxes (Appeals)-5 - [2025] 181 taxmann.com 653 (Karnataka)

- Lokesh @ Lokesh Hasija v. Union of India - [2025] 181 taxmann.com 391 (Allahabad)

SECTION 56 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - REFUND - DELAYED REFUNDS, INTEREST ON

SECTION 70 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - SEARCH, SEIZURE, ETC. - POWER TO SUMMON FOR EVIDENCE AND DOCUMENTS

3.70 Where assessee's claim for interest on delayed IGST refund was rejected by customs authority and forum objection was raised for first time only before Customs Appellate Authority, since assessee was diligently pursuing remedy, it was to be allowed to file appeal before GST Appellate Authority. - **Gulabdas International Trading LLP v. Union of India - [2025] 181 taxmann.com 699 (Bombay)**

3.76 Where GST-registered trader and manufacturer faced search, seizure and summons regarding purchase and supply of goods, issuance of summons for information-gathering was not commencement of proceedings and writ petitions challenging these actions were premature. - **Md. Aniquil Islam v. Directorate of Goods and Services Tax Intelligence - [2025] 181 taxmann.com 696 (Delhi)**

SECTION 67 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - SEARCH, SEIZURE ETC. - POWER OF INSPECTION, SEARCH AND SEIZURE

SECTION 73 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - TAX OR INPUT TAX CREDIT DUE NOT INVOLVING FRAUD, MISSTATEMENT, OR SUPPRESSION

3.71 Money is excluded from definition of goods and GST law allows seizure only of goods, documents or things relevant to proceedings and of cash unless department can link it with any taxable transaction - **Puspa Furniture (P.) Ltd. v. Union of India - [2025] 181 taxmann.com 822 (Calcutta)**

3.77 Where show cause notice issued to petitioner and order passed thereafter and petitioner did not get a proper hearing opportunity, following decision in Sugandha Enterprises v. Commissioner of DGST [2025] 179 taxmann.com 399 (Delhi), matter was to be remanded subject to payment of Rs. 10000 by petitioner - **Seaton Impex v. Sales Tax Officer Class II Avato - [2025] 181 taxmann.com 603 (Delhi)**

SECTION 69 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - SEARCH, SEIZURE, ETC. - POWER TO ARREST

3.78 Where show cause notice issued to petitioner and order passed thereafter and petitioner did not get a proper hearing opportunity, following decision in Sugandha Enterprises v. Commissioner of DGST [2025] 179 taxmann.com 399 (Delhi), matter was to be remanded subject to payment of Rs. 20000 by petitioner - **Justwork Technologies (P.) Ltd. v. Sales Tax Officer/Class II STO, DGST - [2025] 181 taxmann.com 387 (Delhi)**

3.72 Considering fact that GST ITC offence is triable by a Magistrate with maximum five-year punishment, where investigation was complete, petitioner had spent over six months in custody and had suffered serious medical ailments, trial would take time and there was no risk of tampering or absconding, continued detention would serve no purpose and bail was to be granted - **Manmohan Singh v. State (Directorate General of GST Intelligence), Chandigarh - [2025] 181 taxmann.com 730 (Punjab & Haryana)**

3.79 Where petitioner challenged ex parte GST order after expiry of statutory limitation period for filing appeal, having not replied to notice or appeared for hearing, matter was remitted for fresh adjudication treating impugned order as an addendum to show cause notice, subject to petitioner depositing 50% of disputed tax amount - **Annamar Constructions v. Assistant Commissioner (ST) - [2025] 181 taxmann.com 358 (Madras)**

3.73 Where petitioner was accused of creating bogus firms and facilitating fake e-way bills, in view of fact that allegations primarily rested on digital evidence, which was already in custody of department and petitioner did not pose any risk of absconding or tampering with evidence, anticipatory bail was to be granted to petitioner - **Mohd. Farhan v. State of Chhattisgarh - [2025] 181 taxmann.com 608 (Chhattisgarh)**

3.80 Where assessee had correctly declared outward supplies in GSTR-1 but wrongly reported same in GSTR-3B and rectified this mistake with payment of disputed tax along with interest, pre-notice payment being made before section 73 proceeding, demand order was to be quashed - **Chandra Enterprises v. Deputy State Tax Officer - [2025] 181 taxmann.com 355 (Madras)**

3.74 Where petitioner was arrested for alleged involvement in GST fraud using fake registrations and invoices to pass on Rs. 8.59 crore bogus input tax credit, with materials suggesting conscious participation, illegal gain and evasive conduct while investigation spanned multiple states and offences were non-bailable with up to five years' imprisonment, bail was rightly declined due to seriousness and ongoing probe - **Bahadur Islam v. Union of India - [2025] 181 taxmann.com 481 (Gauhati)**

3.81 Order passed under section 73 without granting an opportunity of hearing to petitioner was not sustainable; matter remanded for passing de novo order after providing opportunity of hearing to petitioner - **Nehru Foundation for Development Centre for Environment Education Society v. Union of India - [2025] 181 taxmann.com 435 (Gujarat)**

3.75 Where CA involved in ITC fraud of Rs. 40 Cr; bail granted to him as he was in jail for almost two months and entire case of prosecution was based on documentary evidence and trial would take considerable period of time

- 3.96** Where assessee had paid taxes but in wrong head, orders imposing liability for non-payment of tax under head of IGST were to be quashed and authorities were to be directed to consider matter afresh - *Ocean E Mart v. State of U.P.* - [2025] 181 taxmann.com 827 (Allahabad)
- 3.97** Where date of submission of reply and date of personal hearing was fixed on same date and adjudication order was passed without affording opportunity of hearing to assessee, same was to be quashed and matter was to be remanded back for fresh adjudication - *Prayagraj Power Generation Company Ltd. v. Joint Commissioner (Corporate Circle) State Tax* - [2025] 181 taxmann.com 821 (Allahabad)
- 3.98** Where petitioner claimed refund of input tax credit on export without payment of IGST and refund was sanctioned after partial inadmissibility was accepted and appeal affirmed refund on merits, fresh recovery proceedings on same grounds were unsustainable. - *Auroglobal Comtrade (P.) Ltd. v. Joint Commissioner Goods and Service Tax and Central Excise* - [2025] 181 taxmann.com 813 (Orissa)
- 3.99** Where a general penalty was imposed for late filing of GST returns without imposing late fee under section 47, order did not merit any interference - *Palani Ilanthirayan v. Deputy Commercial Tax Officer, Tamil Nadu* - [2025] 181 taxmann.com 829 (Madras)
- SECTION 74 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - TAX OR INPUT TAX CREDIT INVOLVING FRAUD, MISSTATEMENT, OR SUPPRESSION**
- 3.100** Section 74 order was quashed as it was passed by State GST authority lacking jurisdiction, that too without personal hearing, recording fraud or suppression while petitioner's transactions were duly reflected in GSTRs, banking records, invoices, e-way bills and actual movement of goods, thus, rendering survey-based allegations of circular trading unsustainable - *Raghuvansh Agro Farms Ltd. v. State of U.P.* - [2025] 181 taxmann.com 835 (Allahabad)
- 3.101** Where petitioner challenged invocation of Section 74 for demand based only on GSTR-3B, GSTR-9 and balance sheet by filing a writ, relief was confined to permitting petitioner to file appeal before Appellate Authority without limitation bar by specified date and appeal would be decided on merits accordingly. - *South East Asia Company v. Superintendent, CGST Range-28, Central Taxes, GST Delhi North Commissionerate* - [2025] 181 taxmann.com 213 (Delhi)
- 3.102** Where petitioners challenged show-cause-cum-demand notice for non-issuance of Form GST DRC-01A under section 74(5), ad-interim relief was granted by restraining respondents from passing final order until writ petition was heard - *Luxor Hospital v. Union of India* - [2025] 181 taxmann.com 238 (Gujarat)
- 3.103** Where wrongful availment of ITC on basis of non-existent supplier was alleged while despite written and oral submissions including evidence of voluntary tax deposit, Adjudicating Authority failed to consider reply or

submissions and confirmed demand, such non-consideration amounted to breach of natural justice; matter remanded for fresh adjudication - *Kirti Agarwal v. Union of India* - [2025] 181 taxmann.com 135 (Allahabad)

- 3.104** Where petitioner, after summons but before service of show cause notice, paid tax and interest with contemporaneous intimation under Section 73(5), further penal demand and show cause notice under Section 74(1) were unsustainable and on deposit of 15% penalty, proceedings were deemed closed under Section 74(5). - *Delhi Sales Corporation v. Principal Commissioner of Central Tax* - [2025] 181 taxmann.com 94 (Delhi)
- 3.105** Where petitioners failed to disclose cross-LoC supplies in GST returns, did not pay tax and did not cooperate with investigation or furnish invoices, self-assessment regime required reporting of all transactions and prima facie material showed suppression and awareness that no exemption applied, show cause notices for tax, interest and penalty were rightly referable to Section 74(1) rather than Section 73. - *New Gee Enn & Sons v. Union of India* - [2025] 181 taxmann.com 1 (Jammu & Kashmir and Ladakh)
- 3.106** Where SCNs under Section 74(1) covering cross-LoC supplies for 2017-18 and 2018-19 were issued in August 2024, in view of fact that due dates for filing annual returns were extended to 5 February 2020 for 2017-18 and to 31 December 2020 for 2018-19, issuance of notices was within limitation since they were given at least six months before expiry of five-years period under Section 74(10). - *New Gee Enn & Sons v. Union of India* - [2025] 181 taxmann.com 1 (Jammu & Kashmir and Ladakh)
- 3.107** Writ petitions against SCNs for undisclosed cross-LoC supplies were dismissed as premature since petitioners must first reply to notices and, if demand would be confirmed under Section 74(9), it should pursue statutory appeal under Section 107 - *New Gee Enn & Sons v. Union of India* - [2025] 181 taxmann.com 1 (Jammu & Kashmir and Ladakh)
- 3.108** GST law requires period-specific assessment, returns, ITC utilisation, limitation and determinations per financial year, such composite notice covering unrelated years was held illegal, without jurisdiction and unsustainable, irrespective of departmental circulars or subsequent statutory clarifications. - *Pramur Homes and Shelters v. Union of India* - [2025] 181 taxmann.com 541 (Karnataka)
- 3.109** Where after voluntarily disclosing rate confusion prior to investigation, assessee paid entire tax dues along with interest, show cause notice issued by department invoking Section 74 alleging fraud or suppression was without basis - *MRF Ltd. v. Additional Director DGGI Delhi Zonal Unit* - [2025] 181 taxmann.com 438 (Madras)

SECTION 75 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - GENERAL

- 3.110** Where amount demanded in final order passed under section 74(9) exceeded amount specified in SCN, same was to be set aside for being in violation of section 75(7) and principles of natural justice; assessing authority was to pass fresh order in accordance with law - **Ukas Goods Carrier v. Union Territory of JK - [2025] 181 taxmann.com 649 (Jammu & Kashmir and Ladakh)**
- 3.111** Where show cause notice proposed recovery of tax only without mention of interest or penalty, subsequent imposition of interest and penalty in assessment-cum-demand order exceeded scope of notice and was unsustainable. - **Chaurasiya Zarda Bhandar v. State of U.P. - [2025] 181 taxmann.com 92 (Allahabad)**
- 3.112** Where SCN under section 73 specified a demand around Rs 5.11 lakh due to return differences, but adjudication order enhanced tax and penalty to Rs 38.61 lakh, such enhancement beyond notice amount contravened section 75(7) which restricts demand to SCN figures, rendering impugned orders unsustainable and subject to being quashed. - **R.A.A. Builders and Developers v. Commissioner of Commercial Tax - [2025] 181 taxmann.com 188 (Allahabad)**
- 3.113** Where appellant, after obtaining remand for lack of SCN and personal hearing, was duly issued hearing notice by Appellate Authority but chose not to appear, challenge to the impugned order on ground of natural justice failed as opportunity was granted and such plea was not maintainable in this subsequent round. - **Mphasis Engineers Co-operative Contract and Construction Society Ltd. v. Senior Joint Commissioner, State Tax - [2025] 181 taxmann.com 191 (Calcutta)**
- 3.114** Where demand of tax, interest and penalty was in excess of amount specified in show-cause notice, impugned order was passed contrary to provisions of section 75(7) and hence, to be set aside - **S.S. Enterprises v. State of U.P. - [2025] 181 taxmann.com 831 (Allahabad)**
- 3.115** Where in adjudication order, demand was created far in excess of demand proposed in show cause notice and further, opportunity of hearing was not provided to assessee and adverse material was not confronted to him, impugned adjudication order was to be set aside - **Mi Industries India (P.) Ltd. v. Union of India - [2025] 181 taxmann.com 748 (Allahabad)**
- 3.116** Where assessee challenged demand for excess ITC based on GSTR-3B non-reconciliation and limitation for availment, asserting overlap between both grounds, prima facie duplication in confirmed demand was found and petitioner was permitted to deposit 25 percent of disputed tax relating to limitation component with opportunity for fresh adjudication on merits. - **Tvl.Nimo Productions v. Assistant Commissioner (ST) (FAC) - [2025] 181 taxmann.com 728 (Madras)**

SECTION 79 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - MODES OF RECOVERY

- 3.117** Where assessee filed statutory appeals against demand orders and deposited required pre-deposit, but department proceeded with third-party recovery via DRC-13 and froze bank account before appeals were

filed, since pre-deposit was made and appeals were pending, further recovery was unwarranted. - **Samrat Marble Granite and Tiles v. Union of India - [2025] 181 taxmann.com 207 (Himachal Pradesh)**

- 3.118** Where resolution plan was approved by NCLT after department had filed its claims during insolvency, pre-CIRP period liabilities stood extinguished and new management could not be burdened with prior tax dues, interest or recovery proceedings - **Era Infra Engineering Ltd. v. Joint Commissioner Cgst Delhi South Commissionerate - [2025] 181 taxmann.com 698 (Delhi)**

SECTION 83 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - PROVISIONAL ATTACHMENT

- 3.119** Where department blocked petitioner's ITC under Rule 86A on basis of non-existent supplier with no further action and then re-blocked it on same facts, in absence of fresh material, Rule 86A(3) and Section 83(2) restrict attachment to one year, thus any continuation or renewal of blocking ITC beyond one year was impermissible and thus to be set aside - **NB International v. Commissioner, Central Goods and Services Tax - [2025] 181 taxmann.com 434 (Punjab & Haryana)**
- 3.120** Where petitioner's bank account was attached due to input tax credit dispute and SCNs were already issued, conditional lifting of attachment was warranted on deposit of 10 percent of disputed tax within thirty days and treating reply to SCN as reply to intimation notices - **Tvl.K.Rajagopalan and Co-Engineering Contractors v. Assistant Commissioner (ST) (FAC) - [2025] 181 taxmann.com 147 (Madras)**
- 3.121** Where provisional attachment orders against two bank accounts continued beyond one year from date of attachment under section 83(1) despite statutory limit, such attachment was impermissible as per section 83(2) and Rule 159, requiring lifting of attachment - **A1 Adil Traders v. Union of India - [2025] 181 taxmann.com 44 (Telangana)**
- 3.122** Where petitioner challenged freezing of bank account without disclosing ongoing DGGI investigation and substantial ITC availment for relevant period and bank produced provisional attachment order while inspection revealed that business premises were non-existent, suppression of material facts and availability of an alternate statutory remedy rendered writ petition unwarranted, justifying refusal to interfere and permitting petitioner to pursue prescribed objection process. - **Aashish v. Directorate General of GST Intelligence (DGGI) HQRS. - [2025] 181 taxmann.com 805 (Delhi)**

RULE 86A OF THE CENTRAL GOODS AND SERVICES TAX RULES, 2017 - CONDITIONS OF USE OF AMOUNT AVAILABLE IN ELECTRONIC CREDIT LEDGER

- 3.123** Where petitioner's electronic credit ledger (ECL) with negligible balance was blocked under Rule 86A by respondents without prior notice, creation of negative blocking entry exceeding available ITC was impermissible, as Rule 86A only allows restricting debit

up to actual ITC available on reasons recorded, statutory recovery and eligibility must be determined through adjudication, making such negative blocking unsustainable. - **Mannat Steels v. Union of India** - [2025] 181 taxmann.com 196 (Punjab & Haryana)

SECTION 93 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - TAX, INTEREST OR PENALTY, LIABILITY TO PAY IN CERTAIN CASES

3.124 Where proprietor died prior to initiation of demand proceedings and determination order and notice were issued in name of deceased without notice to legal representative, such determination against dead person was unsustainable as liability provision required notice to legal representative. - **Sambul Shahid v. State of U.P.** - [2025] 181 taxmann.com 823 (Allahabad)

SECTION 107 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - APPELLATE AUTHORITY - APPEALS TO

3.125 Where petitioner failed to file appeal within limitation period due to pending adjudication on identical issue under section 168A and reference to earlier batch orders was noted in record, delay in filing appeal was to be condoned and appeal was to be examined on merits. - **Shri Vijay Laxmi Traders v. Union of India** - [2025] 181 taxmann.com 832 (Rajasthan)

3.126 Where demand proposed in show cause notice was confirmed in absence of any reply from assessee and limitation for filing appeal had expired, but assessee challenged impugned order after depositing 10 per cent of disputed tax, following consistent view, case was to be remitted back to pass fresh orders on merits subject to assessee depositing 25 per cent of disputed tax - **MD Signs v. Deputy State Tax Officer** - [2025] 181 taxmann.com 731 (Madras)

3.127 Where petitioner's statutory appeal against tax, interest and penalty demand based on GST return mismatches was dismissed as time-barred due to short one day notice for personal hearing and inability to appear owing to counsel's illness, writ jurisdiction could be invoked for violation of natural justice, delay was condoned subject to costs - **Arjun Engineering Co. v. Additional Commissioner of Goods and Service Tax, North Delhi** - [2025] 181 taxmann.com 42 (Delhi)

3.128 Where petitioner, while filing statutory appeal against order-in-original, made 10% mandatory pre-deposit by debiting Electronic Credit Ledger using available ITC, such utilization of ITC for pre-deposit is permissible as per governing Circular and settled precedent - **Lenovo India (P.) Ltd. v. Commissioner of Central Tax** - [2025] 181 taxmann.com 140 (Karnataka)

3.129 Where assessee deposited Rs.1.99 crore during investigation under protest prior to filing appeal and sought adjustment of this deposit towards statutory 10 percent pre-deposit, appellate authority erred in denying adjustment and dismissing appeal - **Getronics Solutions India (P.) Ltd. v. Commissioner of Central Tax (Appeals II)** - [2025] 181 taxmann.com 84 (Karnataka)

3.130 Where assessee, after earlier deposit was refused as pre-deposit, paid 10 percent of disputed tax by debiting Electronic Credit Ledger, such payment satisfied statutory pre-deposit requirement for appeal - **Getronics Solutions India (P.) Ltd. v. Commissioner of Central Tax (Appeals II)** - [2025] 181 taxmann.com 84 (Karnataka)

