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Total no. of page: 91

....From the Desk of Editors



Respected Seniors and Dear Friends,

The month of April 2025 was a busy month for most of the professionals who were allotted Bank Branch Audits. After completing the same, as we enter into the month of May 2025, we look forward to gear up ourselves for multifarious quarterly and/or annual compliances viz, filing of TCS Returns, TDS Returns, SFT Preliminary Responses etc. As usual, you will find inside this issue, diversified area of updates on various statutes along with articles on various interested professional topics, which we are hopeful that you will find useful in your day-today professional field.

The Union Budget for Financial Year 2025-26 introduced significant changes aimed at stimulating domestic demand. The income tax exemption threshold was raised to ₹12.00 lakhs for individuals, and tax rates were reduced across various slabs. While these measures are expected to enhance household consumption, they also present challenges in terms of revenue mobilization. As professionals, it is crucial to understand the implications of these changes on tax planning and compliance.

We present herebelow a table which depicts a significant growth in the collection of income tax during Financial Year 2024-2025:

	FY 2023-24 (as on 31.03.2024)					FY 2024-25 (as on 31.03.2025)**					Percentage Total Growth
	Corporate Tax	Non-Corporate Tax	Securities Transaction Tax	Other Taxes	Total	Corporate Tax	Non-Corporate Tax	Securities Transaction Tax	Other Taxes	Total	
Gross Collection	11,31,958	11,68,204	34,192	4,068	23,38,422	12,72,516	13,73,797	53,296	3,366	27,02,975	15.59%
Refunds	2,20,903	1,57,256	0	96	3,78,255	2,85,796	1,90,922	0	25	4,76,743	26.04%
Net Collection	9,11,055	10,10,948	34,192	3,972	19,60,167	9,86,720	11,82,875	53,296	3,341	22,26,232	13.57%

Source: Pr.CCA (CBDT)

** Provisional figures

The GST collection is one of the primary sources of revenue for our Indian Government. India's GST collections during the month of April 2025 has broken all its previous records, by attaining a figure of Rs.2.37 lakh crores as against Rs.2.10 lakh crores during April 2024. This GST Collections factually pertains to the period of March 2025 and March 2024 respectively.

The landscape of company law continues to evolve, with ongoing reforms aimed at enhancing corporate governance and simplifying compliance. Professionals must stay abreast of these changes to provide informed guidance to clients and ensure adherence to statutory requirements.

We feel proud to share that our DTPA organized a program on Anti-Corruption & Governance during the last month at our DTPA Conference Hall where Sri Rakesh Gupta, IPS, Former Director General of Police, Anti-Corruption Branch, Government of West Bengal was the speaker. The session provided valuable perspectives and actionable insights for professionals committed to fostering an ecosystem where integrity was mentioned to be **not optional—but essential**.

As a part of our curriculum to organizing of fellowship programmes from time to time, we are excited to announce that we would be having an **International Tour to Phuket and Krabi Island**, which is scheduled for the **first week of June 2025**, the details whereof you will find inside this Issue. This trip will offer a unique blend of leisure and professional networking, offering members the chance to experience the beauty and culture of Thailand's renowned destinations while forging deeper connections with fellow professionals. We are confident that this trip will offer both personal enrichment and professional growth.

As we move from April 2025 to May 2025, we continue to focus on delivering value to our members through various programs, seminars, and events in line with the recent trends. We remain committed to providing opportunities that will help all of us stay ahead in our fields, engage in meaningful discussions, and build long-lasting relationships within the DTPA community.

We extend our sincere gratitude to our editorial team and contributors for their dedication in curating this edition. The DTPA Journal Committee warmly invites accomplished fellow professionals to embrace opportunity to devote their valuable time to craft enlightening articles, enrich the discourse within our esteemed profession and pen down wonderful articles in their areas of expertise as also provide an opportunity to speak on the DTPA Platform.

To quote "**Ronald Reagan**"- "The government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it."

As accounting, tax, finance and legal professionals, let us reaffirm our commitment to excellence, integrity, ethics, updated knowledge and service. Wishing you all a productive month ahead!

Jai Hind!! Jai DTPA!!

With Best Regards

Yours truly,
Giridhar Dhelia
Chairman
Journal Sub-Committee, DTPA

Mohan Lal Gupta
Co-Chairman
Journal Sub-Committee, DTPA

....From the desk of President

Dear Esteemed Members,

As we step into the month of May, I extend my warmest wishes to all of the respected members and their families. With each passing month, our Association continues to blossom as a vibrant community of professionals, bound by a shared commitment to excellence, learning, and ethical practice.

The month of April was an eventful month, marked by significant professional engagements and impactful initiatives. One of the key highlights was the insightful session on **“Regulatory Framework of NBFCs and Acceptance of Deposits”**, which drew an enthusiastic response from our members. The session offered valuable updates and practical perspectives on the evolving regulatory landscape for NBFCs, further strengthening our professional acumen in this critical sector.

In continuation to our knowledge-sharing mission, I am pleased to announce that a **comprehensive workshop on GST** is being planned for this month. This workshop aims to address recent updates, practical challenges, and case-studies to equip members with actionable insights in navigating GST compliance and litigation. I encourage all members to actively participate and benefit from this learning opportunity.

The month of May also brings an occasion close to our hearts—**Library Day**, which we will be celebrating on **21st May 2025**. Our library has long been a cornerstone of learning, research, and resource-sharing for the DTPA community. On this day, we honour its role in nurturing intellectual growth and reaffirm our commitment to expanding knowledge access for our all members.

Looking ahead, we are filled with excitement for our upcoming **International Tour to Phuket and Krabi** in June 2025. This promises to be a wonderful blend of professional networking and personal camaraderie amidst the stunning landscapes of Thailand. I urge members to make the most of this opportunity to forge deeper connections and create cherished memories.

As we continue our journey together, I encourage each one of you to actively engage, contribute, and participate in DTPA’s diverse initiatives. Let us collectively strive for excellence, uphold the highest standards of integrity, and foster a culture of continuous learning.

Wishing you and your families a fulfilling, enriching, and joyful month ahead!

Warm regards,

CA Barkha Agrawal

President

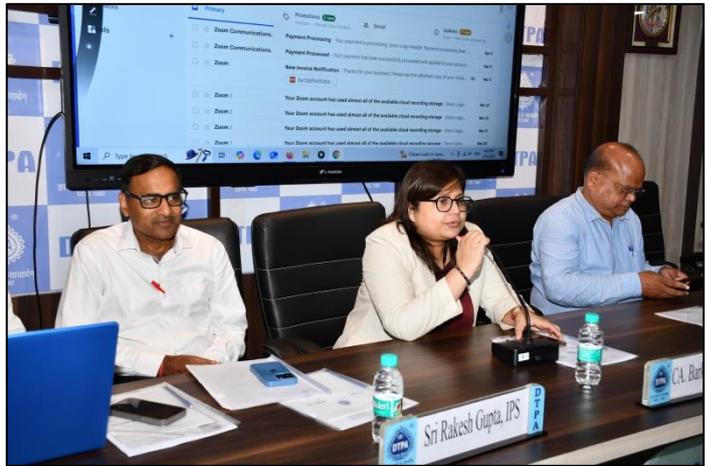
8th May, 2025

Glimpses of Study Circle Meeting on 10.04.2025 at DTPA Conference Hall

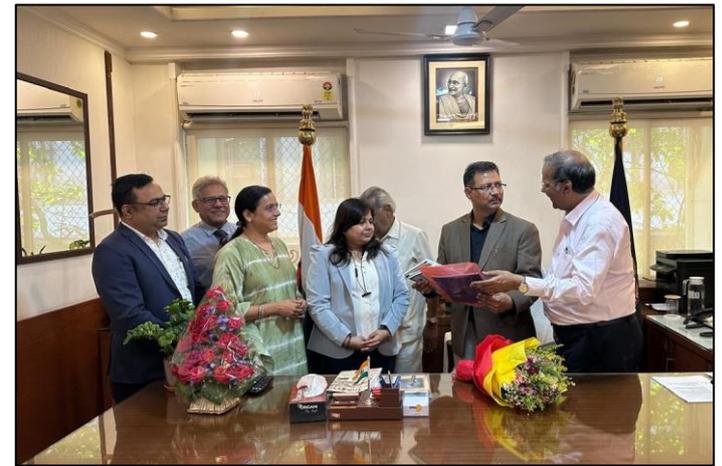




Glimpses of Seminar on Anti Corruption and Governance by Sri Rakesh Gupta, IPS on 16.04.2025 at DTPA Conference Hall



Glimpses of Felicitation of Pr. CCIT, West Bengal and Sikkim, Shri Neeraj Kumar by Team DTPA at Aaykar Bhawan on 24th April 2025



Forthcoming Programs of Direct Taxes Professionals' Association



Direct Taxes Professionals' Association

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

Email :- dtpakolkata@gmail.com

33rd Library Day/ 43rd Foundation Day

Request all
Members to Join

Date - 21st May, 2025, Wednesday

Time - 04:00 PM Onwards

Venue - DTPA Conference Hall

CA Barkha Agarwal
President

CA Rajesh Kr Agrawal
Chairman,
Fellowship Committee

CA Shyam Agarwal
Gen. Secretary

**DTPA Presents: Mesmerizing Phuket & Krabi Getaway**

Dates: 1st – 6th June, 2025

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Enjoy 6 days of scenic beauty, thrilling activities, island hopping, and vibrant nightlife – all with your favorite group of people!

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Don't miss out on this incredible summer escape!

Departure: 1st June Morning

Return: 6th June Night

To register, contact now:

Barkha Agarwal – ☎ 9831184871

Shyam Agarwal – ☎ 9903040775

Sujit Sultania – ☎ 9831016678

Let's make this summer legendary with #DTPATravels!

Regards,

CA Barkha Agarwal - President

CA Aghor Kumar Dudhwewala - Advisor, Fellowship Committee

CA Rajesh Agrawal - Chairman, Fellowship Committee

CA Mahendra Agarwal - Co Chairman, Fellowship Committee

CA Sujit Sultania - Co Chairman, Fellowship Committee

CA Shyam Agarwal - Secretary

Compliance Calendar for June, 2025

Statute	Due dates	Compliance Period	Details	
Income Tax Act, 1961	07th June 2025	May-25	Securities Transaction Tax - Due date for deposit of tax collected for the month of May, 2025	
	07th June 2025	May-25	Commodities Transaction Tax - Due date for deposit of tax collected for the month of May, 2025	
	07th June 2025	May-25	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 May, 2025	
	07th June 2025	May-25	Collection and recovery of equalisation levy on specified services in the month of May, 2025	
	07th June 2025	May-25	Due date for deposit of Tax deducted/collected for the month of May 2025. 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 June 2025	May-25	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M and 194S in the month of April, 2025.	
	15th June 2025	May-25	Due date for furnishing statement in Form No. 3BB by a stock exchange in respect of transactions in which client codes have been modified after registering in the system for the month of May, 2025	
	15th June 2025	May-25	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 May, 2025	
	15th June 2025	May-25	Certificate of tax deducted at source to employees in respect of salary paid and tax deducted during Financial Year 2024-25	
	15th June 2025	May-25	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of May 2025 has been paid without the production of a challan.	
	15th June 2025	April-25 to June-25	First instalment of advance tax for the assessment year 2026-27	
	15th June 2025	April-24 to March-25	Form 64A - Due date for filing of statement of income distributed by business trust to unit holders during the financial year 2024-25. This statement is required to be filed electronically to Principal CIT or CIT in Form No. 64A	
	15th June 2025	April-24 to March-25	Statement showing particulars of perquisites, other fringe benefits or amenities and profits in lieu of salary with value thereof during Financial Year 2024-25	
	30th June 2025	May-25	Form 26QE - Due date for furnishing of challan cum statement in respect of tax deducted under section 194S in the month of May, 2025	
	30th June 2025	May-25	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB & 194M in the month of May, 2025	
	30th June 2025	April-24 to March-25	Form 26QAA - Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending March 31, 2025	
	30th June 2025	April-24 to March-25	Due date for furnishing of statement of income distributed by business trust to its unit holders during the Financial Year 2024-25. This statement is required to be furnished to the unit holders in Form No. 64B	
	30th June 2025	April-24 to March-25	Form 64F - Statement of income distributed by securitization trust to be provided to the investor under section 115TCA of the Income-tax Act, 1961	
30th June 2025	April-24 to March-25	Commodities Transaction Tax - Return of taxable commodities transactions for Financial Year 2024-25		
30th June 2025	April-24 to March-25	Return in respect of securities transaction tax for the Financial Year 2024-25		
Statute	Due dates	Compliance Period	Return	Turnover/Complying Taxpayer
GST	10th June 2025	May-25	GSTR-7	Monthly Return by Tax Deductor for May 2025
	10th June 2025	May-25	GSTR-8	Monthly Return by E-Commerce Operators for May 2025
	11th June 2025	May-25	GSTR-1	1. Summary of Outward Supplies where turnover exceeds Rs. 5 Crore during preceding year or who have not chosen QRMP scheme



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Speaking Opportunity at DTPA Platform

As a part of our commitment in the last AGM, 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 so on.

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 Barkha Agrawal
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: 9830255500 / 9831016678

Thanks and Regards,

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DIRECT TAXES

1. STATUTORY UPDATES

- 1.1 CBDT signed 174 Advance Pricing Agreements in the Financial Year 2024-25 - **PRESS RELEASE, DATED 31-03-2025**

Editorial Note: The Central Board of Direct Taxes (CBDT) entered into a record 174 Advance Pricing Agreements (APAs) with Indian taxpayers in FY 2024-25. These includes Unilateral APAs (UAPAs), Bilateral APAs (BAPAs) and Multilateral APAs (MAPAs). With this, the total number of APAs since the inception of the programme has reached 815, comprising 615 UAPAs, 199 BAPAs and 1 MAPA

- 1.2 Govt. removed fee charged for cancellation or change of nomination under Government Savings Promotion General Rules 2018 - **NOTIFICATION G.S.R. NO. 214(E) [F.NO. 1/4/2023-NS(PT.)], DATED 02-04-2025**

Editorial Note: The Ministry of Finance has amended the Government Savings Promotion General Rules, 2018 by removing the fee charged for the cancellation or change of nomination. The amended rule is effective from the date of its publication in the Official Gazette.

- 1.3 Person allotted PAN based on enrollment ID shall intimate his Aadhaar Number on or before 31-12-2025: CBDT - **NOTIFICATION NO. 25/2025 [G.S.R. 217(E)/F. NO. 370142/1/2025-TPL], DATED 03-04-2025**

Editorial Note: The CBDT has amended Rule 114 to provide that every person who has been allotted permanent account number on the basis of the Enrolment ID of the Aadhaar application form filed prior to the 1st day of October 2024, shall intimate his Aadhaar number on or before the 31st day of December 2025

- 1.4 ITAT received over 26,000 appeals and applications through e-filing portal up to 28.02.2025: FinMin - **PRESS RELEASE, DATED 03-04-2025**

Editorial Note: The e-filing portal has been launched in the Income Tax Appellate Tribunal (ITAT) for facilitating electronic filing of appeals, applications, petitions and documents by the stakeholders. Over 26,000 appeals and applications were filed electronically through the e-filing portal before various benches of ITAT during the year, up to 28.02.2025.

- 1.5 No Sec. 194EE TDS on payment of sum withdrawn by individual from pension scheme notified u/s 80CCA: CBDT - **NOTIFICATION NO. 27/2025 [S.O. 1615(E)/F. NO. 370142/13/2025-TPL], DATED 04-04-2025**

Editorial Note: The Central Board of Direct Taxes (CBDT) has exempted the deduction of tax under section 194EE on the payment of the amount referred to in clause (a) of sub-section (2) of section 80CCA by an individual assessee from his account

- 1.6 CBDT notifies 'Prayagraj Mela Pradhikaran' & 'GMADA' for Sec. 10(46A) Exemption - **NOTIFICATION NO. S.O. 1637(E) [NO. 29/2025/F.NO. 300195/29/2024-ITA-I], DATED 07-04-2025**

Editorial Note: The Central Board of Direct Taxes (CBDT) has notified 'Prayagraj Mela Pradhikaran' and 'Greater Mohali Area Development Authority' for the purpose of section 10(46A) exemption

- 1.7 CBDT notifies bonds issued by HUDCO as 'long-term specified asset' for Sec. 54EC exemption - **NOTIFICATION S.O. 1644(E) [NO. 31/2025/F.NO. 225/06/2024/ITA-II], DATED 07-04-2025**

Editorial Note: The Central Board of Direct Taxes has notified the bonds redeemable after 5 years issued by Housing and Urban Development Corporation Limited (HUDCO) as a "long-term specified asset" for the purposes of section 54EC.

- 1.8 CBDT notifies form 'ITR-B' for furnishing ITR for block assessment - **NOTIFICATION NO. 30/2025 [G.S.R. 221(E)/F.NO. 370142/29/2024-TPL], DATED 07-04-2025**

Editorial Note: The Central Board of Direct Taxes (CBDT) has notified Rule 12AE and the Income-tax Return (ITR) Form ITR-B for persons required to furnish a return of income under Section 158BC(1). The notified form shall be applicable for search initiated under Section 132 or requisition made under Section 132A on or after 01-09-2024.

- 1.9 CBDT notifies 30-04-2025 as the last date to file declaration under Vivad se Vishwas Scheme - **NOTIFICATION S.O. 1650(E) [F.NO. 32/2025/F.NO. 370142/9/2025-TPL], DATED 08-04-2025**

Editorial Note: The Central Board of Direct Taxes (CBDT) has notified 30-04-2025 as the last date for filing a declaration under the Vivad Se Vishwas Scheme. The date has been notified in exercise of the powers conferred by clause (l) of sub-section (1) of section 89 of the Finance (No. 2) Act, 2024.

- 1.10 CBDT approves 'KIMS Foundation and Research Centre' as 'Other Institution' for 'Scientific Research' u/s 35(1)(ii) - **NOTIFICATION S.O. 1770(E) [NO. 33/2025/F.NO. 203/33/2024/ITA-II], DATED 17-04-2025**

Editorial Note: The Central Board of Direct Taxes (CBDT) has notified 'KIMS Foundation and Research Centre' Hyderabad as 'Other Institution' under the category of 'University, College or Other Institution' for 'Scientific Research' for the purposes Section 35(1)(ii).

- 1.11 Govt. notifies 'Ten Year Zero Coupon Bond of Housing and Urban Development Corporation Ltd.' as zero coupon bond - **NOTIFICATION S.O. 1774(E) [NO. 34/2025/F.NO. 300164/2/2024-ITA-I], DATED 17-04-2025**

Editorial Note: The Central Government has notified the 10-year zero coupon bond issued by Housing and Urban Development Corporation Ltd. as eligible under section 2(48) of the Income-tax Act. These bonds, totaling ₹5,000 crore (discounted by Rs. 2,351.49 crore), will be issued by 31st March 2027. Proceeds will be used only for infrastructure projects that are financially self-sustaining.