3.131 Where assessee sought condonation of delay in appeal against registration cancellation, relying on an affidavit alleging unstable mind during proceedings while simultaneously asserting normal compliance and transparency, presence of contradictory statements in affidavit showed no sufficient cause for condonation under statutory scheme and refusal to condone delay was upheld with nominal costs. - **Digital Storm (Prop: Lokhamsi Popat Darji) v. Superintendent of CGST** - [2025] 181 taxmann.com 95 (Bombay)

3.132 Where petitioner challenged consolidated demand covering multiple financial years through single Form DRC-07 based on common Order-in-Original recording various audit sub-paras, since all amounts were decipherable and order was single in nature, petitioner was permitted to file one consolidated statutory appeal under section 107 and requirement for year-wise DRC-07 was not mandated. - **South East Asia Company v. Superintendent, CGST Range-28, Central Taxes, GST Delhi North Commissionerate** - [2025] 181 taxmann.com 213 (Delhi)

3.133 Where petitioner challenged GST adjudication order alleging breach of natural justice due to non-supply of documents and denial of cross-examination, writ was disposed with liberty to file statutory appeal under section 107. - **S.S Enterprises v. Union of India** - [2025] 181 taxmann.com 218 (Madhya Pradesh)

3.134 Where petitioner's GST registration cancellation was challenged in appeal due to vague show cause notice and breach of natural justice and appellate authority proceeded ex parte without addressing appeal grounds or giving reasoned findings, such non-speaking appellate order was unsustainable. - **Shatrughan Shaw v. Assistant Commissioner of State Tax** - [2025] 181 taxmann.com 209 (Calcutta)

3.135 Where assessee did not have knowledge of adjudication order as said order was uploaded on GST portal under "View Additional Notices and Orders" tab, delay in filing appeal was to be condoned - **Multireach Media (P.) Ltd. v. State of West Bengal** - [2025] 181 taxmann.com 185 (Calcutta)

3.136 Where petitioner deposited 10 percent pre-deposit for State GST demand arising from ITC availed from supplier while CGST authorities raised identical demand for same period and transactions, fresh pre-deposit for CGST appeal could not be sought - **Vaneeta Impex (P.) Ltd. v. Union of India** - [2025] 181 taxmann.com 270 (Delhi)

3.137 High Court cannot set aside order passed by Appellate Authority and direct it to accept appeal beyond condonation period on plea of illness of accountant and

closure of business - *Tapi Ready Plast v. State of Gujarat* - [2025] 181 taxmann.com 324 (Gujarat)

- 3.138** Appellate Authority has no power to waive mandatory condition of pre-deposit; where amount more than 10 per cent of disputed tax had already been recovered, Appellate Authority should hear appeal on merits - *Arup Kumar Chatterjee v. Assistant Commissioner of State Tax, Bureau of Investigation (South Bengal)* - [2025] 181 taxmann.com 359 (Calcutta)
- 3.139** Where proper Officer rejected refund by order-in-original dated 24.01.2024 which was communicated on 01.02.2024, appeal on 01.06.2024 was within extended statutory period as computation of limitation period is to be done by considering day of communication as day zero - *Laxmi Metal and Machines v. Union of India* - [2025] 181 taxmann.com 390 (Punjab & Haryana)
- 3.140** Where show cause notice was issued to petitioner however no reply was filed neither opportunity of hearing was availed by petitioner, order passed thereafter warranted no interference under writ jurisdiction and petitioner was to be relegated to appellate remedy - *Aggarwal Traders v. Sales Tax Officer, Avato* - [2025] 181 taxmann.com 364 (Delhi)
- 3.141** Where writ petition challenged demand order on ground of violation of natural justice alleging absence of personal hearing and non-consideration of reply in fraudulent ITC matter, since petitioner was aware of notices and had filed reply, no exceptional ground for writ intervention arose and petitioner was required to pursue statutory appellate remedy under section 107 with pre-deposit and waiver of limitation bar for appeal - *Aman Sanitation v. Principal Commissioner, CGST* - [2025] 181 taxmann.com 365 (Delhi)
- 3.142** Appeal could not be rejected on ground of limitation without providing an opportunity of hearing to petitioner when limitation period was an arguable issue - *Yogeshwari Petrochemicals (P.) Ltd. v. State of Maharashtra* - [2025] 181 taxmann.com 647 (Bombay)
- 3.143** Where appeal of petitioner was dismissed for not making requisite pre-deposit, since petitioner was willing to pay same, subject to such payment, appellate authority was to re-hear appeal on merits - *VSM Impex (P.) Ltd. v. Principal Commissioner CGST Delhi North Commissionerate* - [2025] 181 taxmann.com 645 (Delhi)
- 3.144** Appeal could not be dismissed for non-prosecution when merits of matter had been examined; in interest of justice, appeal was to be restored - *Mukund Enterprises v. State of U.P.* - [2025] 181 taxmann.com 610 (Allahabad)

SECTION 112 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - APPELLATE TRIBUNAL - APPEALS TO

- 3.145** In appeal before first appellate authority, 10% of tax in dispute is to be deposited while in appeal before Tribunal 10% of remaining amount of tax in dispute in addition to amount paid in first appeal is to be paid; excess recovery

is to be refunded - *Vidya Trading Co. v. Senior Joint Commissioner of State Tax Kolkata North Circle* - [2025] 181 taxmann.com 651 (Calcutta)

- 3.146** Where appeal was rejected, writ was filed citing non-constitution of GSTAT but of late GSTAT was made functional, writ petition ought not to be kept pending and dispute should be adjudicated by GSTAT - *SNM Business (P.) Ltd. v. Additional Commissioner of State Tax (Appeal), Bhubaneswar* - [2025] 181 taxmann.com 656 (Orissa)
- 3.147** Where an opportunity was provided to aggrieved persons to file appeal before GSTAT till 30-6-2026 in respect of all cases where order sought to be appealed against was communicated to person preferring appeal before 1-4-2026, writ petition filed against order of Appellate Authority was to be disposed of directing petitioner to file appeal before GSTAT - *Abhijit Nayak v. Commissioner of (CT & GST)* - [2025] 181 taxmann.com 362 (Orissa)
- 3.148** Where Tribunal for statutory appeal under GST was not functioning in West Bengal and interim order directed pre-deposit under Section 112(8), in absence of perversity or breach of natural justice and as no excess payment appeared on record, requirement to make pre-deposit as condition for appeal was upheld and not found onerous or excessive on current facts. - *Mphasis Engineers Co-operative Contract and Construction Society Ltd. v. Senior Joint Commissioner, State Tax* - [2025] 181 taxmann.com 191 (Calcutta)

SECTION 122 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - PENALTY - FOR CERTAIN OFFENCES

- 3.149** Where petitioner made substantial pre-notice deposit of about Rs. 2.01 crore after restoration of registration and before issuance of SCN alleging fraudulent ITC, imposition of penalties on company and directors without considering such deposit was improper, warranting reconsideration of penalties in statutory appeal, especially as penalty on directors may not sustain under scheme governing pre-notice payment - *A and T Security Services (P.) Ltd. v. Additional Commissioner of CGST Delhi West* - [2025] 181 taxmann.com 43 (Delhi)

SECTION 129 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DETENTION, SEIZURE AND RELEASE OF GOODS AND CONVEYANCES IN TRANSIT

- 3.150** Where transporter, registered under GST, was engaged to transport goods for a consignor and produced valid documents at interception, but goods were seized due to a shortfall attributed to human error by consignor, with no evidence of transporter engaging in sale or purchase of goods, proceedings and seizure against transporter were unsustainable and impugned orders were to be quashed - *Anish Transport Company v. State of U.P.* - [2025] 181 taxmann.com 40 (Allahabad)
- 3.151** Where petitioner transported goods within city under valid invoices but without e-way bill and vehicle was intercepted at 22:16 hours while e-way bill was generated only at 22:20 hours post detention and

produced before penalty order, such post-detention generation did not cure deficiency and subsequent production was not sufficient to avoid penalty as e-way bill must be in existence at time of interception under statutory rules. - **Aysha Builders and Suppliers v. State of U.P.** - [2025] 181 taxmann.com 37 (Allahabad)

- 3.152** Where dealer transported motorcycles accompanied by valid invoices, consignment note and e-way bills and GPS evidence showed goods arrived within e-way bill validity but unloading was delayed due to lack of space, mere expiry of e-way bill did not establish intention to evade tax and unsupported multi-trip allegation was baseless, hence detention and penalty orders were quashed. - **Cross Wheels Auto (P.) Ltd. v. State of U.P.** - [2025] 181 taxmann.com 93 (Allahabad)
- 3.153** Where goods moved from Gujarat to West Bengal in a bill-to-ship-to transaction with all documents present and only a one digit PIN code error in the ship-to address while the full address was correct, invocation of penalty and seizure proceedings was unjustified as mere PIN code error, without discrepancies or intent to evade, is insufficient for action under section 129 - **Ashok Kumar Maganbhai Patel v. State of UP** - [2025] 181 taxmann.com 89 (Allahabad)
- 3.154** Where goods in transit were accompanied by a tax invoice fully disclosing particulars of registered owner but not an e-way bill, infringement was limited to non-accompaniment of e-way bill, so penalty must be determined under section 129(1)(a) and not section 129(1)(b), making computation under section 129(1)(b) erroneous. - **Siddhi Vinayak Footwear v. State of Uttar Pradesh** - [2025] 181 taxmann.com 211 (Allahabad)
- 3.155** Where GST-registered manufacturer's goods were detained and penalty was imposed for non-updation of Part-B of e-way bill due to a technical glitch, with all other documents in order and no finding of intent to evade tax, absence of mens rea and undisputed technical error rendered penalty unsustainable and thus, impugned orders were to be quashed. - **Auto Industries v. State of UP** - [2025] 181 taxmann.com 36 (Allahabad)
- 3.156** Detention of goods and conveyance and imposition of penalty under section 129 for change of route is not sustainable in absence of any material to establish that assessee had instructed his driver to deliberately change route; general penalty under section 125 was to be imposed - **Hysum Steel v. Joint Commissioner of Commercial Taxes** - [2025] 181 taxmann.com 394 (Karnataka)
- 3.157** Non-filing of Part-B of e-way bill due to technical glitch, without any intention to evade payment of tax, would not attract penalty under section 129(3) of CGST Act - **Agrim Wholesale (P.) Ltd. v. State of U.P.** - [2025] 181 taxmann.com 693 (Allahabad)
- 3.158** Where consignor was named on invoice and e-way bill for detained areca nut consignment but authorities found excess quantity, absence of inward e-way bills for supplier and serious doubt on genuineness of transaction and documents, CBIC Circular deeming

consignor/consignee as owner for release did not apply since such benefit is not available when authenticity is questionable. - **JJ Traders v. Union of India** - [2025] 181 taxmann.com 533 (Calcutta)

- 3.159** Where perishable areca nut consignment and conveyance were detained with penalties determined under both owner and non-owner options, interim release was directed upon payment of penalty under owner option and furnishing bank guarantee for balance due under non-owner option, balancing perishable nature of goods and pending ownership dispute. - **JJ Traders v. Union of India** - [2025] 181 taxmann.com 533 (Calcutta)
- 3.160** Where petitioner's consignment of areca nuts was detained in transit due to excess weight and alleged dubious supplier and penalties were imposed after notice and opportunity to respond, claim of denial of hearing required factual examination, rendering writ petition non-maintainable, as disputed factual issues and available appeal forums made writ jurisdiction inappropriate in such circumstances. - **JJ Traders v. Union of India** - [2025] 181 taxmann.com 533 (Calcutta)
- 3.161** Where perishable areca nuts were detained for alleged document irregularities and disputes about consignor's identity, in light of perishability, release was warranted upon payment as per Section 129(1)(a) and furnishing of bank guarantee for balance penalty under Section 129(1)(b) - **Damroo Enterprise v. State of West Bengal** - [2025] 181 taxmann.com 490 (Calcutta)
- 3.162** Where petitioner's areca nut consignment was detained and penalized during interstate transit on grounds including multiple e-way bills and alleged fabrication, challenge via writ was dismissed as no exceptional writ grounds or jurisdictional errors were found and remedy of appeal under section 107 was available - **Damroo Enterprise v. State of West Bengal** - [2025] 181 taxmann.com 490 (Calcutta)
- 3.163** Where investigation revealed mismatched consignor identity, dubious documents and continuous movement from different locations, deemed ownership under CBIC Circular was inapplicable as documents were not genuine; so penalty under Section 129(1)(b) was justified and benefit of Section 129(1)(a) was rightly denied. - **Damroo Enterprise v. State of West Bengal** - [2025] 181 taxmann.com 490 (Calcutta)
- 3.164** Detention and penalty for non-mention of vehicle number in Part-B of e-way bill were unsustainable as such omission was a curable bona fide error and all other documents were tallying and there was no intent to evade tax - **BVM Trans Solutions (P.) Ltd. v. Commercial Tax Officer** - [2025] 181 taxmann.com 707 (Karnataka)
- 3.165** Where registered supplier's consignment with proper invoice, e-way bill and goods receipt was intercepted merely due to a PIN code error in 'ship to' address, with all other details matching and documents valid, since CBIC Circular No. 64/38/2018 -GST, dated: 14-9-2018 clarified no action warranted under section 129 for such

errors, detention order was unsustainable. - **Rc Sales and Services v. State of Uttar Pradesh - [2025] 181 taxmann.com 836 (Allahabad)**

SECTION 130 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - CONFISCATION OF GOODS OR CONVEYANCES AND LEVY OF PENALTY

- 3.166** Where conveyances were intercepted post-01.01.2022 and confiscation notices were issued mechanically under section 130, it was held that section 129 is a self-contained code for transit contraventions and confiscation under section 130 can be resorted to only on formation of a concrete opinion of intention to evade tax based on material evidence, not mere suspicion, as confiscation is a last resort with grave consequences - **Panchhi Traders v. State of Gujarat - [2025] 181 taxmann.com 540 (Gujarat)**
- 3.167** Where petitioner's goods were confiscated by CGST and later by Customs and adjudication order and statutory appeal upholding confiscation and demand remained unchallenged, in absence of legal bar to parallel proceedings under CGST and Customs Acts, writ for quashing such action on ground of double jeopardy under Article 226 was not maintainable. - **Prabhjot Singh v. Union of India - [2025] 181 taxmann.com 187 (Punjab & Haryana)**

SECTION 132 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - OFFENCES - PUNISHMENTS FOR CERTAIN OFFENCES

- 3.168** Where applicant, accused of GST offences, sought regular bail after investigation was completed and complaint filed, since all allegations were documentary, records had been seized and apprehension of absconding could be addressed by conditions, custodial detention was found unnecessary and regular bail was to be granted. - **Sajjad Salimali Bhimani v. State of Gujarat - [2025] 181 taxmann.com 206 (Gujarat)**
- 3.169** Where FIR alleged non-existent firm and issuance of invoices without supply to avail ITC and investigation was concluded with charges framed, quashing of FIR at pre-trial stage was unwarranted as FIR disclosed cognizable offences - **Vishal v. State of Haryana - [2025] 181 taxmann.com 266 (Punjab & Haryana)**
- 3.170** Where applicants were accused of facilitating onboarding of certain companies with various online payment aggregators for receipt of online gaming revenues and allegations disclosed, on face of record, involvement in large-scale transactions and tax evasion substantially in excess of Rs. 5 crores, applicants had not made out a case for bail - **Manoj Kumar v. State of Rajasthan - [2025] 181 taxmann.com 530 (Rajasthan)**

SECTION 140 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - TRANSITIONAL PROVISIONS - INPUT TAX CREDIT - TRANSITIONAL ARRANGEMENT FOR

- 3.171** Where GST-registered ISD with multiple units had closing pre-GST Cenvat credit and filed TRAN-1 but credit was not reflected in Electronic Credit Ledger due to technical glitches in GST portal, substantive ITC

entitlement could not be denied and, hence, disclosed credit must be credited for onward distribution. - **Clyde Pumps (P.) Ltd. v. Union of India - [2025] 181 taxmann.com 466 (Delhi)**

SECTION 142 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - NOTICE AND ORDER FOR DEMAND OF AMOUNTS PAYABLE UNDER THE ACT

- 3.172** Pre-SCN consultation notice is not mandatory for issuance of show cause notice after change brought about by Notification No. 79/2022-Central Tax, dated 15-10-2022 - **Manpar Exim Inc v. Additional Director, DGGI - [2025] 181 taxmann.com 440 (Delhi)**

SECTION 161 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - RECORDS - RECTIFICATION OF MISTAKES

- 3.173** Where petitioner challenged original demand order and, after passing of rectification order reversing earlier original demand and confirming fresh tax on another ground, sought further rectification which was refused, writ against original order was not maintainable since that stood superseded; proper remedy was to challenge rectification order or subsequent rectification rejection. - **Tvl.Anand Transports v. Assistant Commissioner (ST) - [2025] 181 taxmann.com 357 (Madras)**
- 3.174** Where petitioner sought rectification but failed to submit document asked for and authority confirmed a totally fresh demand without issuing proper proposal for such adverse rectification, since compliance with principles of natural justice were not satisfied, matter was to be readjudicated. - **Tvl.Anand Transports v. Assistant Commissioner (ST) - [2025] 181 taxmann.com 357 (Madras)**
- 3.175** Where appeal was kept pending and hence, writ was filed challenging order imposing interest on belated payment and rejection of rectification application, writ petition was to be dismissed as assessee had approached court after recovery began; however, on deposit of 20% of disputed amount in cash, appellate authority was directed to decide appeal on merits and bank attachment to be lifted - **Tvl. Sri Balaji Tractors v. Commercial Tax Officer (ST), Tamil Nadu - [2025] 181 taxmann.com 705 (Madras)**
- 3.176** Where petitioner had requested for a personal hearing, dismissal of rectification application without affording an opportunity of hearing was not proper - **JCI Chemicals India (P.) Ltd. v. State of West Bengal - [2025] 181 taxmann.com 145 (Calcutta)**
- 3.177** Where petitioner filed rectification application after adjudication order pointing out non-consideration of reply and DRC-03 deposit and Adjudicating Authority rejected it claiming no apparent error despite reply being on record without reasons, such non-consideration was an error apparent from record within rectification power, hence rejection and original adjudication orders were liable to be quashed - **Kirti Agarwal v. Union of India - [2025] 181 taxmann.com 135 (Allahabad)**

SECTION 168A OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - POWER OF GOVERNMENT TO EXTEND TIME LIMIT IN SPECIAL CIRCUMSTANCES