- 1.12 CBDT notifies 10 luxury goods liable to TCS; list includes home theatre systems, shoes, handbags - **NOTIFICATION G.S.R. 252(E) [NO. 35/2025/F.NO. 370142/11/2025-TPL], DATED 22-04-2025**

Editorial Note: CBDT has notified 10 luxury goods liable to TCS under section 206C(1F) if their value exceeds Rs. 10 lakh. These include wristwatches, art pieces, collectibles, yachts, helicopters, sunglasses, handbags, shoes, sports gear, home theatre systems, and horses for racing or polo.

- 1.13 CBDT notifies 'National Mission for Clean Ganga' for sec. 10(46A) exemption - **NOTIFICATION NO. S.O. 1826(E) [NO. 37/2025/F.NO. 300195/61/2024-ITA-I], DATED 22-04-2025**

Editorial Note: The Central Board of Direct Taxes (CBDT) has notified "National Mission for Clean Ganga" as an authority constituted under the Environment (Protection) Act, 1986 (No.29 of 1986), for the purposes of section 10(46A) exemption

- 1.14 Exp. incurred to settle proceedings initiated under SEBI, SCRA, Depositories & Competition Act are not allowable: CBDT - **NOTIFICATION S.O. 1838(E) [NO. 38/2025/F. NO 370142/11/2025-TPL], DATED 23-04-2025**

Editorial Note: Exercising the power contained under section 37, the Central Government has notified that expenditure incurred to settle proceedings for contravention or defaults under SEBI Act, SCRA, Depositories Act, or Competition Act shall not be deemed incurred for business purposes and hence, not deductible/allowable under the Income-tax Act.

- 1.15 CBDT notifies 'Mysore Palace Board' for the purpose Sec. 10(46) exemption - **NOTIFICATION NO. 39/2025, DATED 24-04-2025**

Editorial Note: The Central Board of Direct Taxes (CBDT) has notified 'Mysore Palace Board', a Board established under the Mysore Palace (Acquisition and Transfer) Act, 1998 for the purposes of clause (46) of section 10 of the Income-tax Act, 1961. The exemption covers income generated from palace properties, statutory fees, government rent, and bank interest. It will be effective from the Assessment Year 2024-25 to 2028-29.

- 1.16 CBDT notifies ITR-1 & ITR-4 for AY 2025-26; Forms can be filed if assessee has LTCG u/s 112A up to Rs. 1.25 lakh - **NOTIFICATION NO. 40/2025, DATED 29-04-2025**

Editorial Note: The Central Board of Direct Taxes (CBDT) has notified ITR forms 1 and 4 for the Assessment year 2025-26. The Board has also amended Rule 12, which defines norms related to filing forms. Rule 12 has been amended to allow an assessee to use ITR-1 and ITR-4 even in case he has long-term capital gains under section 112A up to Rs. 1,25,000.

- 1.17 Gold and Silver rates as of March 31, 2025

Editorial Note: As of March 31, 2025, the rate of gold (995 standard 24 carats) was Rs. 88,807 per 10 grams, the rate of gold (999 standard 24 carats) was Rs. 89,164 per 10 grams, and the rate of Silver (999) was Rs. 1,00,892 per 1 Kg. As 31st March 2025 was the public holiday, these rates are based on the last trade done on the preceding trading day, which was 28th March 2025.

- 1.18 Sec. 206C(1F) TCS applicable on sale of single item of notified goods exceeding Rs. 10 lakh; CBDT clarifies

Editorial Note: The CBDT has clarified that TCS provisions under section 206C(1F) on the sale of notified goods shall be applicable only if the value of a single item exceeds Rs. 10 lakhs. Further, provisions will become effective from the date of publication of the notification i.e. 22.04.2025

2. SUPREME COURT

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

- 2.1 Where HC had proceeded ex-parte to hold that where assessee, charitable trust charged capitation fee from student for admission in its educational courses, it would not be entitled to exemption u/s. 11, assessee having preferred a review petition against order of HC, trying to make good his case that in fact, there was no service effected of notice issued by HC, SLP was to be disposed of letting HC to look into review petition - **Maharaji Education Trust v. PCIT - [2025] 173 taxmann.com 883 (SC)**

SECTION 40A(3) OF THE INCOME-TAX ACT, 1961 - BUSINESS DISALLOWANCE - CASH PAYMENT EXCEEDING PRESCRIBED LIMITS

- 2.2 SLP dismissed against order passed by HC that where assessee made purchase of Jewellery worth Rs. 34.48 crores in cash by submitting that a group of bidders formed a syndicate and participated in auction and after successful bidding, money from prospective purchasers were collected and same was remitted to 'M' Ltd., since assessee could not demonstrate that he was representing any syndicate and, moreover, he also failed to demonstrate a situation which compelled him to make payment in cash, impugned disallowance made u/s. 40A (3) was to be confirmed - **Natesan Krishnamurthy v. ITO - [2025] 173 taxmann.com 690 (SC)**

SECTION 54 OF THE TRANSFER OF PROPERTY ACT, 1882 - "SALE" DEFINED

- 2.3 An agreement to sell does not confer any right on proposed purchaser under agreement and does not create any transferable interest or title in property in favour of proposed purchaser - **Correspondence, RBANMS Educational Institution v. B. Gunashekar - [2025] 173 taxmann.com 586 (SC)**

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

- 2.4 SLP dismissed against order of High Court that where Assessing Officer had applied his mind and framed assessment order allowing claim of exemption of assessee under section 54F in respect of capital gains arising from sale of a long-term capital asset, Tribunal rightly held that order passed by Assessing Officer was neither erroneous nor prejudicial to interest of revenue - **Principal Commissioner of Income-tax 1 v. Dineshchandra Narharishankar Upadhyay - [2025] 173 taxmann.com 836 (SC)**

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

- 2.5 SLP dismissed against order of High Court that where assessee, a public charitable trust, could not produce sufficient material to dispel suspicion which had been raised about donations received from companies which were not even based geographically close to educational institution run by assessee and reason to grant donation was never properly explained, Assessing Officer rightly made additions under section 68 to income of assessee - **Mayor Foundation v. Commissioner of Income-tax - [2025] 173 taxmann.com 584 (SC)**
- 2.6 SLP dismissed against order of High Court that where Pr. Commissioner invoked revision proceedings on ground that Assessing Officer had not made sufficient inquiries regarding share capital, however, he had not pointed out any further inquiries which were required to be made by Assessing Officer, Tribunal was justified in quashing order of Pr. Commissioner - **Principal Commissioner of Income-tax-1 v. V-Con Integrated Solutions (P.) Ltd. - [2025] 173 taxmann.com 774 (SC)**
- 2.7 SLP dismissed against order of High Court that where Assessing Officer in compliance with revisionary order had conducted detailed enquiry in respect of share application money received by assessee and accepted same as genuine transaction, Tribunal was justified in setting aside second revisionary order passed by Commissioner - **Principal Commissioner of Income Tax Central-1 v. Rani Sati Agro Tech (P.) Ltd. - [2025] 173 taxmann.com 919 (SC)**

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

- 2.8 SLP dismissed against order of High Court that section 148A mandates Assessing Officer only to supply information before issuing notice under section 148A in prescribed manner and not other material on basis of which it has formed prima facie opinion that income of assessee chargeable to tax has escaped assessment - **Chaturbhuj Gattani v. Income-tax Officer - [2025] 173 taxmann.com 687 (SC)**

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

- 2.9 SLP dismissed against order of High Court that where Assessing Officer found that assessee had shown very low net profit against large gross receipts in its profit and loss account by inflating purchases and other expenses and Assessing Officer completed assessment by fixing disallowance of alleged expenses at 5 per cent, since there was no dispute with regard to assessee's sale and purchase figures, assumption of jurisdiction by Commissioner under section 263 was not justified - **Principal Commissioner of Income-tax v. Green Touch Vincom (P.) Ltd. - [2025] 173 taxmann.com 880 (SC)**

SECTION 80G OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS - DONATION TO CERTAIN FUNDS, CHARITABLE INSTITUTIONS

- 2.10 SLP dismissed against order of High Court that where assessee made adequate disclosures regarding CSR expenditure and section 80G deductions in various financial documents, including annual accounts and tax audit reports and those details were already considered by Assessing Officer during original assessment, subsequent reopening by Assessing Officer would be treated as change of opinion as belief so formed lacked fresh tangible materials - **Deputy Commissioner of Income-tax v. Castrol India Ltd. - [2025] 173 taxmann.com 686 (SC)**

SECTION 92C OF THE INCOME-TAX ACT, 1961 - TRANSFER PRICING - COMPUTATION OF ARM'S LENGTH PRICE

- 2.11 SLP dismissed against order of High Court that RPM was MAM for determining ALP of international transaction in case of distribution and marketing activities especially when goods were purchased from AEs and there were sales to unrelated parties without any processing and value addition - **PCIT v. Fujitsu India (P.) Ltd. - [2025] 173 taxmann.com 652 (SC)**

SECTION 115JB OF THE INCOME-TAX ACT, 1961 - MINIMUM ALTERNATE TAX - PAYMENT OF

- 2.12 SLP dismissed against order of HC that where AO added certain amount to book profits u/s. 115JB on ground that same was capital expenditure debited to profit and loss account, since assessee himself admitted that expenditure was capital in nature, no case was made out for an unconditional stay; interim relief was to be granted subject to assessee depositing with revenue an amount of Rs. 60 crores - **Malco Energy Ltd. v. ACIT - [2025] 173 taxmann.com 914 (SC)**

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

- 2.13 SLP dismissed against order of HC that where reassessment notice was issued in name of a non-existent company that had already amalgamated with assessee, however a subsequent reassessment notice was issued in name of assessee after following procedure outlined in section 148A, reassessment proceedings would not be vitiated - **Nokia Solutions and Networks India (P.) Ltd. v. DCIT - [2025] 173 taxmann.com 916 (SC)**

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

- 2.14 SLP dismissed against order of HC that section 151 does not require Commissioner to record his own reasons and it would suffice that he records satisfaction regarding reasons recorded by AO - **Venky Steels (P.) Ltd. v. CIT - [2025] 173 taxmann.com 658 (SC)**

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

- 2.15 SLP dismissed against order of HC that unless AO is satisfied that material gathered could potentially impact determination of total income, it would be unjustified in mechanically reopening or assessing all over again all ten AYs' that could possibly form part of block of ten years - **Income-tax Officer v. Forever Bodycare Industries - [2025] 173 taxmann.com 912 (SC)**

SECTION 206C OF THE INCOME-TAX ACT, 1961 - COLLECTION OF TAX AT SOURCE

- 2.16 SLP dismissed against order of High Court that where assessee was engaged in trading of timber sawn into logs of different dimensions and shapes which was imported from other countries and not obtained from forest, timber sold by assessee would not amount to forest produce and, thus, provisions of section 206C(1) were not applicable on same - **Commissioner of Income-tax (TDS) v. Nirmal Kumar Kejriwal - [2025] 173 taxmann.com 691 (SC)**

SECTION 260A OF THE INCOME-TAX ACT, 1961 - HIGH COURT - APPEAL TO

- 2.17 Review petition dismissed against order of Supreme Court dismissing SLP on ground that where after dismissal of SLP against order of High Court, assessee filed a second review petition before High Court which was also dismissed and assessee filed special leave petition against said order, since assessee did not seek liberty to file second review petition at initial stage or before Supreme Court, assessee could not have filed second review petition before High Court after dismissal of special leave petition by Supreme Court - **Garden City Education Trust v. Deputy Director of Income-tax (Exemptions) - [2025] 173 taxmann.com 572 (SC)**

SECTION 269ST OF THE INCOME-TAX ACT, 1961 - MODE OF UNDERTAKING TRANSACTIONS

- 2.18 Whenever a suit is filed with a claim that Rs. 2,00,000/- and above was paid by cash towards any transaction, courts must intimate same to jurisdictional Income-tax Department to verify transaction and violation of section 269ST, if any - **Correspondence, RBANMS Educational Institution v. B. Gunashekar - [2025] 173 taxmann.com 586 (SC)**

3. HIGH COURT**SECTION 2(15) OF THE INCOME-TAX ACT, 1961 - CHARITABLE PURPOSE**

- 3.1 Where assessee-RDA, being a statutory authority, engaged in preparation of development, planning and selling of houses, was not carrying out any operations on commercial lines with a motive to earn profit and assessee's predominant object was charitable, first proviso to Section 2(15) would not be applicable in case of assessee - **Deputy Commissioner of Income-tax v. Raipur Development Authority - [2025] 173 taxmann.com 917 (Chhattisgarh)**

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

- 3.2 Where Assessing Officer issued reopening notice on ground that assessee-company entered into transaction for sale of certain space in a real estate project with a company which had entered into non-genuine transactions and misused funds/accounts of company, since assessee had declared a profit on said sale transaction and surrendered same to tax, said transaction of sale could not be stated to be resulted in any income of assessee escaping assessment, thus, impugned reassessment notice was to be set aside - **Gyan Marketing Associates (P.) Ltd. v. Income-tax Officer - [2025] 173 taxmann.com 953 (Delhi)**

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

- 3.3 Where assessee, a German company, was engaged in business of international cargo handling and transportation of cargo through operation of aircrafts in international traffic, since assessee had been granted certificate at nil withholding tax for prior assessment years and there was no issue to chargeability of assessee's income to tax under Act, impugned certificate permitting withholding tax at a reduced rate of 0.10 per cent instead of nil rate, could not be sustained - **Lufthansa Cargo AG v. ACIT - [2025] 173 taxmann.com 583 (Delhi)**
- 3.4 Where assessee, a foreign company, had claimed that its income was exempt under provisions of India-UK DTAA, absence of any other reason for reopening assessment, would not suggest that assessee's income for relevant year had escaped assessment and, thus, impugned reassessment proceedings initiated against assessee were to be set aside - **Ernst and Young Emeia Services Ltd. v. ACIT - [2025] 173 taxmann.com 877 (Delhi)**

SECTION 10(37) OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS ARISING FROM TRANSFER OF AGRICULTURAL LAND

- 3.5 Interest amounts received by assessee in respect of delayed payment of compensation/enhanced compensation under Land Acquisition Act, 1894 would partake character of principal compensation and would be classified as capital gains and consequently, would also get benefit of section 10(37) if land compulsorily acquired was agricultural land - *Anvar Ali Poolakkodan v. Income-tax Officer* - [2025] 173 *taxmann.com* 633 (Kerala)

SECTION 13A OF THE INCOME-TAX ACT, 1961 - POLITICAL PARTIES - INCOME OF

- 3.6 Where reopening notice was issued on ground of non-compliance of certain terms of section 13A, since revenue was on verge of bringing assessment proceedings to conclusion, assessee despite having made out a prima facie case was not entitled to stay of further proceedings but a limited protection may be afforded and liberty would be granted to assessee to respond to notice proposing variation by 29-3-2025 - *All India Trinamool Congress v. Assistant Commissioner of Income-tax* - [2025] 173 *taxmann.com* 125 (Calcutta)

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

- 3.7 Where assessee claimed 100 per cent depreciation on a 'Fly Ash handling system' which was used to store fly ash (input for cement manufacture) in large silos or storage tanks and channelize it into cement manufacturing process, since method followed by assessee for containment and use of fly ash effectively achieved twin objects of both handling/containing fly ash as well as evacuating it from premises by channelising it into production process, assessee was entitled for grant of 100 per cent depreciation in respect of fly ash handling system - *Commissioner of Income-tax v. Ramco Cements Ltd.* - [2025] 173 *taxmann.com* 226 (Madras)
- 3.8 Where assessee claimed 25 per cent depreciation on dumpers purchased by it, since assessee had not produced any evidence to establish that dumpers had been received in its premises and put to use prior to 1-10-1995, assessee was not entitled for full depreciation on dumpers - *Commissioner of Income-tax v. Ramco Cements Ltd.* - [2025] 173 *taxmann.com* 226 (Madras)
- 3.9 Explanation 1 to section 32 is intended to enable a lessee in leasehold premises to claim depreciation on capital assets, despite his status as a lessee and not as owner and this would not stand in way of lessee claiming expenditure as revenue, if lessee is otherwise able to establish nature of the expenditure incurred - *Shivsu Canadian Clear International Ltd. v. DCIT* - [2025] 173 *taxmann.com* 843 (Madras)

- 3.10 Where amalgamating companies were dissolved pursuant to court-approved scheme and assessee did not seek carry forward of unabsorbed depreciation but only adjustment of written down value under sections 32 and 43(6), such unabsorbed depreciation was to be added to written down value of block of assets of assessee-company - *Technova Imaging Systems Ltd. v. Deputy Commissioner of Income-tax* - [2025] 173 *taxmann.com* 405 (Bombay)

SECTION 36(1)(viiia) OF THE INCOME-TAX ACT, 1961 - BAD DEBTS, IN CASE OF BANKS

- 3.11 Where issue of deduction under section 36(1)(viiia) was examined during course of original assessment proceedings and detailed submissions were filed by assessee, any attempt to reopen case on this issue would result into conferring power of review on Assessing Officer based on change of opinion which was not permissible under section 147 - *IDBI Bank Ltd. v. Deputy Commissioner of Income-tax* - [2025] 173 *taxmann.com* 881 (Bombay)

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

- 3.12 Where assessee incurred expenditure on replacement of old machinery by new machinery, in view of facts that system that replaced old system was pollution free and reduced consumption of electricity and there was no increase in production capacity in factories of assessee which remained constant both pre and post year of replacement, said expenditure incurred by assessee was to be allowed as revenue expenditure - *CIT v. Ramco Cements Ltd.* - [2025] 173 *taxmann.com* 226 (Madras)
- 3.13 Where assessee entered into a rental agreement for taking on rent a property which comprised of land with a superstructure and incurred expenditure on repairs and maintenance of said property, since repair works that were routinely carried out in business premises were to keep premises in proper shape for conduct of business, expenditure incurred by assessee on repairs and maintenance of property was to be allowed as revenue expenditure - *Shivsu Canadian Clear International Ltd. v. DCIT* - [2025] 173 *taxmann.com* 843 (Madras)
- 3.14 Where assessee-company, engaged in business of operating open-cast coal mines, incurred expenses for removal of overburden, since removal of layer of useless material between two coal seams would be step towards reviving or developing mines, thus, said expenditure incurred at any stage of mine after it had been allotted to mining company would be capital in nature - *CIT v. Northern Coal Fields Ltd.* - [2025] 173 *taxmann.com* 692 (Madhya Pradesh)
- 3.15 Where assessee-company, engaged in coal mining, claimed expenditure incurred towards welfare of its employees like canteen, hostels, etc. as business expenditure, since expenditure was necessitated by National Coal Wage Agreement and was audited by statutory auditors as well as by CAG, Tribunal rightly allowed expenditure for which details and evidence were placed before AO - *CIT v. Northern Coal Fields Ltd.* - [2025] 173 *taxmann.com* 692 (Madhya Pradesh)