3.178 Where assessee challenged validity of CBIC Notification No. 56/2023- Central Tax dated 28-12-2023, but it was noted that validity of impugned notifications were already under challenge before Supreme Court, thus validity of said notifications were to be left open subject to outcome of decision of Supreme Court - **Seaton Impex v. Sales Tax Officer Class II Avato** - [2025] 181 taxmann.com 603 (Delhi)

3.179 Where assessee challenged validity of CBIC Notification No. 56/2023- Central Tax dated 28-12-2023 and 9/2023-CT, dated 31-3-2023, but it was noted that validity of impugned notifications were already under challenge before Supreme Court, thus validity of said notifications were to be left open subject to outcome of decision of Supreme Court - **Justwork Technologies (P.) Ltd. v. Sales Tax Officer/Class II STO, DGST** - [2025] 181 taxmann.com 387 (Delhi)

3.180 Where assessee challenged validity of CBIC Notification Nos. 56/2023- Central Tax dated 28-12-2023 and Notification No. 9/2023, dated 31-3-2023, however validity of impugned notifications were already under challenge before Supreme Court, thus validity of said notifications were to be left open subject to outcome of decision of Supreme Court - **Aggarwal Traders v. Sales Tax Officer, Avato** - [2025] 181 taxmann.com 364 (Delhi)

3.181 Where assessee challenged validity of CBIC Notification No. 56/2023- Central Tax dated 28-12-2023 and 9/2023-CT, dated 31-3-2023, but it was noted that validity of impugned notifications were already under challenge before Supreme Court, thus validity of said notifications were to be left open subject to outcome of decision of Supreme Court - **Neelmani Electricals v. Commissioner of Delhi Goods and Services Tax** - [2025] 181 taxmann.com 726 (Delhi)

3.182 Where Competent Authority had issued Notification No. 09/2023-Central Tax dated 31-3-2023 and Notification No. 56/2023-Central Tax dated 28-12-2023, in view of fact that said notifications had already been quashed by High Court in **Tata Play Ltd. v. Union of India** [2025] 176 taxmann.com 357 (Mad), impugned orders passed on basis of such notifications were to be set aside and fresh orders were to be passed by authorities - **Tvl Voylla Fashions (P) Ltd v. Assistant Commissioner (ST) (FAC)** - [2025] 181 taxmann.com 900 (Madras)

SECTION 169 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - NOTICE, SERVICE IN CERTAIN CASES

3.183 In view of judgment of Madras High Court in **Sharp Tanks and Structural (P.) Ltd. v. Deputy Commissioner (GST) (Appeals)** [2025] 178 taxmann.com 519/102 GSTL 199/34 Centax 426 (Mad), no further coercive action was to be taken against petitioner as there was no proper service of order - **Nikhil Debnath v. Union of India** - [2025] 181 taxmann.com 727 (TRIPURA)

SECTION 174 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - REPEAL AND SAVING

3.184 After GST enactment, statutory power of municipality to levy advertisement tax was omitted; Nagar Nigam lacked authority to impose or recover such tax post-GST, making demand notice and recovery certificate unsustainable and liable to be quashed. - **Saffron Communication (P.) Ltd. v. State of U.P.** - [2025] 181 taxmann.com 205 (Allahabad)

4. GOODS AND SERVICE TAX APPELLATE AUTHORITY

SECTION 171 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - ANTI-PROFITEERING MEASURE

4.1 Where DGAP determined profiteering of specified amount by respondent during period 15.11.2017 to 30.06.2019 with recipients recorded as 'faceless', respondent should deposit such amount in Consumer Welfare Funds - **DGAP v. Dange Enterprise** - [2025] 181 taxmann.com 491 (GSTAT - NEW DELHI)

4.2 Where DGAP quantified alleged profited amount admitted by respondent for period prior to 30.06.2019, no penalty could be imposed since relevant penal provision was introduced only in 2020 - **DGAP v. Dange Enterprise** - [2025] 181 taxmann.com 491 (GSTAT - NEW DELHI)

4.3 Where investigation found respondent liable for profiteering between 15.11.2017 and 30.06.2019 and respondent had accepted profited amount but contested interest under Rule 133(3)(c), since amendment introducing interest liability was effective from 01.04.2020 and was not clarificatory or curative, no interest was leviable for period prior to amendment. - **DGAP v. Dange Enterprise** - [2025] 181 taxmann.com 491 (GSTAT - NEW DELHI)

4.4 Where DGAP concluded that real estate company had already passed on ITC benefit to all eligible homebuyers except 21 and company accepting DGAP report, was ready to pass on benefit to 21 homebuyers, same was to be complied with - **DGAP v. Diya Greencity (P.) Ltd.** - [2025] 181 taxmann.com 953 (GSTAT - NEW DELHI)

5. AUTHORITY FOR ADVANCE RULING

CLASSIFICATION OF GOODS

5.1 PVC/Plastic raincoats: PVC/plastic raincoats are not woven but made of PVC sheets whose parts are heat welded or chemical bonded; such raincoats are classified under Heading No. 3926 and liable to 18 per cent GST - **Pradeepkumar Gaurishankar Trivedi, In re v.** - [2025] 181 taxmann.com 598 (AAR - GUJARAT)

SECTION 7 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - SUPPLY - SCOPE OF

5.2 Where applicant is a dealer for paints and obtained franchise from principal paint manufacturers, non-monetary benefits received by applicant from manufacturers in form of free gifts, compliments and tour packages are liable to GST as same is in nature of business

support/augmentation to promote sales - *Karthik & Co., In re v. - [2025] 181 taxmann.com 596 (AAR - TAMILNADU)*

SECTION 9 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - LEVY & COLLECTION OF TAX

- 5.3** Supply of fresh waste processing machinery to local authority (Nagarpalika) is a supply of goods and not a composite supply of goods and services; GST at rate of 18 per cent is applicable - *Vishalsinh Mahendrasinh Atodariya, In re v. - [2025] 181 taxmann.com 642 (AAR - GUJARAT)*
- 5.4** Transport of empty containers by rail amounts to transport of goods by rail falling under entry 9(i) of Notification No. 11/2017-CT(R) as empty containers are considered as goods and said activity would not fall under entry 9(iv) related to containerized goods which requires actual transport of goods in containers; transport of empty containers by rail falls under Heading No. 9965 with GST payable at 5 percent and ITC is to be mandatorily foregone ITC on goods or services used in supplying such service and no alternative rate based on ITC availment is available - *Hasti Petro Chemical & Shipping Ltd., In re v. - [2025] 181 taxmann.com 591 (AAR - GUJARAT)*
- 5.5** Where an online logistics portal merely facilitates freight payments between shippers and carriers, with major freight paid directly and balance routed through a separate account without any deduction or use, GST is payable only on portal's commission/subscription and not on balance freight so remitted as freight service is between shipper and carrier - *B2B Trucks (P.) Ltd., In re v. - [2025] 181 taxmann.com 429 (AAR - TAMILNADU)*
- 5.6** Self-drive passenger car rentals without driver are classifiable under Heading 9973, SAC 997329 and fall under Entry 17(viia) of Notif. 11/2017 since no exclusive possession/effective control is transferred; thus, tax rate equals that on like goods and SAC 997311 / Entry 17(viii) Notification No. 11/2017-CT (R) does not apply - *EVM Passenger Cars India (P.) Ltd., In re v. - [2025] 180 taxmann.com 828 (AAR - KERALA)*
- 5.7** Applicant's proposed road-based transportation of goods purchased via e-commerce portals, including reverse logistics, with issuance of a single serially numbered consignment note containing statutory particulars, fulfils all essential features of a Goods Transport Agency and thus qualifies as GTA service - *Flipkart India (P.) Ltd., In re v. - [2025] 181 taxmann.com 932 (AAR - WEST BENGAL)*

SECTION 11 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - LEVY AND COLLECTION OF TAX - EXEMPTION - POWER TO GRANT

- 5.8** Applicant's road-only transport of goods purchased via e-commerce portals, including reverse logistics and issuance of a statutory consignment note, qualifies it as a Goods Transport Agency and GTA services provided to unregistered customers through e-commerce operators are exempt under Sl. No. 21A of Notification No. 12/2017-CT (Rate) - *Flipkart India (P.) Ltd., In re v. - [2025] 181 taxmann.com 932 (AAR - WEST BENGAL)*

- 5.9** Where applicant-state skill mission entity received fee share from skill partners who were not NSDC/SSC-approved for relevant schemes, such revenue is not exempted under Entry 69 of Notification No. 12/2017-Central Tax (Rate) particularly where applicant's own institutes lacked proof of NCVET-approved curriculum - *Kerala Academy for Skills Excellence, In re v. - [2025] 180 taxmann.com 830 (AAR - KERALA)*

- 5.10** Where applicant is one of owners of a commercial building and leasing out same to a company which is not registered under GST regime and said company in turn uses property for providing residential accommodation to students/working professionals, applicant is not eligible for exemption under Entry No. 12 of Notification No. 12/2017-Central Tax (Rate), dated 28-6-2017 - *Goldie Ashokbhai Shah, In re v. - [2025] 181 taxmann.com 430 (AAR - GUJARAT)*

SECTION 16 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - INPUT TAX CREDIT - ELIGIBILITY AND CONDITIONS FOR TAKING CREDIT

- 5.11** Where a GST-registered manufacturer paid differential IGST with interest on import of a machine via TR-6 challan following a pre-consultation letter, since such payment documents are not prescribed import documents under Section 16(2) or Rule 36, ITC was held inadmissible for such payments and only reassessed bill of entry serves as valid proof for ITC availment. - *Hansaben Jayantibhai Patel, In re v. - [2025] 181 taxmann.com 432 (AAR - GUJARAT)*
- 5.12** if outward supply is taxable and input goods or services are directly attributable to supply, ITC cannot be denied merely on ground that expenditure was incurred using grant funds - *Kerala Academy for Skills Excellence, In re v. - [2025] 180 taxmann.com 830 (AAR - KERALA)*

SECTION 97 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - ADVANCE RULING - APPLICATION FOR

- 5.13** Where applicant sought ruling on question whether receipt of consideration in form of non voting irredeemable preference shares would fulfil requirement of receipt of consideration, primary question relating to convertible foreign exchange under section 2(6) of IGST Act is out of scope of section 97(2), thus question on GST liability can not be answered - *63 Ideas Infolabs (P.) Ltd., In re v. - [2025] 181 taxmann.com 431 (AAR - GUJARAT)*
- 5.14** Advance ruling sought by applicant, who was providing virtual office or co-working space, to be rejected as question sought is whether registration can be granted to clients of applicant who uses such space and such ruling was for clients of applicant to seek and not for applicant - *Sweet Spot Spaces, In re v. - [2025] 181 taxmann.com 641 (AAR - GUJARAT)*
- 5.15** Advance ruling on requirement of e-way bill when an unregistered person moves his goods from one godown of city to another godown in another city but in same state, was not to be answered as question was not covered under any of categories mentioned in section 97(2) - *Nemi Niva Agro Enterprise, In re v. - [2025] 181 taxmann.com 597 (AAR - GUJARAT)*

Preparing for Practice Before the GST Appellate Tribunal (GSTAT): An Analytical Guide



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The constitution of the Goods and Services Tax Appellate Tribunal (GSTAT) marks a watershed moment in India's indirect tax litigation framework. For Chartered Accountants and tax professionals, this forum will be the ultimate testing ground of their skills in advocacy, drafting and courtroom presentation. The following analysis are the essential aspects of preparation for effective practice before the GSTAT, based on the evolving statutory framework and professional expectations.

GSTAT as a Quasi-Judicial Forum

The GSTAT, established under Section 109 of the CGST Act, is designed to adjudicate substantial questions of law and fact. Positioned as the second appellate authority after the First Appellate Authority, it will serve as the principal forum for resolving contentious GST disputes before escalation to the High Courts.

Practitioners must therefore cultivate:

- Deep knowledge of GST law and precedents
- Sharp drafting skills for appeals and petitions
- Oral advocacy proficiency, especially in English
- Courtroom etiquette and discipline

This combination of technical expertise and professional approach will determine success before the Tribunal.

Filing Appeals: Preparatory Steps

Appeals before GSTAT will be governed by Section 112 of the CGST Act, the procedural rules notified in April 2025 and practice directions yet to be issued. Key preparatory steps include:

- Reviewing the Order-in-Appeal for errors of law or fact.
- Identifying limitation periods: generally three months, extendable by another three.
- Ensuring compliance with pre-deposit requirements: 20% of disputed tax, inclusive of the 10% already paid at the first appellate stage.

This procedural rigor ensures that appeals are not dismissed on technical grounds, preserving focus on substantive issues.

Drafting Before the Tribunal

Drafting is the backbone of appellate practice. Three critical components stand out:

- Statement of Facts: Chronological, precise and devoid of argument. It must present the factual matrix clearly without emotional overtones.
- Grounds of Appeal: Concise, numbered and framed in passive voice. They should cover legal, procedural and constitutional dimensions without repetition.
- Cross Objections: Filed when the department appeals, allowing the Tax Payer to protect its position or clarify issues.

Effective drafting transforms complex disputes into structured narratives that the Tribunal can engage with meaningfully.

Stay Petitions and Interim Relief

Given the financial stakes in GST disputes, stay petitions are a vital tool. A well-drafted petition must highlight:

- Quantum of demand and deposits already made.
- Financial hardship and irreparable harm.
- Prima facie case and balance of convenience.

The prayer for stay must be precise, ensuring that recovery proceedings are suspended until final disposal of the appeal.

Oral Advocacy and Courtroom Etiquette

Oral arguments before GSTAT demand preparation and poise. Practitioners should:

- Structure submissions into facts, issues, legal arguments, rebuttals and prayer.
- Rehearse key points and anticipate questions from the Bench.
- Be ready to condense arguments into five minutes if required.

Courtroom etiquette further enhances credibility: formal attire, respectful address (“May it please Your Honours”), attentive listening and disciplined document handling. These practices reflect professionalism and respect for the institution.

Language and Drafting Skills

Proficiency in English is indispensable. It enhances clarity, persuasiveness and drafting quality. Recommended practices include:

- Watching court arguments to absorb diction and tone.
- Reading legal texts aloud to improve confidence.
- Using grammar tools and studying classic texts like Wren & Martin or Garner’s *Legal Writing in Plain English*.
- Refining drafts through multiple iterations for precision and brevity.

The difference between poor and effective drafting often lies in tone: respectful, precise submissions carry far greater weight than casual phrasing.

Best Practices for Aspiring GSTAT Practitioners

To excel before GSTAT, Chartered Accountants should adopt the following strategies:

- Stay updated with case laws, notifications and circulars.
- Maintain repositories of templates for appeals, stay petitions and cross-objections.
- Participate in moot courts or peer simulations to sharpen advocacy.
- Seek mentorship and feedback from senior advocates.
- Prioritize substance and structure over verbosity.

Ultimately, GSTAT practice is not just about technical knowledge but about disciplined advocacy, persuasive communication and professional presentation.

Conclusion

The GST Appellate Tribunal will be a defining arena for Chartered Accountants in tax litigation. Success will hinge on a practitioner's ability to combine mastery of GST law with meticulous drafting, persuasive oral advocacy and impeccable courtroom etiquette. Preparing for GSTAT is therefore not a one-time exercise but a continuous process of skill-building and refinement. With dedication and consistent practice, Chartered Accountants can establish themselves as formidable counsels before this newly constituted GST Tribunal.

~ The first page of a new year invites us to recommit—not just to success, but to integrity in every professional decision.

Rule Protecting the Bona Fide Taxpayer: Gauhati High Court "Reads Down" ITC Restrictions Under Section 16(2)(aa)



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In a significant ruling for the GST landscape, the Gauhati High Court in the case of **MCLEOD Russel India Ltd. vs. Union of India** has provided much-needed relief to businesses facing the denial of Input Tax Credit (ITC) due to supplier non-compliance. The court addressed the "iniquitous" burden placed on purchasers by **Section 16(2)(aa)** of the CGST/AGST Act, which conditions the availability of ITC on the supplier's diligence in filing returns.

The Core Conflict: Supplier Default vs. Buyer Rights

The petitioner, a public limited company in the tea business, challenged the validity of Section 16(2)(aa). This provision stipulates that a recipient can only claim ITC if the supplier has furnished the invoice details in their statement of outward supplies (GSTR-1) and communicated these to the recipient via the GST portal (GSTR-2A/2B).

The petitioner argued that this condition is **arbitrary and irrational** because it punishes a bona fide purchaser for the defaults of a third party, the supplier over whom the purchaser has no control. Denying credit despite the purchaser having paid the tax to the supplier results in a **cascading effect**, forcing the buyer to pay the same tax twice: once to the supplier and again upon the disallowance of the ITC.

The Revenue's Stance: Curbing Fraud

The Revenue maintained that ITC is not a vested right but a concession subject to statutory conditions. They argued that Section 16(2)(aa) was essential to **prevent fraudulent ITC claims**, promote supplier compliance and eliminate the risks associated with provisional credit. According to the Revenue, the four conditions under Section 16(2) possession of documents, receipt of goods/services, payment of tax to the government and filing of returns must be strictly met.

The Court's Balanced Approach

While the High Court declined to strike down the provision as unconstitutional, it chose to **"read down"** the law to protect honest taxpayers. The court's reasoning centered on several key legal principles:

- **Seller as a Collecting Agency:** The court observed that tax collected by a seller is fundamentally a tax on the buyer, making the seller a mere collecting agent for the government.

- **The Purposive Construction:** The primary objective of the GST Act is to avoid the cascading effect of taxes and charge tax only on "value additions".
- **Onerous Burden:** Placing the entire burden of supplier compliance on the purchaser was deemed "iniquitous," especially when a supplier acts "truant".

A Vital Opportunity for Evidence

The court ruled that before tax authorities deny ITC benefits to a bona fide purchaser due to a supplier's failure, they **must afford the purchaser an opportunity to prove their bona fides**. This can be achieved by presenting **tax invoices and other relevant documents** to verify the legitimacy of the transaction.

This protective interpretation is set to remain in effect until the **Central Board of Indirect Taxes and Customs (CBIC)** devises a practical administrative solution to the problem. The judgment aligns with previous judicial trends seen in cases like *Suncraft Energy (P.) Ltd.* and *Shanti Kiran India (P.) Ltd.*, where courts prioritized the rights of honest dealers who paid taxes in good faith.

Conclusion

This ruling serves as a crucial safeguard for businesses, ensuring that the spirit of GST eliminating double taxation is not defeated by technical defaults of suppliers.

Analogy for Clarity: Imagine you go to a restaurant and pay your bill, which includes a mandatory government service tax. If the restaurant owner fails to send that tax money to the government, it would be unfair for the government to then come to your house and demand you pay that tax a second time. As long as you have your receipt to prove you paid the restaurant, you have fulfilled your duty as a consumer. This judgment essentially tells the "government" (tax authorities) that they must look at the "receipt" (invoices) of the "customer" (purchaser) before demanding payment for the "waiter's" (supplier's) mistake.