3.16 Where assessee-company, engaged in coal mining, claimed expenses incurred towards social afforestation and Commissioner disallowed claim on ground that development of green belt was not a small activity, but an activity which brought about benefit of enduring nature, since Commissioner had not given any reasoning while disallowing said expenditure as deduction, matter was remitted by Tribunal to Assessing Officer to take a decision on merits - **Commissioner of Income-tax v. Northern Coal Fields Ltd.** - [2025] 173 taxmann.com 692 (Madhya Pradesh)

3.17 Where assessee-company, engaged in coal mining, entered into National Coal Wage Agreement with employee unions in terms of which assessee was obliged to provide education facilities to children of its employees as mining operations were being carried out in remote areas, expenditure incurred by assessee towards education of children of employees was to be allowed as revenue expenditure under section 37(1) - **Commissioner of Income-tax v. Northern Coal Fields Ltd.** - [2025] 173 taxmann.com 692 (Madhya Pradesh)

3.18 Where assessee-company, engaged in coal mining, incurred expenses on sports and allied activities for welfare of its employees as per National Coal Wage Agreement, since expenditure was having nexus with assessee's business because good physical health and mental condition of employees would improve business output, said expenditure was to be allowed under section 37(1) - **Commissioner of Income-tax v. Northern Coal Fields Ltd.** - [2025] 173 taxmann.com 692 (Madhya Pradesh)

3.19 Where assessee-company, engaged in coal mining, incurred expenses on social afforestation and community development activities in villages surrounding coal mine area, since such expenses were incurred to maintain peace or harmony so as to permit coal mines to work without resistance of local people, said expenses would be allowable as revenue expenditure - **Commissioner of Income-tax v. Northern Coal Fields Ltd.** - [2025] 173 taxmann.com 692 (Madhya Pradesh)

SECTION 40A(3) OF THE INCOME-TAX ACT, 1961 - BUSINESS DISALLOWANCE - CASH PAYMENT EXCEEDING PRESCRIBED LIMITS

3.20 Where assessee, a milk distributor, made cash payments to a company for purchase of pasteurised milk, he was not entitled to exemption under Rule 6DD(e)(ii), and disallowance under section 40A(3) was justified - **Arasappan Madhivanan v. Income-tax Officer** - [2025] 173 taxmann.com 876 (Madras)

SECTION 40A(7) OF THE INCOME-TAX ACT, 1961 - BUSINESS DISALLOWANCE - GRATUITY

3.21 Where assessee-company made provision towards approved gratuity fund with LIC, since provisions of section 40A(7)(b) were specific to a claim of deduction based on provision for payment towards an approved gratuity fund, same would take precedence over general provision of section 43B and claim of deduction towards said gratuity fund was to be allowed - **Sanmar Speciality Chemicals Ltd. v. Assistant Commissioner of Income-tax** - [2025] 173 taxmann.com 884 (Madras)

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

3.22 Where assessee made a provision towards payment of interest on loan and claimed same as deduction under section 43B on ground that payment had been made prior to due date, since assessee failed to produce any material to substantiate its claim of actual payment, impugned disallowance of interest was justified - **Commissioner of Income-tax v. Ramco Cements Ltd.** - [2025] 173 taxmann.com 226 (Madras)

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

3.23 Where assessee purchased property under sale deed but title vested with vendors' sisters, and assessee paid Rs. 33 lakhs under court-approved compromise to clear title, such amount formed part of cost of acquisition and was deductible under section 48 - **Smt. A. Rita v. Commissioner of Income Tax** - [2025] 173 taxmann.com 921 (Madras)

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

3.24 Where assessee sold a residential property and claimed benefit under section 54 and he furnished an independent valuer's report estimating value of construction, since prima facie cost of building could not be disregarded in entirety, assessee was to be given an opportunity of statutory appeal before Commissioner (Appeals) - **Atul Jain v. National Faceless Assessment Centre, Delhi** - [2025] 173 taxmann.com 802 (Delhi)

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

3.25 Where claim of assessee for exemption under section 54F in respect of investment made in construction of residential house was accepted in original assessment, since department had raked up same issue of exemption under section 54F in multiple proceedings i.e. re-assessment and revision and claim had been accepted under section 147, considered and dropped in revision under section 263, there could not be yet another assessment in terms of section 153A on same issue specifically in view of that no incriminating material was found during search in regard to claim under section 54F - **Principal Commissioner of Income Tax Central 1 v. Smt.Sasikala Raghupathy** - [2025] 173 taxmann.com 920 (Madras)

3.26 Where AO had applied his mind and framed Asst. order allowing claim of exemption of assessee u/s. 54F in respect of capital gains arising from sale of a long-term capital asset, Tribunal rightly held that order passed by AO was neither erroneous nor prejudicial to interest of revenue - *PCIT 1 v. Dineshchandra Narharishankar Upadhyay* - [2025] 173 taxmann.com 835 (Gujarat)

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

3.27 Where AO passed an order u/s. 148A(d) holding that cash deposited by assessee in its bank account during demonetization period was disproportionately higher in comparison with cash deposited during corresponding period in previous financial year, since there was no such allegation in notice issued u/s. 148A(b), impugned order passed u/s. 148A(d) had travelled beyond information furnished to assessee and, thus, could not be sustained - *J. G'S Departmental Store v. Income-tax Officer* - [2025] 173 taxmann.com 618 (Delhi)

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

3.28 Where a bank was amalgamated with petitioner bank and ceased to exist and its PAN number was also requested to be cancelled, impugned reopening notice issued in name of said non-existing bank for reason that it had purchased time deposits other than a time deposit made through renewal of another time deposits aggregating to certain amount which was not offered to tax, was to be quashed - *Punjab National Bank v. Income-tax Officer* - [2025] 173 taxmann.com 539 (Gujarat)

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

3.29 Where Assessing Officer issued a reopening notice on ground that information was received from Investigation Wing that assessee had received accommodation entries in form of share capital, since report of Investigation Wing only prompted Assessing Officer to scrutinize return of income and reassessment power was thereafter exercised basis commonality of entities which were found in return as submitted and report of Investigation Wing, invocation of section 148 was justified - *Principal Commissioner of Income-tax v. Ganesh Ganga Investments (P.) Ltd.* - [2025] 173 taxmann.com 878 (Delhi)

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

3.30 Where assessee failed to prove genuineness of purchases and expressed its inability to furnish purchase confirmations and addresses of suppliers, Assessing Officer was justified in making additions to income of assessee on account of disallowance of peak purchases made from said parties - *Principal Commissioner of Income-tax v. Drisha Impex (P.) Ltd.* - [2025] 173 taxmann.com 571 (Bombay)

3.31 Where assessee had made bogus purchases, disallowance made at rate of 6 per cent of bogus purchases was proper - *Ravjibhai Becharbhai Dhameliya v. Assistant Commissioner of Income-tax* - [2025] 173 taxmann.com 592 (Gujarat)

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

3.32 Excise duty, customs duty, windmill power receipts etc. do not form part of total turnover for purpose of calculating benefit under section 80HHC - *Commissioner of Income-tax v. Ramco Cements Ltd.* - [2025] 173 taxmann.com 226 (Madras)

SECTION 80-IA OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS - PROFITS AND GAINS FROM INFRASTRUCTURE UNDERTAKINGS

3.33 Where assessee challenged notification issued by Central Government which retrospectively revoked approval granted to assessee for setting up an industrial park for reason that number of industrial units was reduced to 6 from 14 due to merger/amalgamation by unit holders, since assessee did not demonstrate why or how CBDT's action was ultra vires either with clear pleadings or during arguments, assessee's challenge to impugned notification could not be accepted - *Pantheon Infrastructure (P.) Ltd. v. Union of India* - [2025] 173 taxmann.com 537 (Bombay)

SECTION 92C OF THE INCOME-TAX ACT, 1961 - TRANSFER PRICING - COMPUTATION OF ARM'S LENGTH PRICE

3.34 Where assessee-company paid guarantee fees to its AE and TPO made addition on account of transfer pricing adjustment in respect of guarantee fees, Tribunal had rightly decided issue of upward adjustment of guarantee fees in favour of assessee, relying on a binding precedent from an earlier year - *Principal Commissioner of Income-tax v. Bosch Rexroth (India) Ltd.* - [2025] 173 taxmann.com 910 (Gujarat)

3.35 While determining arm's length price, Tribunal has to follow guidelines stipulated under Chapter X of Act, namely, sections 92, 92A to 92CA, 92D, 92E and 92F and rules 10A to 10E and any determination of arm's length price under Chapter X, dehors relevant provisions of guidelines referred to hereinabove, can be considered as perverse, and it may be considered as a substantial question of law - *Principal Commissioner of Income-tax v. Jacobs Engineering India (P.) Ltd.* - [2025] 173 taxmann.com 126 (Bombay)

SECTION 115JA OF THE INCOME-TAX ACT, 1961 - MINIMUM ALTERNATE TAX - DEEMED INCOME

3.36 Where prior period expenses had crystallised and were incurred in relevant financial year, such expenses were to be allowed in computation of book profit under section 115JA, and revision under section 263 disallowing such claim was unsustainable - *Ramakrishna Mills (CBE) Ltd. v. Joint Commissioner of Income-Tax* - [2025] 173 taxmann.com 918 (Madras)

**SECTION 115JB OF THE INCOME-TAX ACT, 1961 -
 MINIMUM ALTERNATE TAX - PAYMENT OF**

3.37 Where AO issued reopening notice on ground that while computing book profit u/s. 115JB, interest on non-performing investment was not added, since issue of computation of book profit was examined during assessment proceedings, reopening notice issued on basis of change of opinion was not justified - *IDBI Bank Ltd. v. DCIT - [2025] 173 taxmann.com 881 (Bombay)*

3.38 Where reopening notice was issued against assessee-bank on ground that provision for wage revision was disallowed while computing book profit u/s. 115JB but same was not added back, since in appeal proceedings before Commissioner (Appeals), on remand, AO had admitted that said provision ought not to have been disallowed and accordingly Commissioner (Appeals) based on this admission had given relief to assessee, impugned reopening notice was to be set aside - *IDBI Bank Ltd. v. DCIT - [2025] 173 taxmann.com 881 (Bombay)*

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

3.39 Where assessee, an NRI, was unable to file return for assessment year 2020-21 due to delayed TDS deposit by buyer and genuine hardship during COVID-19, and had submitted all relevant documents including capital gains computation, in such circumstances, delay deserved to be condoned under section 119(2)(b) to allow belated return and refund claim. - *Yogesh Rasiklal Chandrani v. CIT IT and TP - [2025] 173 taxmann.com 660 (Gujarat)*

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

3.40 Where revenue officials, without assigning any reasons and ignoring ongoing Court proceedings, made a volte-face and reversed their own transfer order u/s. 127(2), CBDT and Ministry of Finance were to be directed to take cognizance of matter, conduct a preliminary enquiry, and determine whether any action was warranted against officials involved - *52 Weeks Entertainment Ltd. v. PCommissioner of Income-tax-4 - [2025] 173 taxmann.com 615 (Bombay)*

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

3.41 Where assessee had already paid tax on addition made for seized jewellery, in absence of any outstanding liability to be discharged for relevant assessment year, jewellery could not be retained for recovery of outstanding demand for any subsequent assessment years - *Nayanaben Hasmukhbhai Patel v. Principal Commissioner of Income-tax - [2025] 173 taxmann.com 519 (Gujarat)*

**SECTION 138 OF THE INCOME-TAX ACT, 1961 -
 INFORMATION RESPECTING ASSESSEE, DISCLOSURE
 OF**

3.42 Where assessee sought investigation report pertaining to misuse of her PAN by her estranged husband, since report in question did not constitute any matters that could be said to be confidential or disclosure of which would prejudice revenue/Department of Income Tax in any manner, revenue was directed to supply a copy of report to assessee - *Rachana Srivastava v. Prasenjit Singh - [2025] 173 taxmann.com 653 (Delhi)*

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

3.43 Where assessee challenged show cause notice and filed instant praecipe to take up matter urgently, however assessee had moved Court at fag end when assessment was likely to be time barred, facility for urgent circulation could not have been invoked by creating such artificial urgency and challenge being only to a show cause notice, instant praecipe was to be dismissed - *Anil Dhirajlal Ambani v. Deputy Director of Income-tax - [2025] 173 taxmann.com 140 (Bombay)*

3.44 Where Assessing Officer passed final assessment order without considering assessee's adjournment request, and thereafter, when assessee challenged impugned order, Assessing Officer submitted affidavit wherein it claimed that no adjournment was sought, since Assessing Officer sought withdrawal of said affidavit when confronted with contradiction of affidavit with facts on record, permission to withdraw present affidavit was to be declined - *Sarkhej Kelavani Mandal v. Additional /Joint /Dy. /Assistant Commissioner of Income-tax /Income-tax Officer - [2025] 173 taxmann.com 593 (Gujarat)*

**SECTION 144 OF THE INCOME-TAX ACT, 1961 - BEST
 JUDGMENT ASSESSMENT**

3.45 Where assessee filed a detailed reply to show cause notice, though delayed by two days due to voluminous documentation, but Assessing Officer rejected reply without assigning any reasons, Best Judgment Assessment order passed under section 144 was not tenable in eye of law - *Shantilal Bhikhabhai Nairya v. Union of India - [2025] 173 taxmann.com 842 (Gujarat)*

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

3.46 Where Assessing Officer passed faceless assessment without considering assessee's request for video conference/personal hearing on ground that case of assessee was transferred to Central Circle and provision of video conferencing/personal hearing was not available, since assessee was never put to notice about such transfer, impugned reassessment order was to be quashed and matter was to be remanded back to AO - *Darshit Ashokbhai Zinzuwadia v. Assistant Commissioner of Income-tax, DCIT/ACIT - [2025] 173 taxmann.com 617 (Gujarat)*

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

- 3.47 Where AO acted on directions of superiors without forming independent belief that income had escaped assessment, as mandated u/s. 147, reassessment was invalid - *PCIT v. Agfa India (P.) Ltd.* - [2025] 173 *taxmann.com* 875 (Bombay)

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

- 3.48 Where assessee was unable to respond to reopening notice, as assessee's request for re-setting password to access e-portal was not made available, impugned reassessment order was to be set aside and matter was to be remanded to AO for reconsideration - *SR Trading Company v. ITO* - [2025] 173 *taxmann.com* 129 (Madras)
- 3.49 Where assessee challenged reopening notice dated 12-4-2023 issued u/s. 148 by filing instant petition on 14-1-2025 i.e. after almost 6 to 7 months from issuance of notice, there was no justification for assessee to approach this Court at last moment when assessment was getting time barred on 31-3-2025, therefore, interim relief to assessee was to be refused and revenue was to be directed to proceed with assessment - *Sarita Venkat Anthati v. ITO* - [2025] 173 *taxmann.com* 214 (Bombay)
- 3.50 Where reassessment was initiated u/s. 148 based solely on third-party transactions without any material implicating assessee in alleged penny stock manipulation, and reasons recorded failed to disclose such linkage, impugned notice and order rejecting objections were liable to be quashed - *Abha Gupta v. ITO* - [2025] 173 *taxmann.com* 834 (Delhi)

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

- 3.51 Where assessee filed writ petition seeking relief from order passed u/s. 148A(d), since said order was passed after deciding objection raised by assessee, it was not permissible for assessee to keep on raising objection and as there was no explanation for delay in approaching HC after order was passed, interim relief could not be granted - *Tomorrow Technologies Global Innovation Ltd. v. ACIT* - [2025] 173 *taxmann.com* 215 (Bombay)

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

- 3.52 Where assessee was issued notice u/s. 148A(b) on 28-3-2024 and pursuant to assessee's reply another notice was issued on 22-4-2024, delay was required to be taken note of with reference to first notice and thus, same was within time limit stipulated u/s. 149 - *Chandra Shekhar v. PCIT* - [2025] 173 *taxmann.com* 591 (Patna)

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

- 3.53 Where pursuant to search conducted at premises of N, petitioner was issued notice under section 153C based on sale agreement seized during search which pertained to sale of a vacant house plot standing in name of N to petitioner, since petitioner's request to cross examine N was denied, impugned assessment order was to be set aside and case was to be remitted to Assessing Officer - *Thiru Ramanathan Murugappan v. Deputy Commissioner of Income-tax* - [2025] 173 *taxmann.com* 520 (Madras)

**SECTION 158BB OF THE INCOME-TAX ACT, 1961 -
BLOCK ASSESSMENT IN SEARCH CASES -
UNDISCLOSED INCOME, COMPUTATION OF**

- 3.54 Where substantial question of law framed as regards applicability of correct clause/sub-clause of any section/sub-section of section 158BB was not answered by court while deciding appeal, same, in itself, could not be a ground to review order - *Commissioner of Income-tax (Central) v. Umang Agarwal, Allahabad* - [2025] 173 *taxmann.com* 541 (Allahabad)

**SECTION 246A OF THE INCOME-TAX ACT, 1961 -
APPEALABLE ORDERS BEFORE COMMISSIONER
(APPEALS)**

- 3.55 Where assessment order was challenged by assessee by way of writ petition, since assessee had alternate and efficacious remedy to question impugned assessment order, writ petition was to be dismissed with liberty to assessee to avail of alternate remedy - *Patil Ranajajitsingh Padmasinha (HUF) v. Principal Chief Commissioner* - [2025] 173 *taxmann.com* 213 (Bombay)

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

- 3.56 Where assessee filed an appeal before Commissioner (Appeals) against assessment order for assessment year 2018-19 on 9-1-2020 and appeal had been pending for almost five years without any progress, Commissioner (Appeals) was to be directed to decide appeal within three months from date of receipt of copy of this order - *Kulwinder Paul Singh v. Central Board of Direct Taxes* - [2025] 173 *taxmann.com* 358 (Punjab & Haryana)
- 3.57 Where petitioner filed instant petition seeking a writ of mandamus directing NFAC to expeditiously dispose of pending appeal of petitioner, NFAC would endeavour to implement remedial measures in all earnest, however, it was not apposite to issue any further directions in this regard - *Sanjay Kumar Agarwal v. Central Board of Direct Taxes* - [2025] 173 *taxmann.com* 841 (Delhi)

4. TRIBUNAL

SECTION 2(14) OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - CAPITAL ASSET

- 4.1 Where assessee sold land and claimed surplus as agricultural income, since addition under consideration pertained to transaction considered by Tribunal in assessee's own case in preceding AY, matter was to be remanded back to AO to comply with directions as rendered by Tribunal in said decision - **Babu Chandrathil George v. ITO** - [2025] 173 taxmann.com 264 (Cochin - Trib.)