~ As the year turns, let knowledge deepen, ethics strengthen and service to society remain our highest professional goal.

COMPANY AND SEBI LAWS UPDATES

1. STATUTORY UPDATES

- 1.1** MCA raises small company thresholds to Rs 10 crore paid up capital and Rs 100 crore turnover - **NOTIFICATION NO. G.S.R. 880(E) [F. NO. POLICY-01/5/2022-CL-V-MCA], DATED 01-12-2025**

Editorial Note: The Ministry of Corporate Affairs has notified the Companies (Specification of Definition Details) Amendment Rules, 2025, revising the financial thresholds for classifying a small company. Under the new criteria, the paid-up capital limit now stands at Rs 10 crore and the turnover limit has been enhanced to Rs 100 crore. These updated thresholds apply for the purposes of Section 2(85) of the Companies Act, 2013. These changes will come into effect from 01.12.2025.

- 1.2** SEBI amends FPI and FVCI Regulations introducing SWAGAT-FI and prescribing advance ten-year fee payment - **NOTIFICATION NO. SEBI/LAD-NRO/GN/2025/280, DATED 01-12-2025**

Editorial Note: The SEBI has amended the FPI and FVCI Regulations to introduce SWAGAT-FI and revise fee and procedural provisions. The amendments mandate advance payment of registration or renewal fees in ten-year blocks and specify provisions that shall not apply to SWAGAT-FI under each regulation. These amendments shall be applicable from one hundred eightieth day from the date of publication of these regulations in the Official Gazette i.e., 01.12.2025.

- 1.3** SEBI & IEPFA will hold the 4th Niveshak Shivir in Jaipur on 06.12.2025 to help investors with unpaid dividends, KYC & claims - **PRESS RELEASE NO. 78/2025, DATED 02-12-2025**

Editorial Note: SEBI and IEPFA are jointly organising the fourth Niveshak Shivir at Jaipur on December 06, 2025 with support from MII and RTAs. The Shivir will help shareholders with transfer of unpaid dividends, KYC and nomination updates and resolution of pending IEPFA claims for unclaimed shares and dividends. The event will be held from 10 AM to 4 PM at Swarn Mahal, Vaishali Nagar, Jaipur.

- 1.4** SEBI amends multiple regulations to replace references to registered post with Speed Post with Registration - **NOTIFICATION F. NO. SEBI/LAD-NRO/GN/2025/281, DATED 03-12-2025**

Editorial Note: The SEBI has notified the Substitution of Registered Post with Speed Post (Amendment) Regulations 2025. The changes update the Collective Investment Schemes Regulations 1999, PFUTP Regulations 2003, Intermediaries Regulations 2008 and ICDR Regulations 2018 by replacing all references to registered post with Speed Post with Registration or

with Acknowledgment Due, effective from the date of publication in the Official Gazette.

- 1.5** SEBI revises principal officer criteria and substitutes Regulation 3 to streamline merchant banker categories - **NOTIFICATION F. NO. SEBI/LAD-NRO/GN/2025/282, DATED 03-12-2025**

Editorial Note: SEBI has notified amendments to the Merchant Bankers Regulations 1992. The definition of 'principal officer' is revised to require at least five years' experience and responsibility for decisions of the merchant banker. Further, SEBI has replaced the existing Regulation 3. Accordingly, applications may now be made only for Category I, which can carry out all permitted activities, or Category II, which may carry out all permitted activities except public issues on the main board.

- 1.6** SEBI amends SAST norms; requires valuation of infrequently traded shares by an independent registered valuer - **NOTIFICATION F. NO. SEBI/LAD-NRO/GN/2025/283, DATED 03-12-2025**

Editorial Note: SEBI has notified the SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2025. As per the amended norms, the Board may, at the expense of the acquirer, require valuation of infrequently traded shares by an independent registered valuer. Further, where listed securities are offered as consideration, the value of such securities shall also be certified by an independent registered valuer. Additionally, the term 'valuer' has been defined under Regulation 2.

- 1.7** World Bank's India Financial Sector Assessment notes a resilient, inclusive financial system and recommends further reforms - **PRESS RELEASE NO. 79/2025, DATED 03-12-2025**

Editorial Note: India-FSA 2024 released by the World Bank notes a more resilient, diversified and inclusive financial system, supported by reforms since 2017. It highlights sound oversight across banks, NBFCs, securities and insurance and India's digital public infrastructure. Suggestions include stronger credit risk management, wider product access, climate-risk measures and improved MSME data.

- 1.8** SEBI revises valuer definition and replaces merchant banker with independent registered valuer under SBEB Regulations - **NOTIFICATION F. NO. SEBI/LAD-NRO/GN/2025/284, DATED 03-12-2025**

Editorial Note: The SEBI has amended the Share Based Employee Benefits and Sweat Equity Regulations by updating the valuer definition in line with the Companies Act and revising Regulation 34. Valuation, earlier required to be carried out by a

merchant banker, will now be done by an independent registered valuer. A proviso permits merchant bankers to complete ongoing valuation assignments within nine months. Sub-regulations 34(2) and 34(3) have been omitted.

- 1.9** Shri Sandip Pradhan takes charge as a Whole-Time Member of SEBI - **PRESS RELEASE NO. 80/2025, DATED 05-12-2025**

Editorial Note: Shri Sandip Pradhan took charge as a Whole-Time Member of the SEBI. He will handle the Market Intermediaries Regulation and Supervision Department, the Alternative Investment Fund and Foreign Portfolio Investors Department, the Information Technology Department, the Office of Investor Assistance and Education and the National Institute of Securities Market. Before his joining, he was the Director General of Income Tax (Investigation) in Pune.

- 1.10** SEBI require regulated entities to report accessibility readiness and resolve SCORES complaints - **CIRCULAR NO. HO/13/19/13(2)2025-ITD-1_VIAP/187/2025,, DATED 08-12-2025**

Editorial Note: SEBI issues clarification on its digital accessibility circular for regulated entities (REs). The Investor's Right to Digital Accessibility is added to all Investor Charters. REs must submit the readiness and compliance status of each digital platform by March 31, 2026, instead of appointing an auditor by December 14, 2025. They must use the prescribed format, address accessibility complaints on SCORES and conduct regular audits through certified professionals.

- 1.11** SEBI eases regulations for AIFs to launch or convert to AI-Only and LVF schemes for accredited investors - **CIRCULAR NO. HO/19/34/11(5)2025-AFD-POD1/188/2025, DATED 08-12-2025**

Editorial Note: SEBI allows Alternative Investment Funds (AIFs) to launch new schemes or convert existing ones into AI-only funds for accredited investors or Large Value Funds (LVFs), providing them with certain regulatory relaxations. All such schemes must include AI only fund or LVF in their name. Existing schemes can migrate only with positive consent from all investors. After conversion, fund managers must update scheme name and notify SEBI and depositories within 15 days for necessary system updates

- 1.12** SEBI & IEPFA held fourth Niveshak Shivir at Jaipur to minimize unclaimed assets & facilitate claims for unpaid dividends - **PR NO. 81/2025, DATED 09-12-2025**

Editorial Note: SEBI and IEPFA conducted the fourth Niveshak Shivir at Jaipur to minimize unclaimed assets & facilitate investor claims for unpaid dividends and shares. The Niveshak Shivir enabled direct facilitation of unpaid dividends and claims pending for over six to seven years, provided on-the-spot KYC and nomination updates and addressed IEPFA claim issues. The day-long Shivir witnessed enthusiastic participation from over 301

investors and claimants from Jaipur and the surrounding areas.

- 1.13** ICSI calls for a stronger Board Oversight and Governance following the Indigo Airlines incident - **PRESS RELEASE, DATED 09-12-2025**

Editorial Note: The ICSI has called for urgently strengthened corporate governance practices across India Inc., after the Government's strong stance on the Indigo Airlines incident. It highlighted the need for greater accountability at Board level & said that strong governance helps companies stay prepared, responsible & able to handle difficult situations. The ICSI urged companies to align board processes in stakeholders' interest, enable early risk identification, timely action and clear communication.

- 1.14** SEBI amends InvIT and REIT Regulations revising and introducing definitions of key investor categories - **NOTIFICATION NO. SEBI/LAD-NRO/GN/2025/287, DATED 09-12-2025**

Editorial Note: SEBI has amended the InvIT and REIT Regulations, 2014. In InvIT Regulations, the definition of institutional investor is substituted, limiting it to a family trust or a Board-registered intermediary with net worth above Rs. 500 crore and the definitions of qualified institutional buyer and strategic investor are revised. In REIT Regulations, a definition of institutional investor is inserted and related definitions are similarly substituted.

- 1.15** SEBI relaxes geo-tagging requirement for NRIs for re-KYC and modifies provisions under the Master Circular on KYC - **CIRCULAR NO. HO/38/30/12(1)2025-MIRSD-SEC-FATF, DATED 10-12-2025**

Editorial Note: SEBI has modified provisions under the Master Circular on KYC to ease re-KYC for NRIs. The requirement of physical location being in India is relaxed for NRI clients using digital mode. Para 51 is revised to provide that geo-tagging and related checks continue, but the physical-location requirement will not apply for re-KYC of existing NRI clients, while GPS coordinates must match the Proof of Address and spoofed IP connections must be prevented.

- 1.16** SEBI defers Phase III implementation of Nomination Circular beyond December 15, 2025; new date to be notified - **CIRCULAR NO. HO/42/36/12(4)2025-OIAE-IAD3, DATED 11-12-2025**

Editorial Note: The SEBI has deferred the Phase III implementation of the Nomination Circular dated January 10, 2025, which had earlier been shifted to December 15, 2025. Owing to operational difficulties and stakeholder requests, the timeline is now postponed to a later date that will be notified separately. All other provisions in the earlier circulars remain unchanged. This circular comes into force immediately.

- 1.17** SEBI to hold Investor Service Camp in Indore on Dec 16, offering single-window assistance for key investor service

needs - **PRESS RELEASE NO. 83/2025, DATED 11-12-2025**

Editorial Note: SEBI's Indore Local Office is organizing an Investor Service Camp on December 16, 2025, to offer a single-window facility for investor needs. The camp, held with BSE, NSE, CDSL, NSDL and leading RTAs, will provide service desks for RTA requests, KYC and nominee updation, dematerialization, transmission, name changes and SCORES or SMART ODR queries. The camp will run from 10 AM to 5 PM at Pravasa Hotels, Indore.

1.18 SEBI issues measure to strengthen the governance of Market Infrastructure Institutions - **CIRCULAR NO. HO/47/12/11(5)2025-MRD-POD3/1/196/2025, DATED 12-12-2025**

Editorial Note: SEBI has issued measures to strengthen the governance of Market Infrastructure Institutions (MIIs). These measures include: (a) mandatory appointment of Executive Directors on the **Governing** Board of the MII, (b) a structured appointment process for the Compliance Officer (CO), Chief Risk Officer (CRiO), Chief Technology Officer (CTO) and Chief Information Security Officer (CISO) and (c) provisions relating to technology audits of MIIs, namely the System Audit and the Cyber Security Audit.

1.19 SEBI notifies the Registrars to an Issue and Share Transfer Agents Regulations, 2025, replacing the 1993 framework - **NOTIFICATION NO. SEBI/LAD-NRO/GN/2025/288, DATED 15-12-2025**

Editorial Note: The SEBI has notified the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025. The regulations consolidate and amend the framework governing registration, eligibility, net worth requirements, general obligations, code of conduct, inspection, enforcement and fees for registrars to an issue and share transfer agents. These regulations repeal the 1993 regulations and come into force from the date of publication in the Official Gazette.

1.20 SEBI updates LODR Regulations to replace the term 'Share Transfer Agent' with 'Registrar to an Issue & Share Transfer Agent' - **NOTIFICATION NO. SEBI/LAD-NRO/GN/2025/289, DATED 15-12-2025**

Editorial Note: SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. An amendment has been made to Regulation 7, Schedules I, II, III, VI and VII. The 'Share Transfer Agent' has been substituted with 'Registrar to an Issue and Share Transfer Agent'. The listed entity must now appoint a Registrar to an Issue and Share Transfer Agent or manage the share transfer facility in-house.

1.21 SEBI mandates detailed and periodic disclosures by 'trustees of special purpose distinct entities' to Board and Stock Exchanges - **CIRCULAR NO. HO/17/11/18(1)2025-DDHS-POD1/1/342/2025, DATED 16-12-2025**

Editorial Note: SEBI has mandated special purpose distinct entities (SPDEs) and trustees associated with securitised debt instruments (SDIs) to submit detailed disclosures on a half-yearly basis. These disclosures must be made to the Board and the concerned stock exchanges where the SDIs are listed, within 30 days from the end of March or September. The provisions of the circular shall be effective from March 31, 2026.

1.22 SEBI Board approves comprehensive regulatory reforms across stock brokers, mutual funds, IPOs and debt markets - **PRESS RELEASE NO. 84/2025, DATED 17-12-2025**

Editorial Note: The SEBI Board, at its 212th meeting, approved a series of regulatory proposals. These include replacement of the SEBI (Stock Brokers) Regulations, 1992 with the SEBI (Stock Brokers) Regulations, 2025. The Board also approved a comprehensive review of the SEBI (Mutual Funds) Regulations. Amendments were approved to the ICDR, LODR and NCS Regulations, along with measures for credit rating agencies, relaxation for HVDLEs and alignment of timelines for transfer of unclaimed amounts.

1.23 SEBI modifies conditions for reduced denomination of debt securities to include zero coupon instruments - **CIRCULAR NO. HO/17/11/24(1)2025-DDHS-POD1/1/491/2025, DATED 18-12-2025**

Editorial Note: Earlier, the SEBI has modified the conditions for issuance of debt securities and non-convertible redeemable preference shares at a reduced face value of Rs. 10,000. The amendment permits issuance of zero coupon debt securities with a fixed maturity and without structured obligations, in addition to interest or dividend bearing securities. Other provisions of the NCS Master Circular remain unchanged and the revised norms shall apply to private placement issues.

1.24 SEBI clarifies that there is no change in the existing regulatory framework for short selling - **PRESS RELEASE NO. 85/2025, DATED 21-12-2025**

Editorial Note: SEBI has clarified on a media report that incorrectly stated that changes to the short selling framework would become applicable from December 22, 2025. The regulator has expressly stated that there is no change in the existing regulatory framework governing short selling. Accordingly, the question of any modification to the framework taking effect from the said date does not arise.

1.25 SEBI updates BSDA norms by excluding certain securities, revising valuation rules & requiring periodic eligibility review - **CIRCULAR NO. HO/38/11/11(3)2025-MIRSD-POD1/1/101/2025, DATED 24-12-2025**

Editorial Note: SEBI has directed to further enhance the Facility for Basic Services Demat Account (BSDA). The framework now excludes Zero Coupon Zero Principal bonds and delisted securities from BSDA threshold calculation, clarifies valuation of

illiquid securities, mandates quarterly reassessment of BSDA eligibility by DPs and requires active, verifiable consent from investors opting for regular demat accounts. The changes take effect from March 31, 2026.

- 1.26** SEBI reviews and simplifies procedure and documentation for issuance of duplicate securities to improve ease of investment - **CIRCULAR HO/38/13/11(3)2025-MIRSD-POD/1/1102/2025, DATED 24-12-2025**

Editorial Note: SEBI has reviewed the procedure and documentation requirements for issuance of duplicate securities to further simplify and standardise the process. The threshold for simplified documentation has been increased from Rs. 5 lakhs to Rs. 10 lakhs, a standardised affidavit-cum-indemnity has been prescribed, documentation for higher value securities has been rationalised and notarisation has been dispensed with for low-value cases. The revised framework shall apply with immediate effect.

- 1.27** MCA further extends the due date for filing FY 2024-25 financials and annual returns without additional fees till Jan 31, 2026 - **GENERAL CIRCULAR NO. 08/2025, DATED 30-12-2025**

Editorial Note: Earlier, the MCA vide its Circular dated October 17, 2025, had granted relaxation to companies to file their financial statements (Form AOC-4 series) and annual returns (Form MGT-7/MGT-7A) for FY 2024-25 up to Dec 31, 2025, without payment of additional fees. The MCA has now further extended the deadline by one month. Accordingly, companies can file their financials and annual returns without payment of additional fees up to January 31, 2026.

- 1.28** SEBI mandates certification from NISM for Compliance Officers of Managers of AIFs - **CIRCULAR NO. HO/19/(8)2025-AFD-POD1/1/1266/2025, DATED 30-12-2025**

Editorial Note: SEBI has specified the certification requirement for Compliance Officers of Managers of AIFs. Accordingly, the Compliance Officer of AIF Managers must obtain certification from the National Institute of Securities Market by passing the NISM Series-III-C: Securities Intermediaries Compliance (Fund) Certification Examination. Further, AIF Managers must ensure that, w.e.f. 01.01.2027, only those persons who have obtained the certification are appointed as compliance officers.

- 1.29** Central Government appoints Shri N. Venkatram as Part-Time Member of SEBI for a term of three years - **NOTIFICATION NO. S.O. 6100(E), DATED 30-12-2025**

Editorial Note: The Central Government has appointed Shri N. Venkatram, Country Chair, CDPQ India, CDPQ Global, as Part-Time Member of SEBI for a period of three years from the date of assumption of charge, or till attainment of seventy years of age, or until further orders, whichever is earlier.

- 1.30** Govt. extends effective date for establishment of LLP Regional Directors from 1 January to 16 February 2026 - **NOTIFICATION NO. S.O. 6114(E), DATED 30-12-2025**

Editorial Note: The Central Government has amended the notification issued under section 68A of the Limited Liability Partnership Act, 2008 relating to the establishment of Regional Directors in the Ministry of Corporate Affairs. Through this amendment, the Government has extended the date of enforcement of the said notification from 1st January, 2026 to 16th February, 2026.

- 1.31** Govt. extends effective date for establishment of Regional Directors under Companies Act, 2013 - **NOTIFICATION NO. S.O. 6115(E), DATED 30-12-2025**

Editorial Note: The Central Government has amended the notification issued under section 396 of the Companies Act, 2013 relating to the establishment of Regional Directors in the Ministry of Corporate Affairs. Through this amendment, the Government has extended the date of coming into force of the notification dated 23 October, 2025 and the earlier enforcement date of 1st January, 2026 has been revised to 16th February, 2026.

- 1.32** Govt. extends effective date for establishment of ROCs with specific territorial jurisdictions for LLPs to Feb 16, 2026 - **NOTIFICATION NO. S.O. 6113(E), DATED 30-12-2025**

Editorial Note: The Central Government has amended the notification issued under section 68A of the Limited Liability Partnership Act, 2008, relating to the 'establishment of ROCs in the Ministry of Corporate Affairs having specific territorial jurisdiction for registration of LLPs'. Through this amendment, the Government has extended the date of enforcement of the said notification from 1st January 2026 to 16th February 2026.

- 1.33** Govt. extends effective date for establishment of ROCs under Companies Act, 2013 - **NOTIFICATION NO. S.O. 6112(E), DATED 30-12-2025**

Editorial Note: The Central Government has amended the notification issued under Section 396 of the Companies Act, 2013, relating to the establishment of ROCs under the Ministry of Corporate Affairs. Through this amendment, the Government has extended the date of coming into force of the notification dated 23 October 2025, revising the earlier enforcement date from 1 January 2026 to 16 February 2026.

- 1.34** SEBI proposes revising trading member position limits in equity index derivatives using Future Equivalent measure

Editorial Note: The SEBI has proposed revising trading member (TM) position limits in equity index derivatives by shifting the calculation from notional value to Future Equivalent (FutEq). Limits for index futures remain at the higher of INR 7,500 crore or 15% of total open interest (OI). For index options, limits will be based on market wide FutEq open interest along with slab based absolute limits linked

to average daily open interest. The comments can be submitted latest by 26.12.2025.

1.35 SEBI issues draft updated Master Circular for FPIs and Designated Depository Participants

Editorial Note: SEBI has placed a draft updated and simplified Master Circular for Foreign Portfolio Investors and Designated Depository Participants for public comments. The proposal updates the existing Master Circular by incorporating circulars issued since May 2024 and streamlining the framework to achieve simplification of language, removal of duplication and transitory provisions. Comments may be submitted by December 26, 2025.

1.36 Govt. proposes Bill lowering CSR eligibility thresholds and mandating a CSR-experienced director on the Committee

Editorial Note: The Government has introduced the Companies (Amendment) Bill, 2025, which proposes to amend section 135 by lowering the CSR eligibility limits to net worth of 100 crore, turnover of 500 crore or net profit of 3 crore and by requiring a director with extensive CSR experience in the CSR Committee. The existing framework under section 135 applies at 500 crore net worth, 1,000 crore turnover or 5 crore profit, without such a director requirement, during the immediately preceding FY.

1.37 Govt. introduces the Securities Markets Code, 2025 in Lok Sabha

Editorial Note: The Government has introduced the Securities Markets Code, 2025, in the Lok Sabha to consolidate and amend the laws governing the securities markets. The Bill seeks to replace the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956 and the Depositories Act, 1996. It rationalises and consolidates the existing provisions and provides a modern regulatory framework for investor protection and capital mobilisation in line with the emerging needs of the fast-growing Indian economy.

1.38 Haryana Assembly passes 'Haryana Shops and Commercial Establishments (Amendment) Bill, 2025'

Editorial Note: The Haryana Assembly has passed a bill increasing the daily working hours from 9 to 10 hours, while retaining the overall weekly limit of 48 hours for employees of shops and private commercial establishments. The Haryana Shops and Commercial Establishments (Amendment) Bill, 2025, has been passed to amend the Haryana Shops and Commercial Establishments Act, 1958. The Bill seeks to increase the maximum period of continuous work without rest from five to six hours.

2. SUPREME COURT

REGULATION 8 OF THE SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015 - CODE OF FAIR DISCLOSURE

- 2.1 Where appellant company failed to promptly disclose unpublished price sensitive information regarding ongoing negotiations between its subsidiary and Facebook as required under LODR and Insider Trading Regulations, SEBI rightly held appellant guilty of violation of principles of SEBI (Prohibition of Insider Trading) Regulations, 2015 and imposed a penalty of Rs. 30 lakhs - **Reliance Industries Ltd. v. Securities and Exchange Board of India - [2025] 181 taxmann.com 425 (SC)**

SECTION 31 OF THE ARBITRATION AND CONCILIATION ACT, 1996 - FORM AND CONTENTS OF ARBITRAL AWARD

- 2.2 Where respondent-finance company sanctioned bill discounting facility to appellant with agreed concessional and normal interest rates and contract included compounding with monthly rests, respondent was entitled to claim interest at 36 percent per annum upon default as per mutually agreed terms, as neither Usurious Loans Act nor contra proferentem principle applied and stipulations were not penal under Indian Contract Act, thus High Court's order upholding arbitral award was to be affirmed - **BPL Ltd. v. Morgan Securities and Credits (P.) Ltd. - [2025] 181 taxmann.com 198 (SC)**

SECTION 135 OF THE COMPANIES ACT, 2013 - CORPORATE SOCIAL RESPONSIBILITY

- 2.3 Corporate definition of 'Social Responsibility' must inherently include 'Environmental Responsibility'; companies cannot assert to be socially responsible while ignoring equal claims of environment and other beings of ecosystem - **M.K. Ranjitsinh v. Union of India - [2025] 181 taxmann.com 737 (SC)**

3. HIGH COURT

SECTION 11A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 - BOARD TO REGULATE OR PROHIBIT ISSUE OF PROSPECTUS, OFFER DOCUMENT OR ADVERTISEMENT SOLICITING MONEY FOR ISSUE OF SECURITIES

- 3.1 Where Offer Documents clearly reveal that IPO was being made through book-building process and other requirement of Issuer undertaking to allot at least seventy-five percent of net offer to QIBs was also satisfied from statements made in RHP, said IPO was in compliance with Regulation 6(2) of ICDR Regulations and was therefore permissible - **Hemant Kulshrestha v. Securities and Exchange Board of India - [2025] 181 taxmann.com 257 (Bombay)**

SECTION 16 OF THE DEPOSITORIES ACT, 1996 - DEPOSITORIES TO INDEMNIFY LOSS IN CERTAIN CASES.

- 3.2 Where negligent acts of Depository Participant (DP) were proved, nothing was required to be proved against depository (CDSL), who automatically became liable to indemnify beneficial owner under section 16 of Depositories Act - **Central Depository Services (India) Ltd. v. Daksha Narendra Bhavsar - [2025] 181 taxmann.com 424 (Bombay)**

SECTION 34 OF THE ARBITRATION AND CONCILIATION ACT, 1996 - APPLICATION FOR SETTING ASIDE ARBITRAL AWARD

- 3.3 Where due to technical glitch in system of petitioner-trading member of NSE, respondent-client of petitioner received undue credit in his margin and executed trades of Rs.94.81 crores in F&O contracts and made profit of Rs.1.75 crores, since respondent was not responsible for development of system glitch and had used his own skills in executing trades, petitioner could not retain profits and petition under section 34 against award of Appellate Arbitral Tribunal allowing respondent to retain profits was to be dismissed - **Kotak Securities Ltd. v. Gajanan Ramdas Rajguru - [2025] 181 taxmann.com 320 (Bombay)**

SECTION 101 OF THE COMPANIES ACT, 1956 - APPLICATION TO TRIBUNAL FOR CONFIRMING ORDER, OBJECTIONS BY CREDITORS and SETTLEMENT OF LIST OF OBJECTING CREDITORS

- 3.4 Where respondent company delisted its securities voluntarily to avoid complying with minimum public shareholding requirement and sought confirmation of reduction of share capital, in view of fact that proceedings under SEBI Act read with SCR Act for not achieving minimum public shareholding requirement and proceedings under sections 100 and 104 of Companies Act relating to reduction of capital were distinct and, therefore, order passed by Company Judge approving scheme for reduction of capital was not to be interfered with - **BSE Ltd. v. Khoday India Ltd. - [2025] 181 taxmann.com 260 (Karnataka)**

SECTION 139 OF THE COMPANIES ACT, 2013 - AUDITORS - APPOINTMENT OF

- 3.5 Where Trial Court took cognizance of complaint filed against petitioner-company regarding short-term appointment of a statutory auditor without looking into question of limitation and without affording petitioners an opportunity of being heard, such action of Trial Court was irregular, improper and illegal - **Sooryakanthi Nidhi Ltd. v. State of Kerala - [2025] 181 taxmann.com 99 (Kerala)**

SECTION 148 OF THE COMPANIES ACT, 2013 - AUDIT - CENTRAL GOVERNMENT TO SPECIFY AUDIT OF ITEMS OF COST IN RESPECT OF CERTAIN COMPANIES

- 3.6 Where complaint was filed against petitioner-company alleging violation of section 148(6) on ground that they had failed to file Cost Audit Report within statutory time limit, however, complaint was lodged after expiry of about 3 years, continuation of aforesaid proceeding would prejudice petitioners and, as such, it should be quashed to prevent abuse of process of law and secure ends of justice - **Rashmi Metaliks Ltd. v. Deputy Registrar of Companies - [2025] 181 taxmann.com 58 (Calcutta)**

4. SECURITY APPELLATE TRIBUNAL

SECTION 15HB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 - PENALTY FOR

CONTRAVENTION WHERE NO SEPARATE PENALTY HAS BEEN PROVIDED

- 4.1 Where appellant had requested SEBI to sell shares of investors who had deposited their shares in Escrow Account of appellant for non-compliance of Takeover Regulations, 1997, request made by appellant was to sell shares belonging to third party and same could not be permitted, hence, appeal was to be dismissed - **Aushim Khetarpal v. Securities and Exchange Board of India - [2025] 181 taxmann.com 66 (SAT - Mumbai)**

SECTION 25 OF THE INDIAN TRUSTS ACT, 1882 - NON-LIABILITY FOR PREDECESSOR'S DEFAULT

- 4.2 Where SEBI passed impugned order directing appellant-trustee not to take up new assignments as trustee of Alternative Investment Fund for a period of one year and restrained it from associating with SEBI registered intermediaries for a period of three months, in view of fact that appellant had taken necessary action and fund had been wound up, assets had been liquidated and their proceeds distributed among investors, directions against appellant were excessive in nature and, therefore, direction was to be modified holding that appellant would not take up new assignments as a trustee of Alternative Investment Fund of any category for a period of six months - **Catalyst Trusteeship Ltd. v. Securities and Exchange Board of India - [2025] 181 taxmann.com 8 (SAT - Mumbai)**

SECTION 188 OF THE COMPANIES ACT, 2013 - RELATED PARTY TRANSACTIONS

- 4.3 Regulation 23(1) of LODR Regulations clearly requires that materiality threshold is to be tested in respect of all transactions entered individually and taken together with previous transactions during a financial year - **Linde India Ltd. v. Securities and Exchange Board of India - [2025] 181 taxmann.com 321 (SAT - Mumbai)**

5. NATIONAL COMPANY LAW APPELLATE TRIBUNAL

SECTION 421 OF THE COMPANIES ACT, 2013 - TRIBUNAL AND APPELLATE TRIBUNAL - APPEAL FROM ORDERS OF

- 5.1 In view of section 421(3) of Companies Act, 2013, limitation period for filing an appeal against order of NCLT is 45 days and further 45 days can be allowed if sufficient cause is shown for delay in filing appeal; delay in filing appeal cannot be condoned beyond 90 days - **Regional Director v. Mayfair Hotels & Resorts Ltd. - [2025] 181 taxmann.com 106 (NCLAT- New Delhi)**

6. SECURITIES AND EXCHANGE BOARD OF INDIA

REGULATION 3 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES

MARKET) REGULATIONS, 2003 - PROHIBITION OF CERTAIN DEALINGS IN SECURITIES

- 6.1 Where despite being not registered with SEBI as Investment Advisor or Research Analyst, ASTAPL/AS were engaged in providing investment advisory and research analyst services under guise of their stock market training programs to a large number of investors and had collected 601 crores from course participants for various programs, ASTAPL/AS and its promoters were directed to cease and desist from offering unregistered investment advisory and research analyst services and disgorge Rs.601 crores, which includes Rs. 546 crores proposed for impounding - **Avadhut Sathe Trading Academy Private Limited, In re v. - [2025] 181 taxmann.com 180 (SEBI)**

7. NATIONAL COMPANY LAW TRIBUNAL**SECTION 241 OF THE COMPANIES ACT, 2013 - OPPRESSION AND MISMANAGEMENT - APPLICATION TO TRIBUNAL FOR RELIEF**

- 7.1 Where minority shareholders established multiple instances of oppression and mismanagement by majority shareholders, including ultra vires investment in IPO and unauthorized fund advances leading to company losses, respondents were directed to refund Rs. 2.38 crores along with 12 percent interest to company and Ministry of Corporate Affairs was directed to initiate a thorough investigation into affairs of company - **T.P. Anilkumar v. Indus Motor Company (P.) Ltd. - [2025] 181 taxmann.com 825 (NCLT - Kochi)**

SECTION 252 OF THE COMPANIES ACT, 2013 - REMOVAL OF NAME FROM REGISTER

- 7.2 Where company was struck off by RoC on ground that company was not undertaking any business or operation in preceding two financial years and only asset owned by company had been rented out to another entity, it was evident that company was not operating at time of striking off and mere fact that company owned assets did not make it just to restore company - **Vidit Sharma v. Registrar of Companies - [2025] 181 taxmann.com 309 (NCLT - CUTTACK)**

COMPETITION LAW

1. NATIONAL COMPANY LAW APPELLATE TRIBUNAL

SECTION 4 OF THE COMPETITION ACT, 2002 - ABUSE OF DOMINANT POSITION

- 1.1** Where NCLAT upheld findings of abuse of dominant position by WhatsApp LLC and Meta Platforms Inc. under sections 4(2)(a)(i) and 4(2)(c) arising from WhatsApp's 2021 Privacy Policy but set aside five-year prohibition on advertising-related data sharing, it was clarified that remedial directions contained in paras 247.2.1 to 247.2.4 of CCI's order apply to WhatsApp user data collection and sharing for all non-WhatsApp purposes, including advertising and that words 'except para 247.2.1' shall stand deleted from operative directions - **WhatsApp LLC v. Competition Commission of India - [2025] 181 taxmann.com 471 (NCLAT- New Delhi)**

2. COMPETITION COMMISSION OF INDIA

SECTION 3 OF THE COMPETITION ACT, 2002 - ANTI- COMPETITIVE AGREEMENTS

- 2.1** Where OPs, association of licensed retail liquor vendors or wine shop owners, had been operating as a cartel by collectively stipulating that companies engaged in manufacture, distribution or sale of alcoholic beverages must adhere to terms such as in relation to retail margins, procurement of NOC prior to launching new product, transportation charges, discounts, mandatory launching fees etc., same was in violation of section 3 - **XYZ (Confidential) v. Maharashtra Wine Merchants Association - [2025] 181 taxmann.com 507 (CCI)**

FEMA BANKING AND INSURANCE LAWS

1. STATUTORY UPDATES

- 1.1** RBI bars Pakistani/Bangladeshi citizens from carrying Indian notes to/from Nepal & Bhutan under revised FEMA norms - **NOTIFICATION NO. FEMA 6 (R)/(4)/2025-RB, DATED 28-11-2025**

Editorial Note: RBI has amended FEM (Export and Import Of Currency) Regulations, 2015 to permit individuals, except citizens of Pakistan or Bangladesh, to take or bring Indian currency to and from Nepal and Bhutan, excluding notes above Rs.100. Travellers may, however, carry higher-denomination Indian notes up to Rs.25,000 when moving between India and Nepal/Bhutan. Movement of Nepalese and Bhutanese currency remains freely permitted.

- 1.2** RBI permits AD Category-II banks/entities & FFMCs to submit 'LRS daily return' directly on CIMS portal w.e.f January 1, 2026 - **A.P. (DIR SERIES 2025-26) CIRCULAR NO.17, DATED 03-12-2025**

Editorial Note: The RBI has decided to provide AD Category-II banks/entities and FFMCs access to the CIMS portal for submitting the 'LRS daily return'. Accordingly, all AD Category-II banks/entities and FFMCs are advised to submit the 'LRS daily return' (including 'nil' report, if applicable) w.e.f January 1, 2026. Consequently, all AD Category-II banks/entities and FFMCs may discontinue submitting the LRS transactions through AD Category-I banks.

- 1.3** IFSCA renews recognition of India International Bullion Exchange IFSC Ltd. as Bullion Exchange and Clearing Corporation - **NOTIFICATION F. NO. IFSCA-PMTS/9/2023-PRECIOUS METALS, DATED 03-12-2025**

Editorial Note: IFSCA has granted renewal of recognition to India International Bullion Exchange IFSC Limited as a Bullion Exchange and Bullion Clearing Corporation for three years, from December 9, 2025 to December 8, 2028. The recognition is issued under the IFSCA Act and the Securities Contracts Regulation Act, subject to compliance with conditions prescribed by the Authority.

- 1.4** RBI issues Amendment Directions repealing the 'Market Mechanism Framework' for large borrowers - **PRESS RELEASE NO. 2025-26/1629, DATED 04-12-2025**

Editorial Note: The Reserve Bank of India has issued Amendment Directions to repeal the 'Guidelines on Enhancing Credit Supply for Large Borrowers through Market Mechanism' as consolidated in the Concentration Risk Management, Income Recognition, Asset Classification and Provisioning and Capital Adequacy Directions for commercial banks and small finance banks. The objective is to recalibrate prudential requirements in

view of strengthened regulatory framework and improved bank balance sheets.

- 1.5** RBI revises Credit Information Reporting Directions; mandates weekly credit information reporting by institutions - **PRESS RELEASE NO. 2025-26/1626, DATED 04-12-2025**

Editorial Note: RBI has issued Amendment Directions to amend the Credit Information Reporting Directions, 2025 after examining feedback on the draft proposal. The amendments shift credit information submission by Credit Institutions to weekly incremental reporting and include measures for faster data submission and error rectification. Ten Amendment Directions have been issued for banks, financial institutions, NBFCs, ARCs and CICs to ensure more frequent, accurate and timely reporting.

- 1.6** RBI issues Amendment Directions to amend instructions on BSBD accounts under Responsible Business Conduct norms - **PRESS RELEASE NO. 2025-26/1625, DATED 04-12-2025**

Editorial Note : RBI has issued seven Amendment Directions to amend the extant instructions on the Basic Savings Bank Deposit account under the Responsible Business Conduct Directions, 2025. The amendments follow feedback on the draft BSBD Directions issued in October 2025. The objective is to provide affordable banking facilities, drive greater usage of BSBD accounts and improve customer service for BSBD account holders across commercial banks, small finance banks, payments banks and co-operative banks.

- 1.7** RBI revamps Gold Metal Loan Directions to streamline regulations across the banking sector - **PRESS RELEASE NO. 2025-26/1628, DATED 04-12-2025**

Editorial Note: The RBI issues amended Directions on Gold Metal Loans after incorporating feedback on the draft released on September 29, 2025. Updated framework consolidates all GML regulations, expands the scheme's applicability and provides banks with greater flexibility in formulating their GML policies. Key elements of the Directions include streamlined procedures for domestic and export jewellers, harmonised norms for commercial and small finance banks and enhanced supervisory reporting requirements.