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

- 4.2 Where assessee, a development authority, had been setup for achieving essential public services, activities undertaken by assessee were not hit by proviso to Section 2(15) and, consequently, infrastructure funds received by assessee under order of Government on which assessee had no control, could not be treated as taxable in hands of assessee - **Kanpur Development Authority v. JCIT, Exemption** - [2025] 173 taxmann.com 494 (Delhi - Trib.)

SECTION 2(29A) OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - LONG TERM CAPITAL GAINS/ ASSETS

- 4.3 Where assessee purchased two flats in joint name of himself and his wife and sold said flats in AY 2010-11, assessee having already declared said transaction of sale in AY 2010-11, AO could not have ignored said long term capital gain declared in AY 2010-11 and assessed gain arising from sale of property in year under consideration as short term capital gain, without any valid reason for rejection of capital gain shown in AY 2010-11 - **Anil Murarilal Agarwal v. ITO** - [2025] 173 taxmann.com 533 (Mumbai - Trib.)

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

- 4.4 Where assessee-US company provided IT support services to its Indian associate enterprise (AE), since condition of make available was not satisfied, receipt could not be considered as FIS - **Invesco U.K. Ltd. Holding Company (US) Inc. v. ACIT** - [2025] 173 taxmann.com 145 (Delhi - Trib.)
- 4.5 Where assessee, a US based company, provided IT support services, maintenance services, etc. to its Indian sister concern, since said services did not make available any technical knowledge, experience, skills, etc., to recipient, service provided by assessee company did not fall within ambit of 'fee for included services' as defined under article 12 of India US DTAA and hence, not taxable in India - **Visteon Corporation v. ACIT, International Taxation** - [2025] 173 taxmann.com 659 (Chennai - Trib.)

- 4.6 Consideration received by assessee, a German company, for supply of drawings and designs and off-shore sale/supply of plants and equipments was not taxable in India - **SMS Siemag AG v. Addl. DIT/DDIT** - [2025] 173 taxmann.com 403 (Delhi - Trib.)

- 4.7 Reimbursements representing installation of SAP software, regular breakup and maintenances and intranet charges were neither taxable as "FTS" under section 9(1)(vii) for want of any technical services being provided nor as royalty - **SMS Siemag AG v. Addl. DIT/DDIT** - [2025] 173 taxmann.com 403 (Delhi - Trib.)

- 4.8 DTAA does not get triggered at all when a domestic company pays DDT under section 115-O; where contracting states to a tax treaty intend to extend treaty protection to domestic company paying dividend distribution tax, only then, domestic company can claim benefit of DTAA, if any - **JC Bamford Excavators Ltd. v. ACIT (International Taxation)** - [2025] 173 taxmann.com 397 (Delhi - Trib.)

- 4.9 Where assessee, a non-resident Indian and tax resident of Singapore, earned STCG from sale/redemption of equity funds, same would fall within ambit of article 13(5) of DTAA and, thus, would not be taxable in India - **Anushka Sanjay Shah v. Income-tax Officer, International Taxation** - [2025] 173 taxmann.com 570 (Mumbai - Trib.)

- 4.10 Where assessee, a Singapore based company, earned LTCG from sale of shares of Indian companies, which was exempt under article 13 India-Singapore DTAA, question of setting off of LTCL against said gain did not arise as LTCG did not enter into computation of total income of assessee and thus, assessee was entitled to claim treaty benefits for LTCG and was eligible to carry forward LTCL under provisions of Act - **Qualcomm Asia Pacific Pte. Ltd. v. CIT(A)** - [2025] 173 taxmann.com 839 (Mumbai - Trib.)

SECTION 10(5) OF THE INCOME-TAX ACT, 1961 - LEAVE TRAVEL CONCESSION

- 4.11 Where assessee-bank did not deduct tax at source on LFC reimbursements involving foreign travel under a bona fide belief that such payments were exempt under section 10(5), imposition of penalty under section 271C was not warranted as issue was debatable and assessee acted in good faith - **The Chief Manager (Admin) v. Addl. CIT (TDS)** - [2025] 173 taxmann.com 553 (Agra - Trib.)
- 4.12 Where assessee-bank reimbursed LTC payments involving foreign LTC to its employees without deduction of tax at source, since interim order of High Court of Madras restraining assessee-bank not to deduct tax at source on such reimbursement was in force, assessee-bank could not be held to be assessee-in-default for non-deduction of tax at source on such reimbursements - **State Bank of India v. CIT** - [2025] 173 taxmann.com 730 (Agra - Trib.)

SECTION 10(37) OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS ARISING FROM TRANSFER OF AGRICULTURAL LAND

4.13 Interest awarded by authority on enhanced compensation on compulsory acquisition of land is part of compensation and hence, not taxable under Income-tax Act by virtue of provisions containing u/s. 10(37) - **Malini v. ACIT - [2025] 173 taxmann.com 689 (Chennai - Trib.)**

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

4.14 Where assessee charitable trust, engaged in providing education, had given donations to other educational trusts, which were also registered u/s. 12AA, and claimed that by way of such donations object of providing education was fulfilled, said donations were to be considered as application of income and were to be allowed as exemption u/s. 11 - **DCIT v. Indo Global Education Foundation - [2025] 173 taxmann.com 99 (Chandigarh - Trib.)**

4.15 Where assessee-trust filed its return along with Form 10 to accumulate excess amount for construction of new school and later, wanted to revise Form 10 and file same before AO during assessment proceedings, since statute did not prescribe any time limit for filing Form No. 10, matter was to be remanded back to AO to take note of revised Form 10 - **Dadha & Co Golden Jubilee Trust v. ITO - [2025] 173 taxmann.com 534 (Chennai - Trib.)**

4.16 Where assessee trust was not registered u/s. 12AA, AO was justified in denying exemption u/s. 11 - **Vishwakarma Sutradhar Sampati Trust v. ITO - [2025] 173 taxmann.com 728 (Jodhpur - Trib.)**

4.17 Where assessee-trust specified reasons for accumulation of income which was well within objects of assessee trust, exemption u/s. 11 was to be allowed - **ITO v. Yogakshema Trust - [2025] 173 taxmann.com 733 (Cochin - Trib.)**

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

4.18 Where Commissioner (Exemption) denied registration u/s. 12A to assessee-trust on ground that assessee had failed to comply with Right to Education Act, 2009, matter was to be remanded back to Commissioner (Exemption) for fresh adjudication - **Pokharna Educational Trust v. CIT (Exemption) - [2025] 173 taxmann.com 538 (Pune - Trib.)**

4.19 Where Commissioner (Exemption) rejected application of assessee-trust for registration u/s. 12A on ground that assessee failed to submit details called-for, since primary details like, copy of trust deed, copy of financials were already available with Commissioner (Exemption) and Commissioner (Exemption) had not commented on it, impugned order was to be set aside and Commissioner (Exemption) was to be directed to grant registration - **Swargiya Tatyapa Bapat Smriti Samiti v. CIT - [2025] 173 taxmann.com 732 (Pune - Trib.)**

4.20 Where assessee trust, engaged in providing charitable services in field of education, filed its return claiming exemption under section 11 without filing details of registration obtained under section 12AB, since assessee had filed application for registration in Form 10A on or before extended date as per CBDT Circular No. 16/2021, Assessing Officer was to be directed to allow exemption - **Gramin Vibhag Shramik Shikshan Sanstha Palghar v. Exemption Ward - [2025] 173 taxmann.com 688 (Mumbai - Trib.)**

4.21 Where assessee trust sought registration under section 12A and Commissioner (Exemptions) rejected same on ground that assessee had not incurred any expenditure on charitable activities carried out by it, since factually activities carried out by assessee trust were religious in nature and not charitable and assessee sought registration only as a religious trust and not as a charitable trust, Commissioner (Exemptions) was to be directed to grant registration to assessee trust - **Faizan E Sahaba Aligarh v. CIT (Exemption) - [2025] 173 taxmann.com 725 (Agra - Trib.)**

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

4.22 Where assessee-trust running a Dharamshala since 1962 for pilgrims of Khatu Shyam ji Mandir, was denied registration under Section 12AB by CIT(E) on grounds of engaging in commercial activities and not maintaining separate books of accounts, since trust's activities served public benefit since 1962, and that activities could not be compared as commercial activities, therefore, assessee should be given one more chance to contest case before CIT(E). - **Shyam Panchayati Vishram Bhawan v. Commissioner of Income-tax (Exemption) - [2025] 173 taxmann.com 771 (Jaipur - Trib.)**

4.23 Explanation to section 12AB(4), introducing "specified violations," applies prospectively from April 1, 2022 making it applicable only from Assessment Year 2022-23 onwards and its application to Assessment Year 2021-22 was impermissible, and any cancellation of registration based on such retrospective application was legally unsustainable. - **Sri Srinivasa Educational and Charitable Trust v. DCIT - [2025] 173 taxmann.com 577 (Bangalore - Trib.)**

4.24 Where assessee-society's registration u/s. 12AB was rejected and provisional registration cancelled for non-submission of donor and corpus details, but assessee later undertook to furnish documents, matter was to be remanded for fresh adjudication - **Shri Sthankvasi Jain Sangh v. CIT - [2025] 173 taxmann.com 731 (Indore - Trib.)**

4.25 Where assessee-trust applied for registration u/s. 12AB, however Commissioner (Exemptions) rejected said application for non-furnishing of details, since assessee did not get opportunity to respond to last notice issued by Commissioner (Exemptions) on issues raised therein, in interest of justice, matter deserved to be remanded back to Commissioner (Exemptions) - **IIGJ Research and Laboratories Centre v. CIT - [2025] 173 taxmann.com 726 (Mumbai - Trib.)**

4.26 Application of income of a charitable trust or institution outside India for carrying out its objects would not fall under any categories of 'specified violation' as mentioned in Explanation to section 12AB(4), thus, Commissioner (Exemption) could not deny registration u/s. 12AB on said ground - **Dedhia Music Foundation v. CIT (Exemption) - [2025] 173 taxmann.com 394 (Mumbai - Trib.)**

4.27 Where Commissioner (Exemption) denied registration to assessee-trust u/s. 12AB on ground that activities claimed to have been done were not justified by expenses incurred by assessee, since observation made were general in nature and assessee had furnished additional evidences with regard to genuineness of activities, matter was to be remanded for fresh examination - **Dedhia Music Foundation v. CIT (Exemption) - [2025] 173 taxmann.com 394 (Mumbai - Trib.)**

4.28 Where object clause of assessee-trust provided support to other organisations in India and outside India in social sector, which violated section 11, in view of sub section 4 and 5 of section 12AB inserted by Finance Act, 2022 which widened scope of violations by including violations specified in explanation therein, assessee-trust could not be granted registration under section 12AB - **Sila for Change Foundation v. CIT (Exemption) - [2025] 173 taxmann.com 694 (Mumbai - Trib.)**

4.29 Where objects of assessee-trust were for benefit of residents and members of specific society and were not meant for public at large, assessee-trust was not eligible for registration u/s. 12AB - **Dwarika Greens Foundation v. CIT (Exemption) - [2025] 173 taxmann.com 744 (Ahmedabad - Trib.)**

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

4.30 Where assessee-trust entered into an agreement with a private limited company for transfer of operations, management, and movable assets of hospital to it, since object of transfer agreement was to ensure that hospital was managed professionally and purpose of charity was not violated, assessee's claim for tax exemptions u/s. 11 and 12 could not be denied - **DCIT v. Adarsh Foundation - [2025] 173 taxmann.com 488 (Ahmedabad - Trib.)**

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

4.31 Where assessee was having exempt income in shape of dividend and also claimed interest on borrowed funds, since it was a case where mixed funds were available for making investments and AO had failed to make out a case where interest bearing funds were directly applied in making such investments, disallowance u/s. 14A should be restricted to exempt income earned by assessee - **DCIT v. Skyline Engg. Contracts (India) (P.) Ltd. - [2025] 173 taxmann.com 729 (Delhi - Trib.)**

4.32 Disallowance u/s. 14A does not get attracted in absence of any exempt income earned during year - **NDTV Networks Ltd. v. DCIT - [2025] 173 taxmann.com 269 (Delhi - Trib.)**

4.33 Where assessee's case was selected for limited scrutiny on reason of 'large other expenses claimed in Profit & Loss account', since assessee itself had disallowed large expenses claimed in shape of loss on share warrants and quantum and nature of remaining expenses suggested that they were neither large nor were incurred to earn exempt income, disallowance made u/s. 14A was to be set aside - **Dahila Infrastructure (P.) Ltd. v. DCIT - [2025] 173 taxmann.com 268 (Delhi - Trib.)**

SECTION 23 OF THE INCOME-TAX ACT, 1961 - INCOME FROM HOUSE PROPERTY - ANNUAL VALUE

4.34 Requirement that 'house was actually let' during year was not to be taken as a pre-requisite for bringing assessee's case within sweep of section 23(1)(c) as long as property was let in earlier period and remained vacant for whole year under consideration which assessee continued to hold for purpose of letting out; annual value of such property was to be computed u/s. 23(1)(c) as 'Nil' - **Classic Mall Development Company Ltd. v. ACIT - [2025] 173 taxmann.com 94 (Mumbai - Trib.)**

4.35 Where assessee owned an office premises along with her husband, since assessee failed to furnish documentary evidences to demonstrate fact that said property was used by assessee and her husband for their business purposes, ALV of said property was to be brought to tax as per municipal rentable value to extent of holding of assessee in said property - **Smt. Tejal Kaushal Shah v. ITO - [2025] 173 taxmann.com 844 (Mumbai - Trib.)**

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

4.36 Where AO disallowed business loss claimed by assessee on ground that said transactions were sham and part of manipulated transactions involving bogus LTCG and STCL, since AO had placed reliance on investigation report which was a generalized report and had not brought any material on record to show that transactions entered by assessee were found to be a part of manipulated transactions, impugned disallowance of loss was unjustified - **ITO v. Fairdeal Infin Services (P.) Ltd. - [2025] 173 taxmann.com 517 (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

4.37 Where assessee-company received share application money from its existing shareholders, however, on failure to comply with RoC requirements and due to financial crisis, assessee was not able to allot shares for several years, since pending allotment was regularly reported in assessee's audited financial statements and ultimately shares were allotted, impugned transaction was on capital account and receipt in hands of assessee was not liable to be taxed under provisions of section 28(iv) - **ACIT v. Dewanchand Ramsaran Industries (P.) Ltd. - [2025] 173 taxmann.com 743 (Mumbai - Trib.)**

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

- 4.38** Where assessee claimed 100 per cent depreciation on temporary structures created at various work sites which were demolished after completion of project, since depreciation was a statutory allowance and it was not a case where Assessing Officer alleged that assets created were not used or there were no temporary structures created by assessee, no ad hoc disallowance could be made - *DCIT v. Skyline Engg. Contracts (India) (P.) Ltd.* - [2025] 173 taxmann.com 729 (Delhi - Trib.)

**SECTION 35(2AB) OF THE INCOME-TAX ACT, 1961 -
EXPENDITURE ON SCIENTIFIC RESEARCH**

- 4.39** Where Assessing Officer allowed deduction under section 35(2AB) at 200 per cent, since Assessing Officer allowed deduction without verifying whether assessee submitted Form 3CL from prescribed authority and further, provisions of section 35(2AB) read with rule 6 limit weighted deduction to 150 per cent of eligible expenditure, Pr. CIT was justified in invoking revisionary powers under section 263 and setting aside assessment order with a direction to Assessing Officer to frame a fresh assessment after conducting proper verification and affording reasonable opportunity to assessee - *Gujarat Metal Cast Industries (P.) Ltd. v. Pr. CIT* - [2025] 173 taxmann.com 144 (Ahmedabad - Trib.)

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

- 4.40** Where assessee had made earnest money deposit with its subsidiary and no interest was received, Assessing Officer was not justified in making addition on account of notional interest on amount advanced to its sister concern - *DCIT v. Skyline Engg. Contracts (India) (P.) Ltd.* - [2025] 173 taxmann.com 729 (Delhi - Trib.)

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

- 4.41** Where assessee, engaged in business of trading in shares, derivatives and commodities, had written off certain amount receivable from NSEL and claimed same as bad debts, since similar claim of bad debts written off had been allowed by department on similar facts and circumstances in other AYs, Assessing Officer was not justified in disallowing claim of bad debts written off by assessee - *ITO v. Fairdeal Infin Services (P.) Ltd.* - [2025] 173 taxmann.com 517 (Mumbai - Trib.)

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

- 4.42** Where assessee-company, engaged in business of construction, claimed expenditure on consumables which were inevitable part for execution of contract work, impugned expenditure was to be allowed - *DCIT v. Skyline Engg. Contracts (India) (P.) Ltd.* - [2025] 173 taxmann.com 729 (Delhi - Trib.)

- 4.43** Where assessee contended that alleged excess directors' remuneration disallowed by Assessing Officer had been reversed in subsequent financial year and got assessed for same, instant issue deserved to be restored back to Assessing Officer for his afresh appropriate verification/computation - *NDTV Networks Ltd. v. Deputy Commissioner of Income-tax* - [2025] 173 taxmann.com 269 (Delhi - Trib.)

- 4.44** Where assessee-company was holding investments in subsidiaries, business expenditure claimed by assessee could not be disallowed even in an instant of a holding company having made investments in subsidiary as such an activity could indeed be treated as business itself - *NDTV Networks Ltd. v. Deputy Commissioner of Income-tax* - [2025] 173 taxmann.com 269 (Delhi - Trib.)

- 4.45** Where assessee imported second-hand machine and incurred expenditure on replacement of hydraulic system with electrical control panel of main machine, since assessee was aware that, to put old machinery into working condition, said component was required to be replaced, such expenditure was in nature of capital expenditure - *Fine Blanking (P.) Ltd. v. Income-tax Officer* - [2025] 173 taxmann.com 765 (Bangalore - Trib.)

- 4.46** Where assessee created provision for lease rent and same was duly disallowed and offered to tax in preceding year, assessee was correct in reducing it from business income of current year on reversal and same could be claimed as deduction in current year by taking net amount of difference between closing balance and opening balance - *DSV Air & Sea (P.) Ltd. v. Additional/Joint/Deputy/ Assistant Commissioner of Income-tax, Income-tax Officer* - [2025] 173 taxmann.com 395 (Mumbai - Trib.)

**SECTION 40A(2) OF THE INCOME-TAX ACT, 1961 -
BUSINESS DISALLOWANCE - EXCESSIVE OR
UNREASONABLE PAYMENTS**

- 4.47** Where Assessing Officer disallowed 10 per cent of total payment made by assessee to a director by invoking section 40A(2)(b) observing that assessee had failed to substantiate services rendered by director with credible documentary proof, since Assessing Officer had accepted services rendered by director, disallowance was to be deleted - *DCIT v. Skyline Engg. Contracts (India) (P.) Ltd.* - [2025] 173 taxmann.com 729 (Delhi - Trib.)