- 1.8** RBI revises LEF and ITE frameworks to provide clarity on prudential treatment for Foreign Bank Branches in India - **PRESS RELEASE NO. 2025-26/1630, DATED 04-12-2025**

Editorial Note : Reserve Bank of India issues the Commercial Banks-Concentration Risk Management (Amendment) Directions, 2025, finalizing revisions to the Large Exposures Framework (LEF) and Intragroup Transactions and Exposures (ITE) Guidelines after incorporating stakeholder feedback on draft released on September 29, 2025 to provide

on November 28, 2025. The amendments apply to all NBFCs, including Housing Finance Companies, as group entities of banks in India. W.e.f. December 05, 2025.

1.17 RBI issues 2025 NOFHC Directions to establish a framework for core banking and specialised financial activities-

DOR.RAUG.AUT.REC.NO.344/24.01.041/2025-26, DATED 05-12-2025

Editorial Note: RBI's 2025 directions on Non-Operative Financial Holding Companies (NOFHCs), effective December 5, 2025, clarify that core banking activities under the Banking Regulation Act, 1949, must be done by the bank, while specialised activities i.e. mutual funds, insurance, pension funds, portfolio management and broking must be through subsidiaries, JVs, or associates. NOFHCs must inform RBI within 15 days of board approval for these and prior RBI approval is required for all other activities.

1.18 IFSCA signs MoU with FSC Taiwan to enhance regulatory cooperation, information sharing and market development - **PRESS RELEASE, DATED 05-12-2025**

Editorial Note: IFSCA and Taiwan's Financial Supervisory Commission have signed an MoU to strengthen regulatory cooperation, share information on market trends and best practices, support enforcement of financial laws and promote high standards of conduct. The MoU also covers collaboration on technology, innovation, fintech and regtech across both jurisdictions.

1.19 RBI strengthens financial services framework with key amendments to ensure separation of core and non-core activities - **PRESS RELEASE NO. 2025-26/1640, DATED 05-12-2025**

Editorial Note: The RBI issues amendments to the "Undertaking of Financial Services Directions" for various regulated entities, after incorporating feedback on the draft released on October 2024. The amendments focus on separating banks' core businesses from risk-bearing non-core activities. The five amended directions are for Commercial Banks, Small Finance Banks, Payments Banks, Non-Banking Financial Companies, Non-Operative Financial Holding Companies.

1.20 IFSCA revises credit norms for IFSC Banking Units to strengthen governance - **CIRCULAR E-FILE NO. 110/IFSCA/BANKING REGULATION/2020-21,, DATED 08-12-2025**

Editorial Note: IFSCA has issued amendments to Module 16 of IFSCA Banking handbook governing the provision of credit by IFSC Banking Units (IBUs). The IFSCA clarifies that restrictions under section 20(1) of the Banking Regulation Act, 1949, will not apply to foreign bank IBUs. Further, IBUs, while granting loans or advances to a director of its Parent Bank or to any related party, must formulate and implement a policy on loans & advances and

ensure that such decisions are free from conflicts of interest.

1.21 RBI issues the 'Rupee Interest Rate Derivatives' Directions, 2025 - **PRESS RELEASE NO. 2025-26/1661,, DATED 08-12-2025**

Editorial Note: RBI has issued the 'Rupee Interest Rate Derivatives' Directions, 2025. The Master Direction covers provisions relating to eligible participants in Interest Rate Derivatives (IRD) markets, guidelines for transactions in the Over-the-Counter (OTC) market, reporting to trade repositories and the obligation to provide information sought by the RBI. These Directions shall apply to Rupee Interest Rate derivatives transactions undertaken in OTC market and on recognised stock exchanges in India.

1.22 Govt. notifies 15-12-2025 for enforcement of certain provisions of Banking Laws (Amendment) Act, 2025 - **NOTIFICATION NO. S.O. 5659(E) [F. NO. 7/19/2023-BOA-I], DATED 08-12-2025**

Editorial Note: Central Govt has notified 15 December 2025 as the date for commencement of sections 2, 6, 7, 8, 9 and 14 of the Banking amendment Act, 2025. These provisions amend, inter alia, the Reserve Bank of India Act, 1934 and the Banking Regulation Act, 1949, mainly substituting references to alternate Fridays with last day of the fortnight/month/quarter and rationalising compliance timelines relating to cash reserve ratio, statutory liquidity ratio, returns and penalties.

1.23 RBI proposes to mandate Authorised Dealers to disclose transaction costs for foreign exchange contracts to retail users - **PRESS RELEASE NO. 2025-26/1666, DATED 09-12-2025**

Editorial Note: RBI has released a draft circular on the disclosure of transaction costs for foreign exchange transactions. The RBI has proposed to mandate Authorised Dealers to provide the details of transaction cost (remittance fees, foreign exchange rate, currency conversion charges etc.), associated with foreign exchange cash and foreign exchange spot contracts offered to retail users. Comments on the draft circular are invited from banks and market participants by January 9, 2026.

1.24 Govt announces conversion/switch of Government securities for Rs. 15,000 crore through auction on December 15, 2025 - **PRESS RELEASE: 2025-2026/1676, DATED 10-12-2025**

Editorial Note: Government of India has announced the conversion/switch of its securities through auction for an aggregate amount of Rs. 15,000 crore. Market participants shall place bids on e-Kuber indicating the amount and prices of source and destination securities. The auction will be multiple-price based, with bidding on December 15, 2025 between 10:30 AM and 11:30 AM. Results will be declared the same day and settlement will be on December 16, 2025.

- 1.25** Govt. amends Banking Regulation (Co-operative Societies) Rules, inserting Rule 5-A and revising various Forms - **NOTIFICATION NO. G.S.R. 891(E)[F. NO. 7/19/2023 (PART-II)-BOA-I],, DATED 10-12-2025**

Editorial Note: The Government has amended the Banking Regulation (Co-operative Societies) Rules, 1966. A definition of ineligible director is inserted and new Rule 5-A is added to provide the manner for determination and drawing of lots for directors who shall cease to hold office or be removed, including grouping by tenure and procedures for exclusion. Several amendments are also made to Forms I and IX.

- 1.26** Govt amends Banking Regulation (Companies) Rules, omitting provisions and revising Forms VIII and X - **NOTIFICATION NO. G.S.R. 890(E) [F. NO. 7/19/2023 (PART-I)-BOA-I],, DATED 10-12-2025**

Editorial Note: The Central Government has amended the Banking Regulation (Companies) Rules, 1949. Certain provisions in rule 2 and rule 2A are omitted, along with rule 15B. Form VIII is revised to replace alternate Friday references with the 15th or last day of the month and to update items relating to subsidiary banks and development financial institutions. Form X is amended by omitting specified sub-items and substituting references to Friday with day or last day of a month.

- 1.27** Banks may maintain Current, Cash Credit or Overdraft accounts without restrictions for customers with exposure below Rs 10 crore - **PRESS RELEASE NO.2025-2026/1684, DATED 11-12-2025**

Editorial Note: RBI has amended directions for banks on maintenance of Cash Credit, Current and Overdraft (OD) accounts. As per the amended directions, banks may maintain a current account or an OD account without any restriction for customers whose aggregate exposure is less than Rs 10 crore. Funds credited in collection accounts must be remitted within 2 working days to CC, current or OD account. Also, banks must ensure that each account is utilised solely for transactions related to authorised business.

- 1.28** IFSCA directs IBUs to comply with provisions of the Banking Laws (Amendment) Act, 2025 - **CIRCULAR E-FILE. NO. IFSCA-FMPP0BR/35/2025-BANKING,, DATED 12-12-2025**

Editorial Note: IFSCA has issued a circular drawing attention of International Banking Units to the notification issued by the Department of Financial Services appointing November 1, 2025 as the date for enforcement of sections 10, 11, 12 and 13 of the Banking Laws (Amendment) Act, 2025. IBUs have been directed to ensure compliance with the provisions of the Act. The directions are issued under the IFSCA Act, 2019 read with the Banking Regulation Act, 1949.

- 1.29** Centre amends DRT territorial jurisdiction in West Bengal and Andaman & Nicobar Islands - **NOTIFICATION NO. S.O. 5807(E) [F. NO. 09/22/2025-DRT], DATED 16-12-2025**

Editorial Note: The Central Government has amended the territorial jurisdiction of Debt Recovery Tribunals under the Recovery of Debts and Bankruptcy Act, 1993. The amendment substitutes entries relating to the territorial jurisdiction of certain Debt Recovery Tribunals, revising the areas and districts in West Bengal, including specified police station areas in Kolkata city and providing revised coverage for various districts and the Union Territory of Andaman and Nicobar Islands.

- 1.30** Govt. notifies change in location of DRATs, Allahabad - **NOTIFICATION NO. S.O. 5956(E) [F. NO. 23/01/2022-DRT], DATED 18-12-2025**

Editorial Note: The Central Government has notified the change in the location of Debts Recovery Appellate Tribunals, Allahabad, established under the Recovery of Debts and Bankruptcy Act, 1993. Now, the Debts Recovery Appellate Tribunals will function at First Floor, E-10 B Building, BSNL Premises, Patrika Marg, Prayagraj-211001 w.e.f 11.12.2025. Earlier, the place where the DRATs were functioning was 147-A-58/1, Jawahar Lal Nehru Road, Tagore Town, Allahabad.

- 1.31** RBI assigns Bank of Baroda as Lead Bank Responsibility for Vav-Tharad - **CIRCULAR NO. FIDD.CO.LBS.BC.NO.09/02.08.001/2025-26, DATED 18-12-2025**

Editorial Note: Earlier, the Government of Gujarat, through Gazette Notification No. GHM/2025/210/M/RD/RCO/e-file/15/2025/5360/L1 dated September 24, 2025, had formally announced the formation of a new district, namely Vav-Tharad. In view of creation of new district, the RBI has now assigned the Bank of Baroda as the Lead Bank Responsibility for the district. Further, the RBI has clarified that there is no change in the Lead Banks of the other districts in the state of Gujarat.

- 1.32** IFSCA approves targeted regulatory relaxations across funds, intermediaries, GICs and BATF services - **PRESS RELEASE, DATED 23-12-2025**

Editorial Note: The IFSC Authority, at its 26th meeting held on 22.12.2025, approved amendments across multiple regulatory frameworks, including fund management, capital market intermediaries, Global In-House Centres and Book-keeping, Accounting, Taxation and Financial Crime Compliance Services. The changes aim to address operational challenges, enhance ease of doing business, provide regulatory flexibility and support growth of high-value financial services in GIFT IFSC.

- 1.33** RBI postpones Phase 2 of continuous clearing and settlement on realisation under the Cheque Truncation System - **CIRCULAR NO.**

CO.DPSS.RLPD.NO.S1039/04-07-001/2025-202,
DATED 24-12-2025

Editorial Note: The RBI has issued a circular in partial modification of its earlier directions on introduction of Continuous Clearing and Settlement on Realisation in the Cheque Truncation System. Phase 2 of the project has been postponed until further notice to allow banks additional time to streamline operations. The presentation session timing has been revised to 09:00 AM to 03:00 PM and the confirmation session timing to 09:00 AM to 07:00 PM.

- 1.34** RBI amends KYC norms, shifts CKYCR verification responsibility to last-updating Banks/NBFCs/ARCs - **CIRCULAR NO. DOR.AML.REC.361/14.01.011/2025-26, DATED 29-12-2025**

Editorial Note: RBI has amended the KYC Directions, to clarify accountability under Central KYC Records Registry (CKYCR). The Banks/NBFCs/ARCs that last uploads or updates a customer's KYC record shall be responsible for verification of identity and/or address. Banks/NBFCs/ARCs downloading and relying on such current CKYCR records are not required to re-verify these details, though responsibility for overall Customer Due Diligence (CDD) compliance continues.

- 1.35** IFSCA specifies detailed compliance requirements for different categories of internet banking services of IBUs - **CIRCULAR E.F.NO. IFSCA-FMPP0BR/5/2024-BANKING, DATED 29-12-2025**

Editorial Note: The IFSCA has laid down compliance requirements for internet banking services of International Banking Units. The circular specifies requirements for information service, interactive information exchange service and transactional service, mandates obtaining explicit customer consent, provides exemption to IBUs not offering liability products and prescribes timelines for compliance by existing IBUs, with restrictions on onboarding new customers for liability products in case of non-compliance.

- 1.36** Govt. notifies Indian Insurance Companies (Foreign Investment) Amendment Rules, revising FDI norms & related provisions - **NOTIFICATION NO. G.S.R. 928(E), DATED 30-12-2025**

Editorial Note: The Govt. has notified the Indian Insurance Companies (Foreign Investment) Amendment Rules, 2025. The rules amend the Indian Insurance Companies (Foreign Investment) Rules, 2015 by revising definitions relating to foreign direct investment, substituting references to FEMA Regulations, 2000 with the FEM (NDI) Rules, 2019, modifying provisions on foreign investment limits, omitting specified clauses and rules and prescribing residency requirements for certain key managerial positions.

- 1.37** IFSCA issues clarifications on computation of liquid net worth under IFSCA (Capital Market Intermediaries) Regulations, 2025 - **CIRCULAR F. NO. IFSCA-PLNP/80/2024-CAPITAL MARKETS, DATED 30-12-2025**

Editorial Note: The IFSC Authority has issued clarifications on computation of liquid net worth under the IFSCA (Capital Market Intermediaries) Regulations, 2025. The circular clarifies that base minimum capital and interest-free deposits, margins maintained by registered broker dealers and clearing members, shall be included as part of liquid net worth. It further clarifies that liabilities shall be excluded while computing liquid net worth. The circular comes into force with immediate effect.

- 1.38** RBI cuts repo rate by 25 bps to 5.25% while maintaining a neutral policy stance

Editorial Note: The Reserve Bank of India's Monetary Policy Committee, in its 58th meeting held from December 3 to 5, 2025 under Governor Sanjay Malhotra, reduced the policy repo rate by 25 basis points to 5.25%. Consequently, the Standing Deposit Facility rate is 5.00% and the Marginal Standing Facility rate and Bank Rate are 5.50%. MPC also decided to continue with the neutral stance.

- 1.39** DPIIT releases Working Paper on use of copyright-protected works in training of generative AI systems

Editorial Note: The Department for Promotion of Industry and Internal Trade has constituted a Committee to examine the interface between Generative AI and copyright law. The Committee has been tasked with assessing whether the existing legal framework adequately addresses issues arising from the use of copyright-protected works in AI training and whether legislative amendments are required. Part I of the Working Paper has been released for public and stakeholder consultation.

- 1.40** IFSCA issues FAQs under the IFSCA (TechFin and Ancillary Services) Regulations, 2025

Editorial Note: The IFSCA has issued Frequently Asked Questions (FAQs) under the IFSCA (TechFin and Ancillary Services) Regulations, 2025. The FAQs clarify eligibility, legal forms of applicants, migration from erstwhile Ancillary Services and FinTech frameworks, timelines for obtaining Certificate of Registration, appointment of Principal Officer and Compliance Officer, fee payment, treatment of pending applications and repeal of earlier circulars.

- 1.41** Govt. introduces the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025 in Lok Sabha

Editorial Note: The Government has introduced the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025 in the Lok Sabha. The Bill seeks to amend the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the Insurance Regulatory and Development Authority Act, 1999. It

proposes changes relating to definitions, registration of insurers and intermediaries, foreign investment, governance, compliance, penalties and regulatory powers.

1.42 Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 receives Presidential assent

Editorial Note: The Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 has received the assent of the President on December 20, 2025. The Act amends the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the Insurance Regulatory and Development Authority Act, 1999 and permits foreign investment, including foreign direct investment, in Indian insurance companies up to one hundred per cent. of the paid-up equity capital, subject to prescribed conditions.

1.43 IRDAI levies Rs. 1 crore penalty on Reliance General Insurance for outsourcing and commission-related violations

Editorial Note : The IRDAI has imposed a penalty of Rs. 1 crore on Reliance General Insurance Company Limited pursuant to a remote inspection conducted in December 2021. The Authority noted violations relating to outsourcing of activities, payment of commission or rewards, engagement of unlicensed entities and non-compliance with corporate governance requirements under the Insurance Act, 1938 and applicable IRDAI regulations.