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

- 4.48** Where assessee, a tax resident of Denmark, provided well engineering, well design, well planning, supervision of drilling project management and testing services in relation to prospecting for, or extraction or production of, mineral oil in India, receipts in question were to be assessed under presumptive scheme under section 44BB - *Wellperform APS v. DCIT* - [2025] 173 taxmann.com 775 (Delhi - Trib.)

SECTION 50 OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - COMPUTATION IN CASE OF DEPRECIABLE ASSETS

- 4.49 Where assessee sold an asset from block of asset 'plant and machinery' and sale consideration was duly reduced from block of assets as per section 50, since block of asset did not cease to exist, it was not required to consider short term capital gains while computing its taxable income - *DSV Air & Sea (P.) Ltd. v. Additional/Joint/Deputy/ Assistant Commissioner of Income-tax, Income-tax Officer* - [2025] 173 *taxmann.com* 395 (Mumbai - Trib.)

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

- 4.50 Where assessee purchased a residential house property along with her husband and sold same and invested capital gain into a new residential house as co-owner jointly alongwith her husband, since for purpose of section 54, there was no any embargo for assessee to claim deduction under this provision as a co-owner, or on sale of one or two residential properties or on purchase of old residential property as a co-owner, Assessing Officer should verify that there was no double deduction claimed by assessee and her husband on capital gain on sale of property claimed by assessee and to allow deduction under section 54 to extent of investment made by assessee on purchase of new property - *Smt. Tejal Kaushal Shah v. Income-tax Officer* - [2025] 173 *taxmann.com* 844 (Mumbai - Trib.)

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

- 4.51 Where purchase of plot, approval of plan and permission for construction were all affected before sale of original asset, assessee had not constructed new house after date of sale of original asset and thus, assessee was not eligible for deduction under section 54F - *Mahadev Dasu Jadhav v. Income Tax Officer, Latur* - [2025] 173 *taxmann.com* 127 (Pune - Trib.)

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

- 4.52 Where assessee claimed deduction under section 24(b) being interest paid on loan taken for self-occupied house property and further claimed balance amount of interest paid on loan as deduction under section 57, since assessee had not furnished any supporting documents which could prove that purpose of loan was to earn income and not for purpose of construction of property, Assessing Officer was justified in disallowing deduction under section 57 - *Vivek Sheel Aggarwal v. Deputy Commissioner of Income-tax* - [2025] 173 *taxmann.com* 473 (Delhi - Trib.)

- 4.53 Where assessee transferred major amount of commission to two persons however he was unable to produce them, AO rightly disallowed commission paid by assessee on ground that payment of commission with aforesaid parties was not genuine - *Vivek Sheel Aggarwal v. DCIT* - [2025] 173 *taxmann.com* 473 (Delhi - Trib.)

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

- 4.54 Where assessee, senior citizen widow and homemaker, deposited substantial amount of cash in bank during demonetization period which was her life savings accumulated over a period of approximately 30 years out of bhikshuki activities of her late husband, impugned addition made u/s. 68 on account of such cash deposits was to be deleted - *Hemlata Kamalakar Deo v. ITO* - [2025] 173 *taxmann.com* 96 (Mumbai - Trib.)

- 4.55 Where assessee company raised share capital and share premium, since assessee had furnished all details and documents to prove identity and creditworthiness of share subscribers and genuineness of transactions and revenue had not pointed out any discrepancy or insufficiency in said evidences and details furnished by assessee, and further, assessee had demonstrated that subscribing companies were having adequate reserves and surpluses to invest, impugned addition made u/s. 68 on account of share capital and share premium amount was not warranted - *Karni Infraprojects (P.) Ltd. v. ITO* - [2025] 173 *taxmann.com* 576 (Kolkata - Trib.)

- 4.56 Where assessee-company provided accommodation entry for unsecured loans, bogus share application money, etc. without carrying out any real business, but operating through dummy/paper companies, impugned order passed by AO rejecting books of account of assessee and adding amount of such unsecured loans to income of assessee u/s. 68 was to be upheld - *Praveen Kumar Jain v. DCIT Central* - [2025] 173 *taxmann.com* 272 (Mumbai - Trib.)

- 4.57 Where AO made additions with respect to cash deposited in assessee's bank account on ground that same was unexplained, since during appellate proceedings assessee mentioned that source of cash deposit was income from shares transaction and thereafter he claimed that he only had agricultural income, since examination of facts went to root of matter, matter was to be remanded back to Commissioner(Appeals) - *Shrikant Sharma v. ITO* - [2025] 173 *taxmann.com* 819 (Raipur - Trib.)

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

- 4.58 Where AO had been able to demonstrate that expenditure claimed by assessee with respect to sub-contractor charges paid to two parties were bogus and had also brought on record statements of key persons of these firms where they had admitted of providing accommodation entry of bogus bills to various entities for claiming expenses, since AO had failed to provide an opportunity to assessee of cross-examination of such parties, matter was to be remanded back to AO - *DCIT v. Skyline Engg. Contracts (India) (P.) Ltd.* - [2025] 173 *taxmann.com* 729 (Delhi - Trib.)

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

- 4.59 Where AO reopened assessment on ground that an information was received from DIT (Investigation) that assessee was a beneficiary of accommodation entries of bogus long term capital gain on sale of shares, since details of transactions, such as date of transactions, person from whom money had been received and where transactions had been transacted were not mentioned in reasons recorded, reasons recorded were vague and scanty and, thus, reopening of assessment was to be quashed - *Anju Daruka v. ITO* - [2025] 173 *taxmann.com* 91 (Kolkata - Trib.)

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

- 4.60 Where assessee received cash amount of Rs. 25 lakhs for sale of immovable property and deposited same in his saving bank account and AO treated said amount as unexplained money and assessed same to tax u/s. 69B, since lower authorities had not granted any opportunity to assessee to furnish details and had disputed identity of persons from whom assessee had received amount of Rs. 25 lakhs in cash without directing assessee to produce said persons, impugned order was to be set aside and issue was to be restored to AO for de novo adjudication - *Babu Chandrathil George v. ITO* - [2025] 173 *taxmann.com* 264 (Cochin - Trib.)

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

- 4.61 Where assessee incurred freight forwarding expenses and filed various copies of invoices and all payments were made through banking channels, merely because vendor parties did not file their return, it could not be inferred that transaction was bogus and, thus, addition made could not be sustained - *DSV Air & Sea (P.) Ltd. v. Addl/Jt/Dy/Asst CIT, ITO* - [2025] 173 *taxmann.com* 395 (Mumbai - Trib.)
- 4.62 Where AO disallowed business loss claimed by assessee on ground that said transactions were sham and part of manipulated transactions and made addition u/s. 69C presuming payment of commission paid out of books to entry providers, since AO was directed to allow business loss, addition made u/s. 69C with respect to alleged commission paid was also to be deleted - *ITO v. Fairdeal Infin Services (P.) Ltd.* - [2025] 173 *taxmann.com* 517 (Mumbai - Trib.)

SECTION 74 OF THE INCOME-TAX ACT, 1961 - LOSSES UNDER HEAD CAPITAL GAINS

- 4.63 Where assessee's case was selected for limited scrutiny on reason of 'large other expenses claimed in Profit & Loss account' and disallowed short term loss incurred on sale of share warrant, since assessee itself had disallowed large expenses claimed in shape of loss on share warrants which was included in other expenses, scope of AO in limited scrutiny would end - *Dahila Infrastructure (P.) Ltd. v. DCIT* - [2025] 173 *taxmann.com* 268 (Delhi - Trib.)

- 4.64 Where assessee, a Singapore company, claimed LTCEG earned from sale of shares as exempt under DTAA and carried forward LTCL incurred from sale of shares, since issue of whether LTCL was to be allowed to be carried forward as per provisions of Act or to be set off against LTCEG for giving exemption under DTAA was a debatable issue, adjustment for same could not be made under section 143(1) - *Qualcomm Asia Pacific Pte. Ltd. v. CIT(A)* - [2025] 173 *taxmann.com* 839 (Mumbai - Trib.)

SECTION 80G OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS - DONATION TO CERTAIN FUNDS, CHARITABLE INSTITUTIONS

- 4.65 Where assessee-trust filed an application under section 80G(5) for approval and Commissioner (Exemption) rejected it citing non-furnishing of earlier registration under section 12A/12AA and ineligibility due to claiming exemption under section 11, since, disqualifying provision under section 80G(5)(iv)(B) was omitted by Finance Act, 2024 with effect from 1-10-2024, which had not been taken into consideration by Commissioner (Exemption), matter required reconsideration - *Snehalaya Charitable Trust v. Income-tax Officer (Exemption)* - [2025] 173 *taxmann.com* 772 (Mumbai - Trib.)

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

- 4.66 Where assessee, co-operative society, claimed deduction under section 80P and Assessing Officer disallowed same on ground that return was not filed within due date specified in section 139(1), since Principal Commissioner had condoned delay in filing return for relevant assessment year, issue was to be remitted to Assessing Officer - *Angamaly Service Co-operative Bank Ltd. v. Income-tax Officer* - [2025] 173 *taxmann.com* 305 (Cochin - Trib.)

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

- 4.67 Where assessee, a company incorporated in Mauritius, earned long-term capital gains from sale of shares in India which were acquired before 01-04-2017, same being grandfathered sale, could not be set off against long-term and short-term capital losses incurred by assessee from non-grandfathered sale of shares and should be carried forward to subsequent years - *Bay Capital India Fund Ltd. v. Additional Director of Income-tax, CPC* - [2025] 173 *taxmann.com* 352 (Mumbai - Trib.)
- 4.68 Where assessee, tax resident of Mauritius, claimed exemption on capital gains earned on shares of M and carried forward capital loss on another lot of shares of M, since capital gains that were already exempt under DTAA could not enter computation of total income of assessee in India, setting off loss suffered from sale of shares against gains would tantamount to taxing gain in India which was in violation of article 13(3)/(4) of DTAA as it stood prior to amendment - *Matrix Partners India Investment Holdings, LLC v. Deputy Commissioner of Income-tax* - [2025] 173 *taxmann.com* 727 (Mumbai - Trib.)

**SECTION 92C OF THE INCOME-TAX ACT, 1961 -
TRANSFER PRICING - COMPUTATION OF ARM'S
LENGTH PRICE**

- 4.69** Where RPT to sales of comparable company was 28.05, thereby it failed RPT filter applied by TPO, said company was to be excluded from list of comparables - **Agilent Technologies (International) P. Ltd. v. ACIT - [2025] 172 taxmann.com 858 (Delhi - Trib.)**
- 4.70** Where assessee-company provided software development services, a company engaged in product engineering, infrastructure management and cloud computing services which did not prepare segmental accounts, could not be selected as comparable - **Agilent Technologies (International) P. Ltd. v. ACIT - [2025] 172 taxmann.com 858 (Delhi - Trib.)**
- 4.71** Where TPO committed mechanical error while computing working capital adjusted arm's length range of comparables, matter was to be restored to TPO to remove said error - **Agilent Technologies (International) P. Ltd. v. ACIT - [2025] 172 taxmann.com 858 (Delhi - Trib.)**
- 4.72** If there is some expenditure incurred in R & D by selected company but, such expenditure is within tolerance limit, then, same company cannot be excluded for incurring Rand D expenditure - **Purpletalk India (P.) Ltd. v. DCIT - [2025] 173 taxmann.com 623 (Hyderabad - Trib.)**
- 4.73** Once a company is engaged in providing software development services, even if it is providing said services to multiple segments of business, merely for reason of said companies providing services to diversified segments, those companies cannot be excluded for purpose of comparison analysis - **Purpletalk India (P.) Ltd. v. DCIT - [2025] 173 taxmann.com 623 (Hyderabad - Trib.)**
- 4.74** Once DRP has given a direction to TPO/AO to exclude or include any company, Assessing Officer/TPO is bound to give full effect to directions of DRP without any modifications - **Purpletalk India (P.) Ltd. v. DCIT - [2025] 173 taxmann.com 623 (Hyderabad - Trib.)**
- 4.75** Where assessee failed to demonstrate that AEs and Non-AEs were functionally comparable and nature of transactions with AEs and Non-AEs along with terms were not produced to substantiate functional comparability and assessee failed to prove segmental allocation on actual basis, assessee's internal-TNMM could not be accepted as appropriate parameter for benchmarking international transaction with its AEs - **Purpletalk India (P.) Ltd. v. DCIT - [2025] 173 taxmann.com 623 (Hyderabad - Trib.)**
- 4.76** Where assessee-company had failed to prove with relevant evidences that it applied appropriate filters while selecting comparable companies and also maintain relevant data to prove comparability analysis of comparable companies and had not considered current year data for its comparability analysis, TP study conducted by assessee-company was not in accordance with provisions of section 92CA(3) and rule 10B(5) - **Purpletalk India (P.) Ltd. v. DCIT - [2025] 173 taxmann.com 623 (Hyderabad - Trib.)**
- 4.77** Where companies were having turnover of more than 20 times of turnover of assessee-company, said companies could not be held comparable to assessee on turnover filter itself - **Purpletalk India (P.) Ltd. v. DCIT - [2025] 173 taxmann.com 623 (Hyderabad - Trib.)**
- 4.78** Where TPO made adjustments regarding inter-unit transfers of raw materials between eligible and non-eligible units, claiming that transactions were conducted on a cost-to-cost basis without a markup to inflate profits for tax benefits, since choosing to manufacture high-margin products at tax-incentivized units was a legitimate business decision of assessee and could not be challenged by Assessing Officer, transfer pricing adjustment was to be deleted - **Assistant Commissioner of Income-tax v. Emami Ltd. - [2025] 173 taxmann.com 95 (Kolkata - Trib.)**
- 4.79** Inherent risk cannot be ruled out in providing guarantees and, hence, transaction involving issuance of corporate guarantee is covered by definition of international transaction consequent to retrospective amendment made by Finance Act, 2012 and, accordingly, Assessing Officer should adopt guarantee commission @ 0.50 per cent - **TVS Motor Co. Ltd. v. ACIT - [2025] 173 taxmann.com 845 (Chennai - Trib.)**
- 4.80** Where assessee incurred certain brand promotion expenses in Indonesia, which TPO argued should have been borne by its Indonesian AE, treating it as an international transaction but assessee disagreed, stating it benefited their own brand and no formal agreement existed with AE, since key facts were missing from both sides, case was sent back to the TPO for fresh review - **TVS Motor Co. Ltd. v. ACIT - [2025] 173 taxmann.com 845 (Chennai - Trib.)**
- 4.81** Where assessee benchmarked its international transactions on TNMM but TPO after pointing out various shortcoming in benchmarking done by assessee, applied CUP method, since assessee had not brought on record any material to contradict finding of TPO, TPO was justified in applying CUP method - **American Express Banking Corp. v. Deputy Commissioner of Income-tax - [2025] 173 taxmann.com 138 (Delhi - Trib.)**
- 4.82** Where assessee carried out credit card business and benchmarked its international transactions taking its foreign AEs as tested party but TPO held assessee as a tested party on ground that availability of data of foreign AE in public domain might not be sufficient, since assessee had not brought on record any material to contradict finding of authorities below, impugned order of TPO was to be upheld - **American Express Banking Corp. v. Deputy Commissioner of Income-tax - [2025] 173 taxmann.com 138 (Delhi - Trib.)**

4.83 Foreign exchange gain is to be considered as part of operating income for computing operating margin of assessee as well as comparables - **Rajasthan Prime Steel Processing Center (P.) Ltd. v. Deputy Commissioner of Income-tax** - [2025] 173 taxmann.com 840 (Delhi - Trib.)

4.84 Where assessee had applied TNM method and was treated as tested party in subsequent years, TPO's adoption of same approach in earlier years was justified - **Rajasthan Prime Steel Processing Center (P.) Ltd. v. Deputy Commissioner of Income-tax** - [2025] 173 taxmann.com 840 (Delhi - Trib.)

4.85 Where assessee incurred significant customs duty on imported raw materials, adjustment was to be allowed if it adversely affected operating margin - **Rajasthan Prime Steel Processing Center (P.) Ltd. v. Deputy Commissioner of Income-tax** - [2025] 173 taxmann.com 840 (Delhi - Trib.)

4.86 Where Tribunal set aside matter related to computing ALP of international transactions undertaken by assessee company pertaining to manufacturing segment, contract R&D service segment and business support service segment to AO/TPO for fresh consideration, however, no effect was given to relevant directions given by Tribunal to TPO during remand back assessment proceedings and TPO simply followed earlier order without adjudicating on any of issues pertaining to three segments, all issues were to be again restored back to file of TPO/AO for fresh determination - **Schneider Electric India (P.) Ltd. v. ACIT** - [2025] 173 taxmann.com 402 (Delhi - Trib.)

SECTION 115BAC OF THE INCOME-TAX ACT, 1961 - TAX ON INCOME OF INDIVIDUALS 93[AND HINDU UNDIVIDED FAMILY]

4.87 Where assessee opted for new tax regime under section 115BAC by filing Form 10-IE, but later filed return under old regime claiming deductions, assessee's choice to opt for old regime was valid and he could not be forced to adopt new regime. - **Akshay Nitin Malu v. Income-tax Officer** - [2025] 173 taxmann.com 684 (Pune - Trib.)

SECTION 115BBE OF THE INCOME-TAX ACT, 1961 - TAX ON INCOME REFERRED TO IN SECTION 68 TO SECTION 69D

4.88 Provisions of section 115BBE (2) denying set-off of losses against income referred to in section 69 are applicable only with effect from 1-4-2017, and thus, are not applicable to assessment year 2014-15 under consideration, and therefore, Assessing Officer was to be directed to allow set-off of loss declared under head 'House Property' against income assessed under section 69 - **Shahul Hameed v. Income-tax Officer** - [2025] 173 taxmann.com 693 (Cochin - Trib.)

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

4.89 Where AO's recommendation for cancellation of registration of assessee-trust was made solely on basis of seized materials from search and statements recorded, without conducting any independent inquiry or providing assessee a chance to rebut those materials, in such circumstances, cancellation of registration was legally unsustainable. - **Sri Srinivasa Educational and Charitable Trust v. Dy. Commissioner of Income-tax** - [2025] 173 taxmann.com 577 (Bangalore - Trib.)

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

4.90 Second proviso to section 143(3) inserted by Finance Act, 2022, with effect from April 1, 2022, is applicable prospectively from Assessment Year 2022-23 onwards and therefore, any reference made by Assessing Officer under this proviso in relation to an earlier assessment year, such as Assessment Year 2021-22, is beyond scope of provision and without legal authority. - **Sri Srinivasa Educational and Charitable Trust v. Dy. Commissioner of Income-tax** - [2025] 173 taxmann.com 577 (Bangalore - Trib.)