2. SUPREME COURT

SECTION 13 OF THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 - ENFORCEMENT OF SECURITY INTEREST

2.1 Where respondent-company availed loan from appellant-corporation to set up a cold storage unit in Nagaland but failed to repay loan, since SARFAESI Act was not in existence when loan agreement was executed, no security interest in respect of any property (secured asset) was created in favour of appellant within meaning of SARFAESI Act and, therefore, appellant was not a secured creditor - **North Eastern Development Finance Corporation Ltd. (NEDFI) v. L. Doulo Builders and Suppliers Co. (P.) Ltd.** - [2025] 181 taxmann.com 539 (SC)

SECTION 138 OF THE NEGOTIABLE INSTRUMENTS ACT, 1881 - DISHONOUR OF CHEQUE FOR INSUFFICIENCY, ETC., OF FUNDS IN THE ACCOUNT

2.2 Jurisdiction to try a complaint filed under Section 138 in respect of a cheque delivered for collection through an account is vested in court within whose local jurisdiction branch of bank in which payee maintains account, i.e., payee's home branch, is situated - **Jai Balaji Industries Ltd. v. HEG Ltd.** - [2025] 181 taxmann.com 24 (SC)

2.3 Question regarding whether cheque was issued for discharge, in whole or in part, of any debt or other liability

was matter of trial and thus, High Court could not decide such issue in exercise of power under section 482 of CrPC; High Court committed an error by conducting a roving enquiry, at pre-trial stage, as regards cheque being issued for discharge of debt or liability - **Sri Om Sales v. Abhay Kumar @ Abhay Patel** - [2025] 181 taxmann.com 756 (SC)

3. HIGH COURT

SECTION 13 OF THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 - ENFORCEMENT OF SECURITY INTEREST

3.1 One time settlement (OTS) is an arrangement between bank and its defaulter borrower without any statutory flavour and, therefore, no right is created in favour of borrower to enforce said OTS by way of specific performance or otherwise - **Senbo Engineering Ltd. v. Bank of Maharashtra** - [2025] 181 taxmann.com 305 (Calcutta)

SECTION 37 OF THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 - POWER OF SEARCH, SEIZURE, ETC

3.2 Powers regarding discovery and production of evidence under section 37 of FEMA are analogous to those under section 131 of Income-tax Act, 1961, which is governed by Civil Procedure Code and therefore, section 160 of Cr.P.C. would not be applicable - **Smt. Poonam Ghallot v. Directorate of Enforcement** - [2025] 181 taxmann.com 68 (Delhi)

SECTION 70 OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 - OFFENCES BY COMPANIES

3.3 Where company accused for offence under section 3 of PMLA was a juristic person and on date of launching prosecution, petitioner-director had severed all ties with company, petitioner could not be compelled to plead on behalf of company - **Suman Chattopadhyay v. Enforcement Directorate** - [2025] 181 taxmann.com 164 (Calcutta)

SECTION 138 OF THE NEGOTIABLE INSTRUMENTS ACT, 1881 - DISHONOUR OF CHEQUE FOR INSUFFICIENCY, ETC., OF FUNDS IN THE ACCOUNT

3.4 Where petitioner sought discharge from proceedings under section 138 claiming she had resigned as director before issuance of dishonoured cheques, since validity of her resignation needed to be tested at trial, thus quashing criminal proceedings at this stage was not justified and Trial Court's decision to proceed against petitioner did not warrant interference - **Kalpna Dutta v. Srei Equipment Finance (P.) Ltd.** - [2025] 181 taxmann.com 55 (Calcutta)

3.5 Where complainant filed a complaint before Trial Court against accused company and its directors for offence punishable under section 138 of NI Act, since prima facie

it could not be said that cheque in dispute was not issued for a legally enforceable liability and complaint satisfied legal requirement by naming all accused Directors/officers, petition for quashing of complaint was to be dismissed - **Alok Nanda v. FIIT JEE Ltd. - [2025] 181 taxmann.com 171 (Delhi)**

4. APPELLATE TRIBUNAL SAFEMA

SECTION 5 OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 - ATTACHMENT OF PROPERTY INVOLVED IN MONEY LAUNDERING

- 4.1 Where as a result of criminal activity related to scheduled offences, respondent company gained pecuniary undue benefit as share application money and share premium, which was proceeds of crime (PoC), attachment of properties of respondent company as 'value thereof' was in accordance with law - **Deputy Director, Directorate of Enforcement, Jaipur v. Kamal Sponge Steel & Power Ltd. - [2025] 181 taxmann.com 503 (SAFEMA - New Delhi)**
- 4.2 Where appellant husband of daughter of accused against whom serious charges of scheduled offence had been made, had not provided any corroborative evidence in support of his explanation that cash deposits made in his bank account were gifts received during his marriage, Adjudicating Authority was justified in passing attachment order of appellant's assets - **Gajendra Narayan v. Deputy Director, Directorate of Enforcement - [2025] 181 taxmann.com 446 (SAFEMA - New Delhi)**

SECTION 6 OF THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 - CAPITAL ACCOUNT TRANSACTIONS

- 4.3 Resident individuals are not permitted to extend loans in foreign exchange to foreign companies without approval of RBI - **Assistant Director E.D. v. Sanjiv Lamba - [2025] 181 taxmann.com 500 (SAFEMA - New Delhi)**
- 4.4 Where appellant had availed benefit under LRS and remitted money back to his Singapore bank account and he subsequently invested in shares of an overseas company, in view of fact that invested amount was within prescribed USD 200,000 limit and did not require prior RBI approval, there was no violation of FEMA - **Assistant Director E.D. v. Sanjiv Lamba - [2025] 181 taxmann.com 500 (SAFEMA - New Delhi)**

SECTION 8 OF THE FOREIGN EXCHANGE REGULATION ACT, 1973 - RESTRICTIONS ON DEALING IN FOREIGN EXCHANGE

- 4.5 Proceedings under FERA are independent of those under Income-tax Act, 1961 and investigation conducted under two Acts are for different purposes and therefore any action taken under either of two Acts cannot necessarily have implications for action under other Act - **Sushil Kumar Agarwal v. Special Director Directorate of Enforcement, Kolkata - [2025] 181 taxmann.com 19 (SAFEMA - New Delhi)**
- 4.6 Where appellant had aided and abetted firm 'T' and its proprietor 'N' in their failure to import goods against foreign exchange, which was acquired from Bank of Baroda and remitted abroad, charge of abetment against appellant stood established as he contravened section 64(2), read with sections 8(3) and 8(4); however penalty reduced to Rs. 10 lakhs from 1 crore - **Sushil Kumar Agarwal v. Special Director Directorate of Enforcement, Kolkata - [2025] 181 taxmann.com 19 (SAFEMA - New Delhi)**

INSOLVENCY AND BANKRUPTCY CODE

1. STATUTORY UPDATES

- 1.1 IBBI introduces modification utility in CP Forms & Commencement of levy of fee for delayed filing of forms - **CIRCULAR NO. IBBI/CIRP/89/2025, DATED 18-12-2025**

Editorial Note: IBBI has introduced a modification utility in CP Forms and commencement of levy of a fee for delayed filing of forms under Regulation 40B of the CIRP Regulations. When an IP identifies any deficiency in a submitted form, the IP may use the modification utility on the portal to make the necessary changes. Further, all forms that were due on or before December 31, 2025 & submitted after that date, must be accompanied by a fee of Rs. 500 per form for each calendar month of delay.

- 1.2 IBBI amends CIRP Regulations to mandate beneficial ownership disclosure and Section 32A eligibility in resolution plans - **NOTIFICATION F. NO. IBBI/2025-26/GN/REG133, DATED 22-12-2025**

Editorial Note: The Insolvency and Bankruptcy Board of India has notified the Insolvency Resolution Process for Corporate Persons (Seventh Amendment) Regulations, 2025. The amendment inserts sub-regulation (3A) in regulation 38, requiring every resolution plan to include a detailed statement of beneficial ownership of the resolution applicant and an affidavit regarding eligibility for benefit under section 32A of the Insolvency and Bankruptcy Code, 2016.

- 1.3 IBBI prescribes formats for Statement of Beneficial Ownership and affidavit under Regulation 38(3A) of CIRP Regulations - **CIRCULAR NO. IBBI/CIRP/90/2025, DATED 29-12-2025**

Editorial Note: The IBBI has issued a circular specifying the formats for the Statement of Beneficial Ownership and the affidavit under Regulation 38(3A) of the CIRP Regulations, 2016. The formats are to be submitted by prospective resolution applicants along with the resolution plan. Resolution Professionals are required to ensure that the statement and affidavit form part of the plan placed before the Committee of Creditors and filed before the Adjudicating Authority under section 30(6) of the Code.

2. SUPREME COURT

SECTION 5(6) OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - DISPUTE

- 2.1 Where no dispute existed on date of issuance of demand notice by operational creditor that could warrant withholding of operational debt due and payable by corporate debtor and subsequent defence of pre-existing disputes sought to be put forth by corporate debtor was mere moonshine and had no credible basis or

foundation, order passed by NCLAT setting aside admission of application under section 9 by NCLT was to be set aside - **Saraswati Wire and Cable Industries v. Mohammad Moinuddin Khan - [2025] 181 taxmann.com 341 (SC)**

SECTION 14 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - MORATORIUM- GENERAL

- 2.2 Moratorium under section 14 protects only existing, enforceable and subsisting rights; it does not protect inchoate or forfeited rights arising from default or non-performance - **A A Estates (P.) Ltd. v. Kher Nagar Sukhsadan Co-operative Housing Society Ltd. - [2025] 181 taxmann.com 5 (SC)**

- 2.3 Where Society terminated developer's engagement under development agreements due to persistent nonperformance, such termination was lawful, effective and unrelated to developer's insolvency and because no proprietary or contractual right survived with corporate debtor at initiation of second CIRP, NCLT lacked jurisdiction to interfere under Section 60(5)(c), as continuation of redevelopment was not significant to CIRP success. - **A A Estates (P.) Ltd. v. Kher Nagar Sukhsadan Co-operative Housing Society Ltd. - [2025] 181 taxmann.com 5 (SC)**

SECTION 33 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - INITIATION OF

- 2.4 Where appellant accepted and acted upon order of NCLT granting him extension of time to make payment for purchase of assets of corporate debtor but failed to make payment by due date, appellant could not seek to approbate and reprobate at this stage by assailing forfeiture clause in said order, having accepted and acted upon extension granted thereunder - **Shri Karshni Alloys (P.) Ltd. v. Ramakrishnan Sadasivan - [2025] 181 taxmann.com 335 (SC)**

3. HIGH COURT

SECTION 95 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - INDIVIDUAL/FIRM'S INSOLVENCY RESOLUTION PROCESS - APPLICATION BY CREDITOR

- 3.1 Where proceeding under Section 95 against petitioner-guarantors was pending before National Company Law Tribunal (NCLT), if petitioners were aggrieved by any steps taken therein, petitioners had an adequate remedy before National Company Law Appellate Tribunal, writ petition challenging invocation of jurisdiction of NCLT by financial creditor was not maintainable - **Sanjay Jhunjunwala v. Piramal Finance Ltd. - [2025] 181 taxmann.com 340 (Calcutta)**

4. NATIONAL COMPANY LAW APPELLATE TRIBUNAL

SECTION 5(6) OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - DISPUTE

- 4.1 When police complaint was not directly relatable to commercial dealing between two parties but was filed more as a safeguard against coercion, threat, intimidation and illegal recovery, this could not be construed as pre-existing dispute between parties; Civil suit post Section 9 can't qualify as a pre-existing dispute - **Yusuf Malubhaiwala v. Anuj Maheshwari** - [2025] 181 taxmann.com 453 (NCLAT- New Delhi)

SECTION 5(8) OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - FINANCIAL DEBT

- 4.2 Where alleged loan amount granted by appellant was never treated or acknowledged as a loan in books of Corporate Debtor, no repayment demand was made for 15 years before CIRP and audited balance sheet of corporate debtor classified amount claimed by appellant to be advance and not a borrowing, transaction was not a financial debt and, accordingly, Adjudicating Authority was justified in rejecting claim of appellant - **Surender Modi v. Ashish Singh** - [2025] 181 taxmann.com 450 (NCLAT- New Delhi)

SECTION 33 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - INITIATION OF

- 4.3 Where assets of corporate debtor were sold to appellant as a going concern and after appellant failed to meet initial payment deadline for purchasing corporate debtor's assets, NCLT granted a timeline extension subject to a strict forfeiture condition for any further defaults, since sale approval was under regulation 33(2)(d) and not 33(2)(c), appellant's subsequent instalment payments constituted "deemed acceptance" of this order barring him from later challenging forfeiture clause under doctrine of approbate and reprobate - **Shri Karshni Alloys (P.) Ltd. v. Ramakrishnan Sadasivan** - [2025] 181 taxmann.com 686 (NCLAT - Chennai)

SECTION 34 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - LIQUIDATOR- APPOINTMENT, ETC.

- 4.4 Only CoC has authority to select candidate for replacing RP for purposes of section 34(4)(c), even though authority to formally appoint such RP as selected by procedure contemplated in section 27 rests with Adjudicating Authority - **Omkara Asset Reconstruction (P.) Ltd. v. Amit Vijay Karia** - [2025] 181 taxmann.com 173 (NCLAT- New Delhi)

SECTION 66 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE PERSON'S ADJUDICATING AUTHORITIES - FRAUDULENT OR WRONGFUL TRADING

- 4.5 Where appellant-directors of corporate debtor had sold gold to respondents on 100 per cent credit basis with no security or reasonable assurance of recovery and they had miserably failed to justify said transactions as done in ordinary course of business, NCLT rightly held said transactions as fraudulent and directed appellant-directors to contribute to estate of corporate debtor. - **Shantilal Javerchand Jain v. Vinodkumar Pukhraj Ambavat** - [2025] 181 taxmann.com 306 (NCLAT- New Delhi)

SECTION 238A OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - LIMITATION PERIOD

- 4.6 Where corporate debtor had not formally admitted or acknowledged debt shown on Information Utility (IU), it could not be said that date of registering debt on IU can trigger counting fresh period of limitation - **Air Wave Technocrafts (P.) Ltd. v. Voltas Ltd.** - [2025] 181 taxmann.com 64 (NCLAT- New Delhi)

5. NATIONAL COMPANY LAW TRIBUNAL

SECTION 18 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - INTERIM RESOLUTION PROFESSIONAL- DUTIES OF

- 5.1 Where Corporate Debtor was under a BIFR reference from 04.04.2000 to 01.12.2016 and during said period, there was a moratorium and rights of respondent no. 2-secured financial creditor remained suspended and consequently, period of limitation would begin to run only after 01.12.2016, thereafter, CIRP process of Corporate Debtor was commenced on 07.08.2019, thus, claim of respondent no. 2 filed in year 2021 could not be said to be barred by law of limitation and thus, rightly admitted by RP - **Jayanta Benerjee v. Incab Industries (P.) Ltd.** - [2025] 181 taxmann.com 258 (NCLT - Kolkata)

SECTION 95 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - INDIVIDUAL/FIRM'S INSOLVENCY RESOLUTION PROCESS - APPLICATION BY CREDITOR

- 5.2 Where application under section 95 was filed by financial creditor through resolution professional and consent and details of resolution professional were provided, nomination of resolution professional by financial creditor was valid; Application signed by bank officer instead of RP is valid. - **Small Industries Development Bank of India v. Smt.Komai Rakshit Patel** - [2025] 181 taxmann.com 151 (NCLT - Ahd.)

SECTION 141 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - INDIVIDUAL/FIRM'S BANKRUPTCY - BANKRUPT, RESTRICTIONS ON-

5.3 Where personal guarantor of corporate debtor sought permission to travel to USA for maintaining his Green Card status and minor children's immigration status was dependent on applicant, permission was to be granted to

applicant for travel to USA subject to certain conditions to safeguard creditors' interests - **Zankarsinh Kishorsinh Solanki v. Kanhaiyalal Salawat - [2025]** 181 taxmann.com 101 (NCLT - Ahd.)

ACCOUNT AND AUDIT UPDATES

1. STATUTORY UPDATES

- 1.1 NFRA launches nationwide outreach programme and conducts audit firms survey to strengthen audit quality

Editorial Note: The NFRA has launched a nationwide outreach initiative titled Creating a Better Financial Reporting World to enhance audit quality and promote sustainable audit practices, particularly for small and medium-sized audit firms. It conducted its first Audit Firms Survey 2025, collecting feedback from 383 firms across India to understand audit quality challenges and expectations. The insights will help NFRA enhance support to auditors and promote constructive engagement in the auditing community.

- 1.2 Accounting for non-repayable promoter contributions in business acquisitions under the Ind AS framework

Editorial Note: During the business acquisition transaction, the promoter of the acquiree company remitted a substantial sum of to satisfy the company's outstanding bank borrowings. This fund was infused without any stipulation of repayment. The acquirer company is of opinion that the inflow is in nature of a private grant, without any repayment obligation, hence should be treated as income of the company. Read to understand the accounting of the non-repayable promoter's contribution under Ind AS framework.

- 1.3 Accounting Standards Board of ICAI releases exposure draft of Ind AS 119 and opens a window for public comments

Editorial Note: The Accounting Standards Board has issued the exposure draft of Ind AS 119, aligned with IFRS 19. This standard allows the eligible subsidiaries to present the financial statements with the reduced disclosure requirements. The draft is open for public comments, enabling stakeholders to provide feedback before finalization of the standard. Read to understand about the eligible subsidiary and the deadline for submitting comments.

- 1.4 Determining principal or agent status in high sea sale transactions under Ind AS 115

Editorial Note: The company engaged in the business of importing machinery equipment entered into agreement with an Australian company. While the goods were in Indian territorial waters, the company negotiated a high sea sale with another Indian company. Here, the management of the company is of belief that the company is acting as agent as it merely arranges procurement rather than fulfilling a performance obligation. Read to know the identification of principal/agent under Ind AS 115 in this case.

- 1.5 Auditor's observations on commonly identified non-compliances in electronically maintained books of account

Editorial Note: With the increasing use of electronic accounting systems, compliance with the provisions governing electronically maintained books of account has become a critical area of auditor scrutiny. During audits, certain non-compliances are frequently observed, particularly relating to data backup requirements, audit trail maintenance and the integrity of electronic financial records. The following discussion highlights some of the common statutory lapses identified in practice.

- 1.6 Accounting for digital assets: Research Committee of ICAI highlights the need for framework in digital assets

Editorial Note: Considering the increasing use of digital assets, the research committee of ICAI has issued a research report on accounting for digital assets. This report presents a comprehensive analysis of the current global landscape, incorporating perspectives from IFRS, FASB and Ind AS, while also addressing notable gaps within India's regulatory framework. The report further highlights the need for accounting framework for digital assets. Read to understand about the research report.

- 1.7 NFRA issues circular on compliance with SA and SQC 1 requirements for audit file retention

Editorial Note: The National Financial Reporting Authority (NFRA) issued a circular reiterating the requirements of the Standards of Auditing and SQC 1. The circular emphasizes adherence to provisions relating to the retention, timely completion and submission of audit files, along with other requirements essential to maintain the integrity of audit documentation. These requirements are to be complied with by audit firms conducting audits of entities covered under Rule 3 of the NFRA Rules, 2018.

- 1.8 ICMAI issues exposure draft on advertisement guidelines for practicing member and invites their comments

Editorial Note: In a major move towards enhancing global competitiveness of Indian professionals, ICMAI has issued the exposure draft of the guidelines for advertisement for members in practice. Considering the government discussions on multi-disciplinary partnerships, the draft aims to allow CMAs greater professional visibility while upholding ethics. Members and stakeholders are invited to submit their comments. Read to understand the details of said notification.

- 1.9 Treasury Shares in Demergers: Commonly observed non-compliances under Ind AS 32

Editorial Note: Demerger transactions frequently involve complex restructuring arrangements, including the transfer of a company's own shares to trusts or special entities. Such structures often give rise to critical presentation issues under Ind AS 32. This write up examines a practical demerger scenario to highlight a commonly observed non-

compliance in the presentation of treasury shares, demonstrating why a careful assessment of substance over form is essential for correct financial reporting.

1.10 IASB proposes key changes to risk mitigation accounting
- ASB invites stakeholders to comment on exposure draft

Editorial Note: The IASB has issued an exposure draft proposing significant amendments to IFRS 9 and IFRS 7 on risk mitigation accounting, aimed at better reflecting the management of re-pricing risk on a net basis. Given the close convergence between Ind AS and IFRS, the ASB of ICAI is inviting Indian stakeholders to review and comment on the proposals. Read on to understand proposed amendment in the exposure draft and the last date by which comment is to be submitted

1.11 DAAB of ICAI invites public comments on the Exposure Draft of the Information Systems Audit Standards

Editorial Note: The Digital Accounting and Assurance Board (DAAB) of the Institute of Chartered Accountants of India (ICAI) has issued the Exposure Draft of the Information Systems Audit Standards (ISAS). These standards aim to establish a comprehensive, principle-based framework for evaluating the integrity, confidentiality, availability, reliability and security of information systems. Stakeholders are invited to share their comments on the draft by January 25, 2026.