4.91 Where first notice under section 143(2) was issued by Assessing Officer-4(5), Raipur and assessment was framed by jurisdictional Assessing Officer-3(1), Raipur without any order of transfer as required under section 127 by Principal Commissioner, assessment order passed by Assessing Officer-3(1) Raipur without issuance of valid notice under section 143(2) to assessee was to be quashed - **Rahul Tyagi v. Income-tax Officer** - [2025] 173 taxmann.com 981 (Raipur - Trib.)

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

4.92 Where a final assessment order under section 143(3) read with section 144C(3) had already been passed, DRP does not have jurisdiction under section 144C to issue directions in a second round after remand by Tribunal - **Young Buhmwo India Co. (P.) Ltd. v. Deputy Commissioner of Income-tax** - [2025] 173 taxmann.com 661 (Chennai - Trib.)

4.93 Where assessee made claim for first time before DRP, such claim could not be rejected on ground that such claim was not made before Assessing Officer - **JC Bamford Excavators Ltd. v. ACIT (International Taxation)** - [2025] 173 taxmann.com 397 (Delhi - Trib.)

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

4.94 Where Assessing Officer applied GP rate on total turnover of assessee to estimate assessee's income, expenses incurred by assessee were to be allowed and income could not be estimated on basis of GP rate alone - **Ashok Sharma v. Income-tax Officer** - [2025] 173 taxmann.com 92 (Kolkata - Trib.)

**SECTION 255 OF THE INCOME-TAX ACT, 1961 -
APPELLATE TRIBUNAL - PROCEDURE OF**

- 4.107** There is no prohibition either in law or in practice which would require Special Bench as a rule to stay its hands when a similar/identical issue is pending before High Court - *J. P. Morgan Chase Bank, NA v. Joint Commissioner of Income-tax* - [2025] 173 *taxmann.com* 837 (Mumbai - Trib.) (SB)

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

- 4.108** Where Assessing Officer imposed penalty under section 270A on ground that there was under reporting of income, since assessee was a retired employee of MTNL and had relied upon TRP to file her return and in return filed in response to notice under Section 148, had made a voluntary disallowance and paid taxes on amount of HRA, this was a fit case where Assessing Officer could have exercised discretion not to impose penalty under section 270A and, thus, Assessing Officer was directed to delete penalty - *Archana Achyut Sail v. ITO* - [2025] 173 *taxmann.com* 52 (Mumbai - Trib.)

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

- 4.109** Where there is no disallowance or addition made by Assessing Officer in income as disclosed in pursuance of notice under section 148, no penalty can be levied under section 271(1)(c) - *Archana Achyut Sail v. ITO* - [2025] 173 *taxmann.com* 52 (Mumbai - Trib.)

- 4.110** Where assessee made bogus purchases from hawala parties, since assessee had concealed income to extent of profit element in garb of purchases which turned out to be bogus, penalty under section 271(1)(c) was leviable - *Sandeep Kewalchand Mehta v. ACIT* - [2025] 173 *taxmann.com* 315 (Mumbai - Trib.)

- 4.111** Where assessee-co-operative housing society had inadvertently claimed loss on account of mutuality but same was corrected while filing return in response to notice under section 148, since assessee had duly complied with Explanation 1 to section 271(1) by offering all possible explanations substantiating it by documentary evidences to establish that there was no concealment of particulars of income on its part, penalty levied under section 271(1)(c) was to be deleted - *Brindaban III Co-operative Housing Society Ltd. v. Income-tax Officer* - [2025] 173 *taxmann.com* 262 (Mumbai - Trib.)

**SECTION 272A OF THE INCOME-TAX ACT, 1961 -
PENALTY - FOR FAILURE TO ANSWER QUESTION, SIGN
STATEMENTS**

- 4.112** Where Assessing Officer levied penalty under section 272A(1)(d) in respect of non-compliance of notices issued under section 142(1), however, in subsequent assessment order passed under section 143(3), Assessing Officer had expressed satisfaction with compliances made by assessee, penalty under section 272A(1)(d) could not be imposed - *Shilpa Shetty Kundra v. DCIT* - [2025] 173 *taxmann.com* 342 (Mumbai - Trib.)

Surcharge and Cess on Income Tax: An Analytical Overview



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Introduction

The Indian tax system has, over the years, evolved to address the dynamic needs of the economy. Two significant components that often accompany basic tax rates are surcharge and cess. While taxpayers are familiar with paying these additional charges, the rationale, history, and implications of these levies merit deeper understanding.

1. Definition

Both Surcharge and Cess have not been defined under Income Tax Act 1961. In common parlance, the meaning of surcharge and cess is as hereunder:

Surcharge is an additional charge or tax levied on the existing amount of income tax, applicable when the taxpayer's income crosses a specified threshold. It is not a separate tax but a percentage of the income tax already computed.

Cess is an additional levy imposed for a specific purpose, such as education, health, or infrastructure development. Unlike surcharge, cess is collected for earmarked expenditures and is over and above the basic tax and surcharge.

2. Reason for Levy under the Income Tax Act

The Government levies surcharge and cess to mobilize additional resources without altering the basic tax structure.

Surcharge mainly targets higher-income groups, ensuring that individuals or entities with greater capacity contribute more towards national revenue.

Cess serves as a dedicated fund for specific developmental goals, ensuring that critical sectors like education and healthcare receive assured financing.

Sections 2(11) and 2(28) of the Income Tax Act, 1961, along with Annual Finance Acts, empower the Government to impose surcharge and cess.

3. **Evolution**

Surcharge was first introduced during emergencies or wars to meet the sudden increase in government spending. Over time, it became a recurring feature, especially targeting high-income earners.

In earlier decades, surcharges were imposed temporarily but often extended annually through the Finance Acts. Today, surcharge rates vary significantly with income slabs, especially post the introduction of the super-rich tax.

Cess first appeared prominently with the introduction of the Education Cess (2%) in 2004, later enhanced with the Secondary and Higher Education Cess (1%).

In FY 2018-19, these were consolidated and replaced with the Health and Education Cess at 4%. Over time, other cesses like the Krishi Kalyan Cess, Swachh Bharat Cess, and Infrastructure Cess were introduced, although not all were income-tax specific.

4. **Benefits**

Equity and Progressivity: Surcharge ensures that those earning substantially more contribute proportionately higher, aligning with the progressive tax system.

Dedicated Funding: Cess creates a corpus of funds for targeted sectors without reliance on general tax collections.

Flexibility for Government: Temporary needs (like natural calamities or economic crises) can be met without overhauling tax slabs.

Revenue Augmentation: Without changing the tax slabs applicable to the larger population, the Government can increase collections by focusing on high-net-worth individuals and corporations.

5. **Bottlenecks**

Complexity: Multiple levies complicate the tax structure, making compliance and understanding difficult for common taxpayers.

Perceived Double Taxation: Taxpayers often feel burdened paying tax on tax (e.g., surcharge on income tax, then cess on total tax including surcharge).

Uncertainty: The frequent change in rates and thresholds of surcharge creates unpredictability, particularly impacting long-term financial planning.

Economic Impact: High surcharge rates (e.g., 37% on incomes exceeding ₹5 crore) may discourage investment or lead to tax planning strategies aimed at income splitting or relocation.

6. Can It Be Removed?

Technically, yes. Parliament holds the authority to abolish surcharge and cess through appropriate legislative amendments, typically via the Finance Act. However, practical considerations make it unlikely without significant restructuring of the overall tax rates.

Removing surcharge would require compensating revenue loss either by:

Increasing base income tax rates,

Widening the tax base, or

Introducing alternative levies.

Similarly, removing cess would demand other means of funding targeted programs, often putting stress on the general budget.

7. Outcome of Removal

Simplification of Tax Structure: Tax computation would become cleaner and more transparent, enhancing ease of compliance.

Possible Increase in Tax Rates: To maintain revenue neutrality, basic tax rates might be raised, which could affect a broader taxpayer base.

Impact on Specific Sectors: Dedicated funds for education, health, or disaster relief could diminish, affecting Government initiatives unless alternate allocations are provided.

Perception and Behavioural Changes: High-net-worth individuals may perceive the system as more favourable, possibly encouraging greater compliance and reducing tax avoidance attempts.

Conclusion

While surcharge and cess have helped the Government address revenue and sectoral needs effectively, they add layers of complexity to the tax regime. Any move towards rationalizing or removing them would have to carefully balance fiscal needs, taxpayer fairness, and administrative simplicity. A reformed structure focusing on fewer but broader-based taxes could, in the long run, enhance both efficiency and equity in our taxation system.

GST & INDIRECT TAXES

1. STATUTORY UPDATES

- 1.1** Govt. hikes Excise duty on Petrol and Diesel w.e.f. 8th April, 2025: Notification - **NOTIFICATION NO. 2/2025-CENTRAL EXCISE [F.NO. 190349/6/2025-TRU], DATED 07-04-2025**

Editorial Note: Excise Duty increased on Petrol and Diesel by Rs. 2 per litre: Notification The Government has issued notification to provide that Special Additional Excise Duty shall be levied at Rs. 13 per litre on Petrol and Rs. 10 per litre on High Speed Diesel w.e.f 8th April, 2025. Earlier, the rate was Rs. 11 per litre on Petrol and Rs. 8 per litre on High Speed Diesel.

- 1.2** CBIC issues fresh instructions on processing of GST registration applications to prevent harassment and ensure timely processing - **INSTRUCTION NO. 3/2025-GST [F. NO. CBIC- 20016/24/2025-GST], DATED 17-04-2025**

Editorial Note: The CBIC has issued instructions replacing earlier Instruction No. 03/2023-GST to ensure consistency and fairness in GST registration. The officers are now directed to strictly follow the checklist in FORM GST REG-01 and not ask for extra proofs like landlord's ID or utility bills beyond specified documents.

- 1.3** Govt. clarifies that no proposal to levy GST on UPI transactions above Rs. 2,000: Press Release - **PRESS RELEASE, DATED 18-04-2025**

Editorial Note: The Government has clarified that there is no proposal to impose GST on UPI transactions above Rs. 2,000, dismissing such reports as baseless. Since the Merchant Discount Rate is not applicable on person-to-merchant (P2M) UPI transactions w.e.f January 2020, no GST is leviable on such payments. To support UPI adoption, Rs. 3,631 crore was disbursed under the UPI incentive scheme during FY 2023-24.

- 1.4** Govt. notifies Goods and Services Tax Appellate Tribunal (Procedure) Rules, 2025: Notification - **NOTIFICATION NO. G.S.R. 256(E), DATED 24-04-2025**

Editorial Note: The Government has notified the Goods and Services Tax Appellate Tribunal (Procedure) Rules, 2025, effective from April 24, 2025, to regulate the procedure and functioning of the GST Appellate Tribunal under the CGST Act, 2017. The rules outline filing procedures, powers of the Tribunal, bench operations, and electronic processes via the GSTAT Portal etc.

- 1.5** GSTN issued advisory on case insensitivity in IRN generation

Editorial Note: The GSTN has issued an update to inform that effective 1st June 2025, the IRP (Invoice Reporting Portal) would treat invoice/document numbers as case-insensitive for the purpose of IRN generation. To ensure consistency and avoid duplication, invoice numbers reported in any format (e.g., "abc", "ABC", or "Abc") would be automatically converted to uppercase before IRN generation.

- 1.6** GSTN issued new advisory on Table-12 of GSTR-1 or GSTR-1A; manual entry of HSN will not be allowed

Editorial Note: The GSTN has announced the rollout of Phase-III changes to Table-12 of GSTR-1 and GSTR-1A effective from the April 2025 tax period. The table will now be split into B2B and B2C sections, requiring separate HSN-wise reporting for each. Manual HSN entry will be discontinued, and taxpayers must select the appropriate HSN code from a system-generated dropdown.

- 1.7** GSTN issues advisory on reporting of inter-state supplies under Table 3.2 of GSTR-3B

Editorial Note: The GSTN has issued an advisory stating that, effective from the April 2025 tax period, Table 3.2 of GSTR-3B will be non-editable and auto-populated based on inter-state supplies reported in GSTR-1, GSTR-1A, or IFF. These values relate to supplies made to unregistered persons, composition taxpayers, and UIN holders. Any corrections must be made through amendments in the respective GST returns.

2. SUPREME COURT

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

- 2.1** Where invoking writ jurisdiction question was raised as to whether GST was leviable on import of services involving employer-employee relationship, revenue authorities should adjudicate show cause notice within six months - **Barmenco Indian Underground Mining Services LLP v. Deputy Commissioner - [2025] 173 taxmann.com 516 (SC)**

3. HIGH COURT

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

- 3.1** Provisions of section 2(17)(e) and section 7(1)(aa) and Explanation thereto of CGST Act, 2017/ KGST Act are unconstitutional and void being ultra vires provisions of article 246A read with article 366(12A) and article 265 of Constitution of India - **Indian Medical Association v. Union of India - [2025] 173 taxmann.com 474 (Kerala)**
- 3.2** Where assessee had submitted tender after decision of GST Council meeting dated 5-8-2017, taking decision to reduce rate of GST on Works Contract Services from 18% to 12%,

formal notification issued on 21-9-2017, writ petition filed by assessee challenging letter issued by respondent calling upon him to deposit differential amount of tax, was rejected by court, plea that assessee had taken into consideration reduction in rate as recommended by GST Council and accordingly made bids, was rejected, there was no merit in review petition seeking review of court decision - **Vishal Verma v. Union of India** - [2025] 173 taxmann.com 680 (Jammu & Kashmir and Ladakh)

SECTION 4 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - GST AUTHORITIES AND ADMINISTRATION - APPOINTMENT

- 3.3 By way of granting interim stay against effecting any further general transfers in GST Department, State Administrative Tribunal cannot direct Government to implement guidelines for general transfer within a particular time frame - **State of Kerala v. Biji.P.M** - [2025] 173 taxmann.com 514 (Kerala)

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

- 3.4 Where agreement for purchase of apartments/row houses is entered into during construction period with part payments made before issuance of completion certificate, such transactions amount to works contract attracting GST liability u/s. 7 read with Schedule II of CGST Act, 2017 - **B.G. Parameshwara v. Bengaluru Development Authority** - [2025] 173 taxmann.com 290 (Karnataka)
- 3.5 Where partly constructed shopping mall is purchased on "as is where is" basis without any construction service element, transaction constitutes sale of immovable property under Schedule III Entry 5, not attracting GST - **Rohan Corporation India Pvt Ltd. v. Union of India** - [2025] 173 taxmann.com 480 (Karnataka)
- 3.6 TDR/ FSI as contemplated by entry 5B of Notification No.13/2017-Central Tax (Rate), dated 28-6-2017 as amended by Notification No.5/2019- Central Tax (Rate), dated 29-3-2019, cannot be related to rights which a developer derives from owner under agreement of development for constructing building for owners, in lieu of owner agreeing to permit developer to transfer certain built up units for consideration to be appropriated by developer - **Shrinivasa Realcon (P.) Ltd. v. Dy. Comm. Anti-Evasion Branch, CGST & Central Excise Nagpur** - [2025] 173 taxmann.com 600 (Bombay)
- 3.7 Where petition was filed seeking declaration that, development rights under a revenue sharing arrangement were not a "supply" of services leivable to GST u/s. 7 r.w.s. 9 of CGST Act, respondents were to be directed, pending hearing and final disposal of petition, to restrain from acting upon or taking any further steps or proceedings in pursuance of and/or in furtherance of Order-in-Original - **Nirmal Lifestyle Developers (P.) Ltd. v. Union of India** - [2025] 173 taxmann.com 642 (Bombay)

- 3.8 Where petition was filed seeking declaration that, transfer of development rights as "sale of land" were beyond scheme of taxation under GST Laws in terms of Articles 246 and 246A of Constitution and under section 7 read with section 9 and Schedule III of CGST Act, respondents were to be directed, pending hearing and final disposal of petition, to restrain from acting upon or taking any further steps or proceedings in pursuance of and/or in furtherance of Order-in-Original - **Nirmal Lifestyle Developers (P.) Ltd. v. Union of India** - [2025] 173 taxmann.com 642 (Bombay)

SECTION 9 OF THE MINES AND MINERALS (DEVELOPMENT AND REGULATION) ACT, 1957 - ROYALTIES IN RESPECT OF MINING LEASES.

- 3.9 Where assessee challenged show cause notice proposing to recover service tax with interest and penalty on delayed payment of service tax, in view of judgement passed by SC in Mineral Area Development Authority v. Steel Authority of India [2024] 164 taxmann.com 806 (SC), assessee was to be relegated to respondents to file reply to show cause notice within a period of 30 days - **Dolomite Mining Corporation v. Union of India** - [2025] 173 taxmann.com 475 (Chhattisgarh)

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

- 3.10 Even where under an agreement for work order with assessee-supplier, Respondent No. 3 had agreed to pay GST, insofar as State was concerned, liability to pay GST was on assessee; however, assessee-supplier could separately enforce agreement against respondent No. 3 for payment - **Devendra Kumar Singh Contractor v. Union of India** - [2025] 173 taxmann.com 627 (Allahabad)

SECTION 11 OF THE ARBITRATION AND CONCILIATION ACT, 1996 - APPOINTMENT OF ARBITRATORS

- 3.11 Where during execution of a contract awarded to L&T, L&T was taken over by petitioner, petitioner averted there was novation of contract in favour of Petitioner, defined scope of work was to be completed within 9 months, project was successfully charged with delay, Respondent issued payment advice for release of hold GST amount of Rs.9,41,349, against demand of Rs.60,38,585.67 by petitioner, in view of receipt of invocation notice and existence of arbitration agreement, matter was to be referred to DIAC for appointment of Sole Arbitrator - **Schneider Electric India (P.) Ltd. v. Talcher Fertilizers Ltd.** - [2025] 173 taxmann.com 482 (Delhi)

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

- 3.12 Affiliation fees collected by assessee university was not a consideration as contemplated in section 7, as fees were collected in nature of statutory fee or regulatory fee in terms of statutory provisions and were not contractual in nature, therefore, show cause notice demanding tax on affiliation fees was to be quashed - **Goa University v. Joint Commissioner of Central Goods and Service Tax** - [2025] 173 taxmann.com 562 (Bombay)

SECTION 15 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - SUPPLY - TAXABLE SUPPLY, VALUE OF

- 3.13** Where assessee impugned order passed on basis that procedure adopted by assessee for offering discount on basis of past transactions was to under value current supplies and evading payment of GST, assessee's point was that Revenue Authorities came to erroneous conclusion that distributor first extended discount to retailers and then assessee, in turn, had given sales discount to distributor in subsequent supplies on basis of discount passed on by him, Respondents Authorities were to be restrained from taking any coercive action against assessee till disposal of petition - **Hindustan Coca-Cola Beverages (P.) Ltd. v. Union of India - [2025] 173 taxmann.com 287 (Bombay)**

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

- 3.14** Where respondent no.2-appellate authority rejected ITC claims of petitioner-assessee by order dated 28.02.2023 on ground that relevant shipping bills were signed by Inspector of Customs instead of Superintendent of Customs, however, petitioner-assessee submitted that disputed shipping bills were later certified by Superintendent of Customs, but, petitioner-assessee failed to present certified shipping bills before respondent no.2-appellate authority at time of hearing, consequently, impugned appellate order dated 28.02.2023 was to be set aside to extent that it pertained to disputed shipping bills and matter was to be remanded back - **P. B Enterprise v. Union of India - [2025] 173 taxmann.com 161 (Calcutta)**
- 3.15** Where petitioner-assessee challenged refund rejection order and appellate order that upheld aforesaid order, on ground that rejection order was based on extraneous material which was not included in show cause notice issued by respondent no.1-department, further, in Oryx Fisheries Pvt. Ltd. v. Union of India, it was held that quasi-judicial and administrative authorities must give clear and reasoned decisions, ensuring transparency and fairness in decision-making process, however since, it was observed that respondent no.1-department, while exercising quasi-judicial function, had taken into account extraneous material without providing petitioner-assessee an opportunity to furnish explanation to additional information, therefore, in light of above decision and facts, appellate order was to be set aside and refund rejection order was to be treated as a show-cause notice - **Vaishnodevi Advisory (P.) Ltd. v. State of Bihar - [2025] 173 taxmann.com 679 (Patna)**
- 3.16** Where respondent-department passed an order dated 13.12.2023 rejecting petitioner-assessee's claim for Input Tax Credit, however, respondent-department

failed to consider applicability of section 16(5), therefore, impugned order was to be set aside to extent it denied input tax credit to petitioner-assessee, further, respondent-department was directed to pass fresh orders after considering Section 16(5) and affording an opportunity of hearing to petitioner-assessee. - **Sark Cables (P.) Ltd. v. Deputy Commissioner of Central Tax & Central Excise - [2025] 173 taxmann.com 294 (Kerala)**

- 3.17** Where petitioner-assessee challenged order in original dated 25.04.2024 and order rejecting rectification application dated 04.07.2024 on ground that respondent no.3-department passed aforesaid orders without considering petitioner-assessee's reply, wherein it was stated that alleged mismatch in GSTIN was a clerical error duly rectified within prescribed time and that GST had been duly paid by petitioner-assessee, further, in view of above facts, it was held that impugned orders were passed without due consideration of petitioner-assessee's submissions, reconciliation records, and audit findings, consequently, impugned orders were to be set aside - **Grasim Industries Ltd. v. Union of India - [2025] 173 taxmann.com 524 (Gujarat)**
- 3.18** Where petitioner-assessee filed writ petition claiming benefit under Section 16(5), however, respondent-department submitted that due to pendency of instant writ petition, rectification application filed by petitioner-assessee to modify Order-in-Original could not be processed, therefore, writ petition was disposed of so as to enable respondent-department to process rectification application - **Gurudeep Engineering v. Union of India - [2025] 173 taxmann.com 525 (Gujarat)**
- 3.19** Where demands were raised denying ITC on ground that last date for availing ITC for 2018-19 was 30.11.2019 and for 2019-20 was 30.11.2020 but assessee had filed GSTR 3B return after said cut-off dates, since Notification No.17/2024-CT had extended relevant date till 27.09.2024, assessee was entitled to avail ITC - **A2Z Infra Engineering Ltd. v. Union of India - [2025] 173 taxmann.com 466 (SIKKIM)**
- 3.20** Question of duplication of demand of ITC fraudulently availed by assessee from a particular firm in two different orders should be adjudicated in appeal; in respect of one appeal, pre-deposit would be calculated deducting prima facie duplicate amount; writ petition was accordingly disposed - **Vipin Kumar Mittal v. Commissioner of Central Goods and Services Tax (CGST), Delhi North - [2025] 173 taxmann.com 663 (Delhi)**

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

- 3.21** Where registration of assessee was cancelled retrospectively and despite several opportunities, assessee failed to produce explanation to justify continuation of registration, writ petition filed by assessee against same was to be dismissed - **ED & F Man Commodities India (P.) Ltd. v. Assistant Commissioner, State Tax - [2025] 173 taxmann.com 451 (Calcutta)**

3.22 Where inordinate delay exists in deciding GST registration suspension proceedings despite timely reply to SCN, authorities may be directed to dispose of proceedings expeditiously within specified timeframe - **Sanjeev Kumar v. Commissioner, Department of Trade and Taxes - [2025] 173 taxmann.com 329 (Delhi)**

3.23 Where pursuant to issuance of SCN, impugned order was passed cancelling registration of assessee without recording any reason, same was in violation of procedure prescribed in FORM GST REG-19, accordingly, impugned order was to be set aside - **Lunkphi Rankha Enterprise v. Union of India - [2025] 173 taxmann.com 527 (Gauhati)**

3.24 Where petitioner's proprietor had died and its registration was cancelled, wife of proprietor of business, its legal heir, unaware of GST formalities, came to know about SCN and order for cancellation only after receiving communication from one of recipient of services, petitioner's business after demise of Proprietor, was handled by his brother-in-law who had taken no care to comply with provisions of GST Act, petitioner was to be permitted to file an application for revocation of cancellation of registration - **Bhagwati Construction v. State of Gujarat - [2025] 173 taxmann.com 601 (Gujarat)**

3.25 Assessee's registration was cancelled pursuant to a show cause notice issued, for not furnishing returns for a continuous period of six months, no reason was assigned in order for cancellation of registration, impugned order being speaking order passed without any application of mind was to be set aside - **G R Nirmolia and Co v. Union of India - [2025] 173 taxmann.com 602 (Gauhati)**

3.26 Where assessee's registration was cancelled without assigning any reason for cancellation, order of cancellation of registration was to be set aside and matter was to be remanded to Assessing Officer at show-cause notice stage and registration of assessee was to remain suspended till show-cause notice was decided by Assessing Officer as per directions - **Himanshu Telecom v. State Tax Officer - [2025] 173 taxmann.com 638 (Gujarat)**

SECTION 35G OF THE CENTRAL EXCISE ACT, 1944 - APPEAL TO HIGH COURT

3.27 Where CESTAT following decision in Saumya Construction Pvt. Ltd. v. CST, 2016 (46) STR 723, ruled that, welfare organisation (respondent), envisaged, conceptualized, developed, implemented and marketed project for itself and development charges were only in form of profit, it was not covered under "real estate agent services" and no service tax was payable, CESTAT's findings did not raise any questions of law which was to be adjudicated, writ petition was to be dismissed - **Commissioner of Central Tax v. Government Official Welfare Organisation - [2025] 173 taxmann.com 286 (Delhi)**

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

3.28 Benefit of rectification of errors in return should be allowed when errors are of nature of clerical; limitation in portal software cannot be a ground to deny benefit - **Principal Chief Commissioner of GST and Central Excise v. Deepa Traders - [2025] 173 taxmann.com 626 (Madras)**

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

3.29 Where although proceedings were initiated within validity of rule 96(10) however, final order was passed after said rule stood omitted without a saving clause in favour of pending proceedings, such final order was to be stayed till disposal of instant writ petition - **Glen Industries (P.) Ltd. v. Deputy Director Directorate General of GST Intelligence - [2025] 173 taxmann.com 284 (Calcutta)**

3.30 Where refund of IGST paid on exports for period 1-7-2017 to 30-4-2018 was sanctioned, in compliance of High Court order, application filed by assessee was processed manually, but manual sanction of IGST refund was not done because of certain technical problems on GST Portal, respondent authorities were to be directed to process refund of assessee manually - **VEA Impex v. Union of India - [2025] 173 taxmann.com 830 (Bombay)**

3.31 Where refund application of assessee was rejected on extraneous grounds, which were beyond requirements of CGST Act and Rules and binding circulars thereunder, such order was to be set aside and respondents were to be directed to issue refund to assessee along with applicable interest - **TATA Steel Ltd. v. State of Jharkhand - [2025] 173 taxmann.com 296 (Jharkhand)**

3.32 Where refund application of assessee was rejected by impugned order on ground that assessee was not carrying business, however on visit by officer as per direction of High Court, it was found that assessee was carrying business from its principal place and documents related to refund were in order, impugned order was to be set aside and refund was to be issued to assessee along with interest - **Kroll Global Solutions LLP v. State of Maharashtra - [2025] 173 taxmann.com 411 (Bombay)**

3.33 Where refund claim of assessee filed as per budgetary scheme was rejected by respondent authority vide impugned order without providing any reason, same was bad in law and respondents were to be directed to take steps to release amount held inadmissible by it in impugned order - **Aqua Polymers v. Union of India - [2025] 173 taxmann.com 471 (Jammu & Kashmir and Ladakh)**

3.34 Where pursuant to demise of proprietor, refund claim filed by wife of proprietor was rejected and despite orders of high court refund had not been issued, concerned officer was to be directed to be present before High Court on next date of hearing - **Bhavna Luthra v. Assistant Commissioner, Range 8, CGST, Delhi - [2025] 173 taxmann.com 548 (Delhi)**

- 3.35** Where impugned order was passed pursuant to issuance of SCN alleging violation of rule 96(10), in petition filed by assessee challenging impugned order on ground that rule 96(10) had been omitted, notice was to be issued to respondents and in meantime no coercive action was to be taken by respondents - **Macson Products v. UoI - [2025] 173 taxmann.com 606 (Gujarat)**
- 3.36** Both electronic applications as well as manual applications for refund are permitted to be filed; application for refund cannot be rejected solely on ground that it was not submitted electronically - **AVT MC Cormic Ingredients (P.) Ltd v. Dy. Comm. Central Tax & Central Excise, Aluva - [2025] 173 taxmann.com 545 (Kerala)**
- 3.37** Where assessee while making an export made an inadvertent error and entered GST number of its sister concern having similar name and, thus, shipping bill was generated in name of its sister concern due to which refund claim of IGST could not be made, respondent authority should amend shipping bill in EDI system and thereafter in GST portal so as to grant assessee refund - **Auracare Pharma (P.) Ltd. v. Ass.t Comm. of Customs Air Cargo Complex - [2025] 173 taxmann.com 544 (Gujarat)**

SECTION 61 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - ASSESSMENT - SCRUTINY OF RETURNS

- 3.38** Where assessee while filing return committed some inadvertent mistakes and request for rectify same was denied by respondents, respondents were to be directed to consider and decide representation of assessee to rectify such mistake as per rules - **Punchok Wangtak v. Comm. of State Taxes Department, UT Ladakh - [2025] 173 taxmann.com 643 (Jammu & Kashmir and Ladakh)**

SECTION 62 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - ASSESSMENT - NON-FILERS OF RETURNS

- 3.39** Where tax returns are filed within 30 days of GST assessment orders u/s. 62(2) of GST Act, orders are deemed withdrawn, but proper remedy for enforcement is through rectification applications u/s. 161 rather than direct writ petitions - **M. Raju v. Comm. of Commercial Taxes - [2025] 173 taxmann.com 412 (Madras)**
- 3.40** Where petitioner-assessee filed present WPs challenging Asst. orders passed by respondent-department and sought condonation of delay in filing returns, further, in W.P.No.34770 of 2023, it was held that 30 day limitation period u/s. 62, was directory and not mandatory, furthermore, petitioner-assessee invoked Section 74, contending that filling of delayed returns should be permissible as respondent-department had five years, in instant case from 01.01.2024 to 31.12.2029, to pass a best judgment assessment, therefore, in light of aforesaid judgment and submissions, impugned delay was to be condoned - **Tvl.Solutions Online v. Asst. Comm. (ST) - [2025] 173 taxmann.com 717 (Madras)**

- 3.41** Where impugned assessment order was issued in case of assessee without mentioning DIN number, following decision of Supreme Court in Pradeep Goyal v. Union of India [2022] 141 taxmann.com 64/93 GST 378/63 G.S.T.L. 286 and Circular No.128/47/2019-GST, dated 23-12-2019, wherein it was held that order which does not contain a DIN number would be non est and invalid, impugned order was to be set aside - **R R Logistics v. Assistant Commissioner - [2025] 173 taxmann.com 672 (Andhra Pradesh)**

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

- 3.42** Where applicant was arrested and was in jail since 17-10-2024, considering ground of parity of applicant with co-accused, who were already granted bail, bail application of applicant was to be allowed - **Gourav Jain v. Union of India - [2025] 173 taxmann.com 285 (Allahabad)**
- 3.43** Where petitioner-department challenged bail order dated 03.03.2025 passed in favour of respondent-accused on ground of seriousness of offences committed, however, it was held that observations in impugned order were unsustainable as Chief Judicial Magistrate incorrectly concluded that no progress was made in investigation, despite respondent-accused being in judicial custody and further statement being recorded on 28.02.2025, therefore, observations made by Chief Judicial Magistrate under impugned order were to be set aside, however, respondent-accused was not warranted for re-arrest on grounds of cooperation in investigation and significant time elapsed since impugned order - **Directorate General of GST Intelligence (DGGI) v. Yogesh Kumar Gupta - [2025] 173 taxmann.com 831 (Delhi)**

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

- 3.44** Where final assessment order demands tax amount exceeding that proposed in show cause notice, it violates Section 75(7) of GST Act; automatic restoration of assessment for non-filing of reply within stipulated time is inappropriate - **Tvl.Glo Shipping Logistics (P.) Ltd. v. State Tax Officer - [2025] 173 taxmann.com 603 (Madras)**
- 3.45** Where petitioner-assessee challenged ex-parte assessment orders, consequential orders and summary orders on ground that petitioner-assessee was unaware of proceedings as show cause notices and assessment orders were only uploaded on GST portal and were not served by any other means, further, it was held that respondent-department passed impugned orders without even affording any opportunity of hearing to petitioner-assessee, consequently, impugned orders were to be set aside - **C.M.K. Textiles v. Assistant Commissioner Tiruppur - [2025] 173 taxmann.com 373 (Madras)**
- 3.46** Where proceedings initiated under Section 74 of CGST Act, they can be converted to Section 73 proceedings to allow benefit of Amnesty Scheme under Section 128A - **Sree Balaji Pakaging Industry v. Union of India - [2025] 173 taxmann.com 522 (Karnataka)**

- 3.47** Where petitioner-assessee challenged adjudication order dated 30.08.2024 passed by respondent no.5-department, however, during pendency of aforesaid petition, another SCN was issued by respondent no.4-tax officer for tax period 2020-21 against petitioner-assessee, which was later dropped by order dated 28.02.2025, however, in light of above development, respondent no.5-department submitted that impugned order for tax period 2019-20 also warranted re-examination, therefore, it was just and convenient to set aside order dated 30.08.2024 and matter was to be remanded back for re-consideration - **Jio Digital Fibre (P.) Ltd. v. Union of India - [2025] 173 taxmann.com 640 (Karnataka)**
- 3.48** Where pursuant to issuance of SCN, impugned order was passed u/s. 73, since notice was uploaded on portal under additional notices/orders tab and admittedly opportunity of hearing was not granted to assessee, impugned order being violation of natural justice was to be set aside - **Viswaat Chemicals Ltd. v. Sales Tax Officer - [2025] 173 taxmann.com 419 (Gujarat)**
- 3.49** Where pursuant to issuance of SCN, impugned order was passed under section 73 on 28-12-2023 for 2017-18, following decision in Anita Traders LKO. U.P. v. State of U.P. [2025] 171 taxmann.com 853 (Allahabad) holding that order for 2017-18 could be passed by 5-2-2023 and not thereafter, impugned order was to be quashed - **Gupta Traders v. State of U.P. - [2025] 173 taxmann.com 476 (Allahabad)**
- 3.50** Where pursuant to issuance of show cause notice, impugned order was passed without indicating any reason, such order fell foul of requirements of section 75(6), accordingly impugned order was to be set aside and matter was to be remanded - **New Manoj Medical Store v. State of U.P. - [2025] 173 taxmann.com 607 (Allahabad)**
- 3.51** Where impugned order was passed under section 73 of CGST Act without giving opportunity of hearing to assessee, following judgment of court in Mahaveer Trading Company v. Deputy Commissioner State Tax & Anr., Writ Tax No.303 of 2024, dated 4-3-2024, impugned order was to be set aside and matter was to be remanded - **Sekh Auto Sales and Service v. State of U.P. - [2025] 173 taxmann.com 483 (Allahabad)**
- 3.52** Where impugned order was issued to assessee under section 73(9) of CGST Act for discrepancies in return filed, without indicating reasons, even if no response was filed by assessee to notices issued under sections 61 and 73 respondent authority had to pass an order in compliance with provisions of section 75(6), merely making reference to notices did not suffice making it a self contained order, impugned order was to be set aside - **Hari Shanker Transport v. Commissioner of Commercial Tax U.P. - [2025] 173 taxmann.com 563 (Allahabad)**
- 3.53** Where excess availment of ITC was due to typographical error which assessee sought to be rectified, since option to edit is provided vide CBIC Circular No. 26/26/2017, assessee ought to be relegated to follow procedure prescribed; stay granted till constitution of Tribunal on making a pre-deposit of 10 per cent of demand amount - **Ms Ashish Metals v. Union of India - [2025] 173 taxmann.com 467 (Delhi)**
- 3.54** As discrepancies in ITC utilization could be verified departmentally while difference in taxable value of invoices could be verified in portal, these issues were to be remanded back for fresh decision - **Enkebee Infratech India (P.) Ltd. v. Commissioner of State Tax - [2025] 173 taxmann.com 468 (Calcutta)**
- 3.55** Demand order passed without considering assessee's detailed reply to SCN and without giving any reasons, was not sustainable - **East Coast Constructions & Industries Ltd. v. State of Odisha - [2025] 173 taxmann.com 596 (Orissa)**
- 3.56** Where proper officer had determined and fastened liability on petitioners on basis of assessable value of outward supply on inward receipt of taxable goods while aforesaid determination and fastening of liability did not find place in SCN, demand was to be set aside - **Duakem Pharma (P.) Ltd. v. Dy. Comm. of Revenue - [2025] 173 taxmann.com 628 (Calcutta)**
- 3.57** Where impugned order was passed in case of assessee u/s. 73 without assigning any reason, same was to be set aside and matter was to be remanded - **Maa Durga Auto Sales v. State of U.P. - [2025] 173 taxmann.com 823 (Allahabad)**
- SECTION 73 OF THE FINANCE ACT, 1994 - RECOVERY OF SERVICE TAX NOT LEVIED OR PAID OR SHORT-LEVIED OR SHORT-PAID OR ERRONEOUSLY REFUNDED**
- 3.58** Where in 2019 itself, assessee had paid outstanding Tax liabilities under Sabka Viswas Scheme and discharge certificate was issued by Authority, while SCN was issued in 2021 and impugned order passed in 2024 raising demand without assessee appearing before Authority, same was to be set aside - **Badrilal Ghasiram Choudhary v. Union of India - [2025] 173 taxmann.com 594 (Bombay)**
- SECTION 74 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - TAX OR INPUT TAX CREDIT INVOLVING FRAUD, MISSTATEMENT, OR SUPPRESSION**
- 3.59** Where petitioner-assessee challenged Asst. order dated 30.04.2024 and order rejecting rectification application dated 22.01.2025 passed by respondent no.2-department, on ground that Asst. order was passed without due consideration of reply filed by petitioner-assessee in response to show cause notice, and rectification application was rejected without assigning any reasons, however, it was held that petitioner-assessee had an alternate remedy of appeal before appellate authority u/s. 107, consequently, writ petition was disposed of, granting liberty to petitioner-assessee to avail alternate statutory remedy - **Vincent and Sons v. Deputy Commissioner (GST Appeal) - [2025] 173 taxmann.com 485 (Madras)**