1.12 ASB of ICAI Issues FAQ on Accounting Implications of New Labour Codes for Gratuity and Employee Benefits

Editorial Note : The New Labour Codes have reshaped gratuity and employee benefit obligations, raising accounting questions for companies. To address the resulting uncertainty, the ICAI's Accounting Standards Board has issued a comprehensive FAQ clarifying recognition, measurement, presentation and tax implications under Ind AS and Indian GAAP. From actuarial treatment to timing of recognition and P&L

presentation, the guidance is pivotal. Read on to understand the impact of new labour code on accounting.

1.13 ASB of ICAI issues exposure draft on amendment of Ind AS 21 and opens window for public comment

Editorial Note: The Accounting Standards Board of the Institute of Chartered Accountants of India has released an important exposure draft proposing amendment to Indian Accounting Standard (Ind AS) 21. The ICAI invites stakeholders to comment on their insights regarding the proposed exposure draft of amendments to Ind AS 21 by January 25, 2026.

1.14 Recognition of past service cost under the New Labour Codes: Ind AS 19 and Ind AS 34 perspectives

Editorial Note: The implementation of New Labour Codes has significantly altered the computation of gratuity and leave encashment by redefining wages. These changes have led to a substantial increase in employee benefit obligations. The implications are beyond measurement, raising concerns on classification as past service cost and timing of recognition in interim financials. This document explains why the increased liability cannot be deferred, offering practical insights for preparers, auditors and regulators

1.15 Revisiting ICAI 2025: Key Amendments, Exposure Drafts & Guidance Notes

Editorial Note: Discover the key ICAI developments of 2025. From major Ind AS amendments and exposure drafts to practical guidance notes and LLP/CA firm guidelines, this document highlights everything professionals need to stay updated, ensure compliance and enhance audit and financial reporting practices. Read to understand the concise overview of ICAI's regulatory and technical updates for the year 2025.

AI and Automation for Chartered Accountants and Tax Professionals- Understanding the Difference, the Need for Adoption and Why AI Is a Game Changer Today



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The Chartered Accountancy and tax profession has never been static. From handwritten ledgers to Excel, from desktop accounting software to cloud-based compliance platforms, CAs have continuously adapted to technological change. However, the current shift toward **Artificial Intelligence (AI)** is fundamentally different from earlier transitions. This is not just another tool upgrade—it is a structural change in the way professional work is performed, reviewed and delivered.

A major source of confusion in this transformation is the frequent interchange of the terms **automation** and **AI**. While both improve efficiency, they operate at very different levels. For CAs and tax professionals, clearly understanding this difference is essential to making informed decisions about adoption, investment and future practice models.

Automation: Efficiency Through Rules and Repetition

Automation is the logical extension of computerisation. It focuses on executing predefined tasks based on fixed rules. In a typical CA firm, automation has already become deeply embedded in daily operations. Bank feeds update automatically, GST returns are prepared through mapped data, payroll runs on preset formulas and compliance utilities generate forms with minimal manual effort.

At its core, automation works best when the process is repetitive, data is structured and outcomes are predictable. Once a rule is defined, the system executes it flawlessly and repeatedly. This has helped firms handle larger volumes of work with smaller teams and tighter deadlines.

The benefits of automation are clear and measurable. It reduces manual effort, minimizes clerical errors, speeds up processing and ensures consistency. For compliance-heavy work such as GST filings, TDS returns, or payroll, automation has become almost indispensable.

However, automation has a ceiling. It does not understand *why* a transaction exists, *whether* something looks unusual, or *what* should be done when facts do not fit predefined rules. Any change in law, format, or business logic requires human intervention to rewrite the process. Automation follows instructions; it does not interpret situations.

Artificial Intelligence: Augmenting Professional Judgment

Artificial Intelligence represents a shift from rule-following to learning. Instead of being explicitly programmed for every scenario, AI systems learn from data, identify patterns, understand language and assist in analysis and decision-making.

For tax professionals and CAs, this distinction is crucial. AI does not merely execute tasks faster; it supports thinking, review and interpretation. It can work with unstructured data such as notices, agreements, emails, PDFs and explanations—areas where traditional automation struggles.

In practice, AI behaves less like a machine and more like a highly trained assistant. It can read a notice, summarise the key issues, compare facts with past cases, highlight risks and even draft a response outline. The final judgment still rests with the professional, but the cognitive load is significantly reduced.

This ability to combine speed with understanding is what makes AI fundamentally different from automation.

Automation vs AI in Day-to-Day CA Work

The difference between automation and AI becomes clearer when seen through practical examples.

In GST reconciliation, automation typically matches invoices based on GSTIN, invoice number and value. It flags mismatches but does not explain why they occurred or which vendors are repeatedly non-compliant. AI, on the other hand, can analyse patterns across periods, identify high-risk suppliers, suggest reasons for mismatches and even predict future ITC exposure.

In income-tax compliance, automation prepares returns based on data fed into the system. AI can go a step further by reviewing Form 26AS, AIS and TIS together, detecting inconsistencies, flagging missing disclosures and suggesting potential scrutiny triggers before filing.

In audit, automation assists with sampling and checklist-based procedures. AI enables full-population analysis, identifies unusual transactions, highlights deviations from normal behaviour and helps auditors focus on high-risk areas rather than routine balances.

Even in communication, the difference is visible. Automation sends standard reminders. AI helps draft client-specific explanations, simplifies complex provisions and adapts language based on the audience.

Simply put, automation saves time on execution, while AI saves time on thinking and reviewing.

Why Adoption of AI Has Become Necessary, Not Optional

The current environment in which CAs operate makes AI adoption almost inevitable.

Compliance requirements are increasing in volume and complexity. GST data flows, frequent amendments, faceless assessments, expanded reporting and aggressive data analytics by tax authorities have dramatically increased the workload. Handling this purely through manpower and traditional tools leads to fatigue, errors and missed insights. AI helps by quickly reading, organising and interpreting large volumes of information, allowing professionals to focus on decision-making rather than data handling.

Client expectations have also changed. Businesses no longer look at CAs only as return filers or auditors. They expect proactive advice, early warnings, tax efficiency suggestions and business insights. AI enables this shift by converting raw compliance data into actionable intelligence without proportionately increasing effort.

There is also a serious talent challenge. Recruiting and retaining skilled staff is becoming difficult, especially for mid-sized and small firms. AI acts as a force multiplier. Juniors produce better first drafts, seniors spend less time on routine reviews and knowledge becomes accessible across the organisation.

Margin pressure is another reality. Compliance work is increasingly commoditised. AI allows firms to reduce cost per assignment while simultaneously creating higher-value advisory offerings, improving both profitability and professional satisfaction.

Finally, tax authorities themselves are using AI for risk profiling, scrutiny selection and fraud detection. To effectively represent clients, professionals must be equipped with tools that can match the analytical depth of the systems used by regulators.

How AI Becomes a True Game Changer

The most significant impact of AI is the shift it enables from reactive to proactive practice. Traditionally, professionals respond after a notice arrives or a mismatch is identified. AI allows early identification of risks, potential non-compliance and emerging issues. This changes the CA's role from problem-solver to risk manager and advisor.

AI also enables the creation of entirely new service verticals. Continuous GST monitoring, AI-based compliance health checks, digital process advisory, AI implementation for finance teams and virtual CFO services are all natural extensions of an AI-enabled practice. In this model, the CA becomes not just a compliance expert but a digital transformation partner for clients.

Quality of work improves alongside quality of life. With AI handling repetitive review and analysis, professionals experience less burnout, fewer last-minute pressures and more time for high-value thinking. This has long-term benefits for both firms and individuals.

AI also democratises expertise. Smaller firms can deliver insights that were earlier possible only with large teams. Junior staff learn faster. Knowledge becomes scalable rather than locked in individuals' experience.

Addressing the Fear of Replacement

A common concern is whether AI will replace CAs. In reality, AI replaces tasks, not professionals. It will eliminate manual data entry, repetitive checking and basic drafting. It will not replace judgment, ethics, interpretation of law, or client trust.

The real risk is not AI itself, but ignoring it. Professionals who adopt AI will outperform those who don't—in efficiency, insight and client value.

Conclusion: The Future Is AI-Enabled, Not AI-Replaced

Automation helped Chartered Accountants work faster. Artificial Intelligence helps them work smarter. In an era defined by data overload, regulatory scrutiny and heightened client expectations, AI acts as a professional amplifier.

For CAs and tax professionals, adopting AI is no longer about staying ahead—it is about staying relevant. Those who embrace it thoughtfully, with professional judgment at the core, will not only protect their practice but redefine the future of the profession itself.

~ Let the beginning of this calendar year inspire consistency in work, clarity in thought and responsibility in action.

AMENDMENTS IN CODE OF ETHICS 447TH MEETING OF THE COUNCIL OF ICAI

(Ref: *Exposure Draft: 13th Edition of ICAI Code of Ethics*)



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Area	Previous Provision (General)	Revised Mandatory Provision (13th Edition)	Date of Approval	Date of Effectiveness
Limit of Indebtedness and Sec 511	₹1,00,000 (Rupees One Lakh); subjective Materiality	Increased to 5,00,000 (Rupees Five Lakhs) for a member concerning an audit client (under domestic guidelines); Sec 511 is now quantified at 5,00,000.	DEC 12,2025	1ST APRIL 2026
Overdue Fees; Status of Independence	General Caution; Safeguards possible	outstanding fees from an audit client exceed ₹5,00,000 , found in violation of Section 511; Strict Prohibition if limit is breached	DEC 12,2025	1ST APRIL 2026
Definition of PIE	Narrow scope	“ Listed Company ” has been replaced by term publicly traded company . Main focus is on Deposit taking Companies including Co-operative Bank, NBFC and any other specified Entity	DEC 12,2025	1ST APRIL 2026
Fee Dependency (PIE)	Recommendatory; often higher limits (40%)	Capped at 20% of total fees from a single Public Interest Entity (PIE) client, with a two-year monitoring requirement.	DEC 12,2025	1ST APRIL 2026
Fee Dependency (Non-PIE)	Generally recommended not to exceed 40%.	Capped at 40% of the firm's average total fees from a single Non-PIE client over five consecutive years .	DEC 12,2025	1ST APRIL 2026

Area	Previous Provision (General)	Revised Mandatory Provision (13th Edition)	Date of Approval	Date of Effectiveness
Non-Assurance Services (NAS)	General self-review threat rules.	Express Prohibition: An audit firm is barred from accepting a PIE audit if it previously provided NAS that creates a self-review threat to the financial statements.	DEC 12,2025	1 ST APRIL 2026
Prior Period Rule	General rule	STRICTLY PROHIBITED: A firm cannot accept a new PIE audit if it provided a prohibited NAS during the " Relevant Period " (the year being audited).	DEC 12,2025	1 ST APRIL 2026
Advertisements	Highly restricted; limited format and content.(static fonts)	Significantly relaxed: Allows for greater creative flexibility using pictures, diagrams and text; drops restrictions like specific font size limits.	DEC 12,2025	1 ST APRIL 2026
Website (Push Technology)	Restricted to "pull technology" (user must seek info).	Permitted to use "push technology" (proactively send updates/info) for services that are not exclusive to the CA profession.	DEC 12,2025	1 ST APRIL 2026
Global Affiliations	No formal structured guidelines.	ICAI (Global Networking) Guidelines, 2025 approved, creating a structured, compliant framework for Indian firms to form international affiliations.	DEC 12,2025	DEC 11,2025 (IMMEDIATE)
Network Firm Websites	Restricted structure.	Permitted for ICAI-registered network firms to develop and maintain their own websites.	DEC 12,2025	1 ST APRIL 2026
NOCLAR Applicability	Based on certain thresholds/classification (net worth more than 250 cr).	Expanded to all listed entities and their material subsidiaries, strengthening auditor accountability in responding to Non-Compliance with Laws and Regulations.	DEC 12,2025	1 ST APRIL 2026
Tax Audit Limit	Based on older guidelines (e.g., 40/60/90).	New mandatory limit of 60 Tax Audit Assignments per Chartered Accountant or partner annually, effective from April 1, 2026.	DEC 12,2025	1 ST APRIL 2026
Expanded MCS Scope	Traditional list of services.	Expanded to include contemporary services like: Artificial Intelligence (AI)-related services, Forensic Accounting and Social Impact Assessment.	DEC 11,2025	DEC 11,2025 (IMMEDIATE)

Area	Previous Provision (General)	Revised Mandatory Provision (13th Edition)	Date of Approval	Date of Effectiveness
Sustainability Assurance	No specific ethical standards.	New Ethical Standards for Sustainability Assurance incorporated (based on IESBA guidance) to ensure independence and ethical conduct in ESG reporting.	DEC 12,2025	1 ST APRIL 2026
Breach of Independence	General disciplinary action.	New provisions for self-correction mechanism in case a Professional Accountant (PA) discovers an unintentional violation of independence requirements.	DEC 12,2025	1 ST APRIL 2026
Fundamental Principle (Integrity)	General definition.	Expanded to explicitly include the concepts of " Honesty " and " Satyameva Jayate " (Truth Alone Triumphs).	DEC 12,2025	1 ST APRIL 2026
Mandatory Language	Use of "Should" in some areas.	Increased use of " Shall " for ethical requirements, making compliance more explicit and mandatory.	DEC 12,2025	1 ST APRIL 2026
CA Family HUF Business	General restrictions.	Relaxation: The Code proposes to allow the CA family Hindu Undivided Family (HUF) to carry out business activities, provided the CA does not play an active role .	DEC 12,2025	1 ST APRIL 2026
Audit Fee Payment	Traditional methods permitted.	Advised/Recommended: Members and firms should accept audit fees only through digital payments or banking channels for enhanced transparency .	DEC 12,2025	1 ST APRIL 2026
Updated Definition of Relative and partnership	General definition	Financial dependent has been included in relative who can influence PJ of auditor. Allow Multidisciplinary partnership , firms are liable for their partners, Inclusion of LLP and Aggregation of LLP .	DEC 12,2025	1 ST APRIL 2026
Obligation regarding use and Output of technology tools	General use of output	AI does not absolve Professional Skepticism Member is responsible for output. Professional competence and due care expanded to include Digital literacy . UDIN is officially part of ethical framework to prevent Forgery.	DEC 12,2025	1 ST APRIL 2026

Area	Previous Provision (General)	Revised Mandatory Provision (13th Edition)	Date of Approval	Date of Effectiveness
Updated definition: “Engagement Quality Reviewer”, “Engagement team”, “Confidential Information”, “Responsible party”	A peer reviewer for listed companies. Local partners and staff. Client files in the office. The "Client."	A statutory role with 2-year cooling-off. Includes External Service Providers and Network staff . Includes prospective client data and cloud-stored data . Explicitly identifies those responsible for specific subject matter (e.g., ESG metrics).	DEC 12,2025 Convergence with the IESBA 2024 Code , adopted in Volume-I.	1ST APRIL 2026
System Quality Management 1 and 2 and SA 220	Quality control	Mandatory Risk Assessment for ethical threats. 2-year cooling-off for reviewers; higher objectivity standards. Partner's personal liability for the audit's ethical conduct.	DEC 12,2025	1ST APRIL 2026
BIAS	Primarily a Threat to Objectivity	A fundamental risk to Professional Judgment . Recognized as unconscious/cognitive . Includes Automation Bias for AI/Software.	DEC 12,2025	1ST APRIL 2026
Administrative and Registration Changes: Section 6 (Certificate of Practice) Section 8 (Disabilities) Section 20 (Removal from Register)	Process was more rigid; General definition; General disciplinary action	Annual Fee for the Certificate of Practice (CoP) can be determine by simple notification.; The definition of "insolvent" has been widened to include an " undischarged bankrupt ". Explicit power to remove a member's name if they are found to have been subject to disabilities at the time of entry or subsequently.	DEC 12,2025	1ST APRIL 2026
The "Firm" as a Legal Unit (Sections 24, 25, & 26)	General rules	The Act now mandates that all firms must be registered with the Institute. Sections 24 and 25 were amended to impose penalties on "Firms" for misconduct. If a partner or owner is repeatedly found guilty of misconduct,	DEC 12,2025	1ST APRIL 2026

Area	Previous Provision (General)	Revised Mandatory Provision (13th Edition)	Date of Approval	Date of Effectiveness
		<p>the firm itself can be suspended or removed from the Register.</p> <p>The penalty for falsely claiming to be a member or using a firm name improperly has been significantly increased to up to ₹10 Lakhs for Individuals and up to ₹50 Lakhs for firm repeated offenses.</p>		
Changes in the Schedules (Misconduct) Clause (9) of Part I of the First Schedule	Traditionally dealt with the "Acceptance of Appointment" as an auditor.	Now this clause is used to enforce the " Communication with the Previous Auditor " through digital means (UDIN/Email) as a mandatory ethical step for valid appointment	DEC 12,2025	1ST APRIL 2026
Newly Inserted Clause (5) of Part II of the Second Schedule	-----	<p>A member is deemed guilty of misconduct if they "act as an auditor of a company in contravention of the provisions of the Companies Act, 2013."The Result: Earlier, violating the Companies Act (like exceeding the audit limit or having a disqualifying interest) was primarily a company law violation. Now, it is a Deemed Professional Misconduct under the CA Act itself. This allows ICAI to take disciplinary action even if the Ministry of Corporate Affairs (MCA) has not yet acted</p>	DEC 12,2025	1ST APRIL 2026

~ A new year does not merely change the date—it renews our duty to serve with honesty, diligence and wisdom.

Direct Taxes Professionals' Association

(Registered under Societies Registration Act, 1961. Registration No. S/60583 of 1988-89)

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(BLOCK LETTERS)
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9. Blood Group : _____ (Self) _____ (Spouse)
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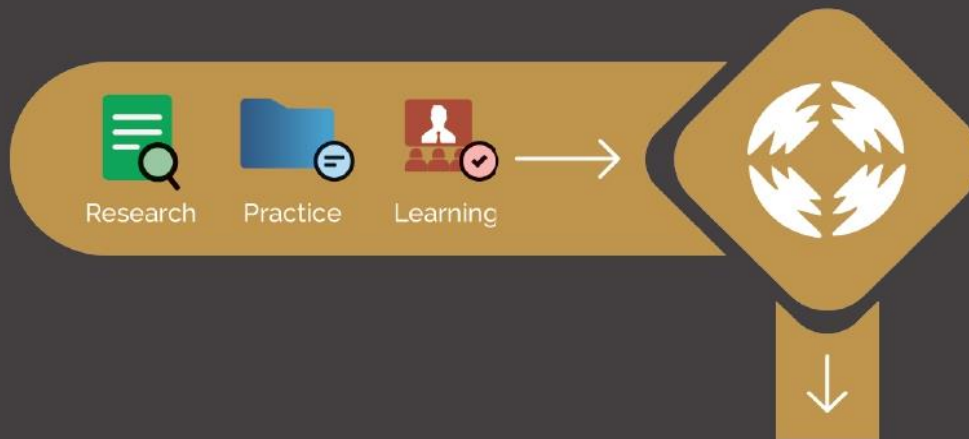
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