- 3.60 Where Adjudicating Authority passed very detailed order running into many pages, which had discussed all evidences which clearly demonstrated that undeclared sales were being made by Petitioner to avoid payment of GST, rejection of request to cross-examine certain witness statements being only corroborative of undisputed documentary evidence already on record, could not be said to be unjustified - **Vallabh Textiles v. Addl. Comm. Central Tax GST, Delhi - [2025] 173 taxmann.com 801 (Delhi)**

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

- 3.61 Where appellant-assessee challenged dismissal of writ petition on ground that no opportunity of personal hearing was provided to appellant-assessee by respondent-department before passing adjudication order, thereby, violating mandate of Section 75(4), further, it was held that there was no evidence on record to show that respondent-department had afforded an opportunity of personal hearing to appellant-assessee, consequently, adjudication order and summary order were to be set aside and matter was to be remitted to stage of furnishing of reply to SCN - **Sahaj Construction v. Union of India - [2025] 173 taxmann.com 377 (Karnataka)**
- 3.62 Where petitioner-assessee challenged order rejecting rectification application dated 05.02.2025 passed by respondent-department on ground of violation of principles of natural justice, further, it was observed that Asst. order came to be passed without taking into consideration reply filed by petitioner-assessee and without affording opportunity of personal hearing to petitioner-assessee to establish their case, thereby violating principles of natural justice, consequently, in light of above facts, impugned rejection order was to be set aside - **US Electricals v. Asst. Comm. (ST) (FAC) - [2025] 173 taxmann.com 678 (Madras)**
- 3.63 Where in SCN, date by which reply was to be submitted was provided but in column pertaining to date of personal hearing 'NA' was indicated and without affording any opportunity of hearing, demand was created, order could not be sustained in eyes of law being passed in violation of principles of natural justice; cost imposed on erring officer - **Merino Industries Ltd. v. State of Uttar Pradesh - [2025] 173 taxmann.com 630 (Allahabad)**

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

- 3.64 Where a property of assessee was sold in e-auction and same was further attached for recovery of tax, assessee was to be directed to pay remaining outstanding dues to government to facilitate registration of sale certificate in favour of successful bidder - **Cholamandalam Investment and Finance Company Ltd. v. Assistant Commissioner, Karur - 2 - [2025] 173 taxmann.com 450 (Madras)**

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

- 3.65 Where Competent Authority provisionally attached bank account of assessee, in view of fact that a period of more than 16 months had lapsed since investigation and one year had elapsed since impugned order of provisional attachment of bank account was passed and no SCN had yet been issued, it would be sufficient if minimum balance of 10 percent was maintained in bank account till final decision - **Brijbihari Concast (P.) Ltd. v. DG of GST Intelligence Meerut Zonal Unit - [2025] 173 taxmann.com 810 (Delhi)**

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

- 3.66 Where SCN was issued and determination was made and impugned order was passed u/s. 73(9) of GST Act in name of a dead person Amit Kumar Sethia, proprietor of M/s. Sethia Trading Company, without issuing notice to legal representative, impugned order was to be set aside - **Amit Kumar Sethia v. State of U.P. - [2025] 173 taxmann.com 370 (Allahabad)**
- 3.67 Where petitioners-legal heirs of assessee challenged SCN dated 31.07.2024, reminder Notice dated 26.09.2024 and recovery notice dated 19.08.2024 issued by respondents-department on ground of violation of principles of natural justice, further, it was held that all notices issued after assessee's death were invalid and petitioners-legal heirs were issued recovery notice without providing proper opportunity of personal hearing to contest demand, therefore, entire proceedings were vitiated for non-compliance of principles of natural justice and impugned notices were to be set aside - **Khurshid Bibi v. Union of India - [2025] 173 taxmann.com 752 (Jammu & Kashmir and Ladakh)**

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

- 3.68 Where appellant-assessee filed an intra-court appeal challenging dismissal of a WP which had in turn assailed an appellate order dated 22.11.2024 upholding adjudication order, however, it was observed that respondent no.2-appellate authority, while passing order dated 22.11.2024, rejected appeal without assigning reasons or dealing with grounds raised by appellant-assessee in appeal petition, therefore, notwithstanding appellant-assessee's absence during personal hearings, writ appeal was to be allowed and matter was to be remanded back to respondent no.2-appellate authority for fresh consideration - **Madhusudan Banik v. State of WB - [2025] 173 taxmann.com 641 (Calcutta)**
- 3.69 Where, assessee's appeal was rejected due to delay in filing appeal, assessee's Special Civil Application challenging Order-in-Original as well as challenging vires of section 16(2)(c) of GST Act was disposed of by court on ground of availability of alternative remedy u/s. 107 of CGST Act, Appellate Authority was to be directed to consider time spent by assessee before Court as bona-fide to condone delay in preferring Appeal - **Shaileshbhai Kanjibhai Patel v. State Tax Officer - [2025] 173 taxmann.com 674 (Gujarat)**

- 3.70** Where appeal of assessee was dismissed on grounds that authorized signatory of assessee did not sign same, if Appellate Authority had any objections on entertaining any evidence or submission, assessee should have been put to notice and denial of same violated principles of natural justice, thus, order passed in appeal was to be set aside and appeal was to be restored - **Rustomjee Realty (P.) Ltd. v. Union of India** - [2025] 173 taxmann.com 376 (Bombay)
- 3.71** Where assessee could not file appeal in time and filed same on 25-2-2023 in view of notification no. 53 of 2023, dated 2-11-202, whereby person who could not file appeal within time prescribed, were given extension and assessee could file same till 31-1-2024, order dismissing appeal of assessee on ground of limitation was to be quashed and matter was to be remanded - **D.R. Hotels (P.) Ltd. v. Additional Commissioner, Grade-II** - [2025] 173 taxmann.com 637 (Allahabad)
- 3.72** Appellate Authority under the CGST Act cannot dismiss appeals for mere non-appearance of party; unless there is consideration of issues raised by appellant, impugned order would be perverse and liable to be interfered with - **St. Antony Trading and Transport (P.) Ltd. v. Joint Commissioner (Appeals)** - [2025] 173 taxmann.com 512 (Kerala)
- 3.73** Pre-deposit while filing an appeal u/s. 107 is mandatory and said provision does not give discretion for waiver of pre-deposit - **Impressive Data Services (P.) Ltd. v. Commissioner (Appeals-I), Central Tax GST, Delhi** - [2025] 173 taxmann.com 898 (Delhi)

SECTION 110 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - APPELLATE TRIBUNAL - PRESIDENT AND MEMBERS OF, QUALIFICATION, APPOINTMENT, CONDITIONS OF SERVICES

- 3.74** Where petition was filed contending that, once Group 'A' Officers were available in State, Notification dated 19-10-2024, whereby officer of Sales Tax and Excise Department, who had completed at least 25 years of service in State as Gazetted Officer would be eligible for appointment as Technical Member (State) in State Bench was premature and ultra vires to CGST Act, proviso regarding relaxation is only available to officers of State Government falling in Group 'A' and not to officers of All-India Service, petition was to be dismissed - **Amit Kashyap v. Principal Secretary, State Taxes and Excise, Govt. of H.P.** - [2025] 173 taxmann.com 369 (Himachal Pradesh)

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

- 3.75** Where assessee filed instant petition challenging order passed in appeal u/s. 107, in view order passed in Divya Steels Vs. State of Chhattisgarh [2025] 173 taxmann.com 390 (Chhattisgarh), assessee was to be directed to file appeal once president entered office of Appellate Tribunal and interim stay was to remain operation till decision of such appeal - **D and Sons Motors (P.) Ltd. v. State of Chhattisgarh** - [2025] 173 taxmann.com 472 (Chhattisgarh)

SECTION 117 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - HIGH COURT - APPEAL TO

- 3.76** Where assessee committed an error in filing TRAN-1 and instead of mentioning eligible amount, entered nil amount and High Court directed respondents to open portal to enable assessee to file corrected TRAN-1, appeal filed by revenue against said order of High Court was to be dismissed as assessee could not be deprived of benefit available in law for which assessee was otherwise eligible - **Union of India v. Jagdalpur Motors** - [2025] 173 taxmann.com 374 (Chhattisgarh)

SECTION 128A OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - WAIVER OF INTEREST OR PENALTY OR BOTH RELATING TO DEMANDS RAISED UNDER SECTION 73, FOR CERTAIN TAX PERIODS

- 3.77** Where assessee impugned order passed under section 73(9) for financial year 2019-20, however, intended to avail benefits of GST Amnesty Scheme envisaged under section 128(A) of GST Act which was to expire on 31-3-2025, impugned order and proceedings were to be set aside and matter was to be remitted back to respondent for reconsideration afresh in accordance with law and pass order in accordance with law under section 73(9) on or before 28-3-2025 - **ADR Contractors v. Office of the Deputy Commissioner of Commercial Taxes** - [2025] 173 taxmann.com 283 (Karnataka)

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

- 3.78** Where assessee was transferring its machine from head office to its work place in UP and same was detained and impugned order was passed imposing penalty on ground that goods were not accompanied with invoice, since delivery challan itself showed that goods were being transferred, no element of sale was involved and no tax evasion could be attributed; impugned orders were to be quashed - **D and D Construction and Developers Company v. Additional Commissioner** - [2025] 173 taxmann.com 549 (Allahabad)
- 3.79** Where Part B of e-way bill was not filled and goods were being transported from Agra to Noida while e-way bill was issued from Agra to Agra, intention to evade tax was clear and, thus, penal liability under section 129(3) was not absolved - **B M Computers v. Commissioner Commercial Taxes** - [2025] 173 taxmann.com 546 (Allahabad)

- 3.80** Where petitioner-courier agency challenged notice issued in MOV09 under apprehension that, though petitioner was only a courier service provider, it would be mulcted with demand, on statement of department that said notice was issued to all parties for claiming ownership of detained goods and as such there was no tax or penalty being demanded from petitioner, instant petition was to be closed - **DTDC Express Ltd. v. Assistant Commissioner of Central Tax** - [2025] 173 taxmann.com 595 (Andhra Pradesh)

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

- 3.81** Where assessee's goods were confiscated during transportation by assessee to seller, assessee questioned invoking of section 130 of CGST Act as assessee had provided complete details of purchase of goods alongwith Tax Invoice and E-way bills, case was to be heard with Special Civil Application No.8353 of 202, respondent-authority was to be directed to release conveyance and goods in question on deposit of Rs. 5 Lakh by assessee - **Shreeji Steel v. State Tax Officer (1)** - [2025] 173 taxmann.com 714 (Gujarat)

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

- 3.82** Where continued detention serves no useful purpose in GST fraud case with documentary evidence, confessions, and delayed trial prospects, bail should be granted - **Vikrant Singhal v. Union of India** - [2025] 173 taxmann.com 200 (Allahabad)
- 3.83** Where petitioner-assessee challenged order dated 31.01.2025, which dismissed request of petitioner-assessee to convert non-bailable warrants into bailable warrants, on ground that trial court failed to provide proper reasoning for dismissal, further, it was observed that petitioner-assessee was willingly cooperating with process of law, hence, there was no likelihood of evasion of process of law by petitioner-assessee, therefore, in view of above facts, impugned order was to be quashed and petition to convert non-bailable warrants into bailable warrants was allowed - **P C Purohit v. Union of India** - [2025] 173 taxmann.com 608 (Rajasthan)
- 3.84** Where application was filed for grant of regular bail in case registered under sections 132(1)(a)/132(1)(i) of CGST Act for issuance of bills without purchase/ sale of goods, trial court was to test evidentiary value of statements of accused-applicant recorded under section 70 CGST Act, investigation was complete but charges against accused not been framed, alleged offences were triable by Magistrate, maximum punishment was five years, therefore, it was clear that trial was to commence, which was likely to consume considerable time to conclude, bail application was to be allowed. - **Sh Shah Mohammad Rana v. Union of India** - [2025] 173 taxmann.com 564 (Allahabad)
- 3.85** Where bail application was filed by accused/petitioner arrested in connection with case under section 132(5) of CGST Act for alleged issuance of fake invoices without actual supply of goods, there was no compliance of section 41/41A Cr.P.C at time of arrest, DIN numbers were not mentioned in Authorization Letter/ Grounds of Arrest communicated, "reasons to believe" were not communicated at time of arrest or while furnishing ground of arrest, petitioner already in custody for 29/30 days, was to be enlarged on bail, subject to conditions - **Prabin Jha v. Union of India** - [2025] 173 taxmann.com 479 (Gauhati)

SECTION 160 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - ASSESSMENT - NOT TO BE INVALID ON CERTAIN GROUNDS

- 3.86** Assessment order passed and uploaded on portal without Document Identification Number (DIN) was to be set aside - **Andhra Evangelical Lutheran Church v. State of Andhra Pradesh** - [2025] 173 taxmann.com 511 (Andhra Pradesh)

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

- 3.87** Where assessee's rectification application under section 161 against demand for wrongful availment of Input Tax Credit was rejected without affording opportunity of hearing as provided in proviso 3 to section 161, principles of natural justice not been followed, impugned order was to be set aside - **HVR Solar (P.) Ltd. v. Sales Tax Officer** - [2025] 173 taxmann.com 526 (Delhi)

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

- 3.88** Where pursuant to cancellation of registration, a show cause notice was issued to assessee through e-mode and it was not case of revenue that any physical service of notice was made, impugned adjudication order was to be set aside for violation of natural justice - **Agra National Transport Company v. State of U.P.** - [2025] 173 taxmann.com 368 (Allahabad)
- 3.89** Petitioner, engaged in works contracts for the government, faced GST assessment for short tax payments from 2017-2023 and said notices and orders were uploaded on GST portal, which the petitioner claimed to be unaware of, such service valid under Section 169(1)(d) of the CGST Act, however, by mutual consent of petitioner and revenue, impugned order was set aside, allowing petitioner to pay 25% of the disputed tax and respond to notice - **Poomika Infra Developers v. State Tax Officer** - [2025] 173 taxmann.com 866 (Madras)
- 3.90** Uploading of notices, orders and other communications in common portal (GST portal) is a sufficient service but not effective service; revenue should have sent subsequent reminders by virtue of RPAD prior to passing of order - **Axiom Gen Nxt India (P.) Ltd. v. Commercial State Tax Officer** - [2025] 173 taxmann.com 846 (Madras)

4. Authority for Advance Ruling

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

- 4.1** Inclusion of a free 'Scraping Tool' in pack of Oil Pastels amounts to independent 'supply of scrapping tool under section 7 - **Hindustan Pencils (P.) Ltd., In re v.** - [2025] 173 taxmann.com 670 (AAR - GUJARAT)
- 4.2** No GST is payable on goods lost in transit - **Inox Air Products (P.) Ltd., In re v.** - [2025] 173 taxmann.com 639 (AAR - GUJARAT)

- 4.3** GST is payable on nominal amount recovered from employees towards canteen and transportation services as same is consideration for said supplies; ITC is not available on GST charged by canteen and transport service providers as canteen service is classifiable as restaurant service and transportation is for personal convenience of employees - ***Kion India (P.) Ltd., In re v. - [2025] 173 taxmann.com 753 (AAR - MAHARASHTRA)***
- 4.4** Nominal amount recovered from employees for providing transportation facility will attract GST; applicant is not eligible to avail ITC on invoices issued by transporter for transportation of employees - ***Kion India (P.) Ltd., In re v. - [2025] 173 taxmann.com 753 (AAR - MAHARASHTRA)***
- 4.5** Sale of each identified item of plant and machinery amounts to individual taxable supply of goods and GST would be applicable on each of these assets as per individual classification and rate - ***General Motors India (P.) Ltd., In re v. - [2025] 173 taxmann.com 751 (AAR - MAHARASHTRA)***
- 4.6** Transfer of building by way of sale to owner of land on which it is constructed is not sale of building but is in nature of assignment of leasehold rights in building; such activity is neither a supply of goods nor a supply of services - ***General Motors India (P.) Ltd., In re v. - [2025] 173 taxmann.com 751 (AAR - MAHARASHTRA)***
- 4.7** An element of fraud may vitiate a contract, but it would not enable applicant to move out of ambit of term supply as defined under section 7; goods supplied in fraud transaction without receiving consideration is to be considered as supply of goods - ***Acube Engitech Company, In re v. - [2025] 173 taxmann.com 367 (AAR - GUJARAT)***

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

- 4.8** Assignment of leasehold rights in land is classifiable under SAC 999792 and is taxable at 18 per cent GST - ***General Motors India (P.) Ltd., In re v. - [2025] 173 taxmann.com 751 (AAR - MAHARASHTRA)***

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

- 4.9** Product 'Oil Pastels with free Scraping Tool' is classifiable under HSN 3926 and is leviable to GST at rate of 18 per cent - ***Hindustan Pencils (P.) Ltd., In re v. - [2025] 173 taxmann.com 670 (AAR - GUJARAT)***

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

- 4.10** Input tax credit is not available on GST charged by transport service provider for providing transportation facility to employees as it is for personal convenience of employees and not for convenience of employer - ***Kion India (P.) Ltd., In re v. - [2025] 173 taxmann.com 753 (AAR - MAHARASHTRA)***
- 4.11** Where applicant is required to provide canteen facility to employees in terms of statutory obligation under Factories Act, 1948, applicant is eligible to avail input tax credit on GST charged by canteen service provider - ***Kion India (P.) Ltd., In re v. - [2025] 173 taxmann.com 753 (AAR - MAHARASHTRA)***

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

- 4.12** In terms of section 17(5)(h) applicant is required to reverse ITC involved in inputs used in outward supply which was not in transit - ***Inox Air Products (P.) Ltd., In re v. - [2025] 173 taxmann.com 639 (AAR - GUJARAT)***
- 4.13** Input tax credit is not available on inputs and input services used for construction of concrete tower to support and erect Vertical Continuous Vulcanization (VCV) lines at factory for manufacture of Extra High Voltage cables as appellant was not in a position to prove that it is not for own account and, thus, it is not covered under 'plant or machinery' - ***KEI Industries Ltd., In re v. - [2025] 173 taxmann.com 671 (AAR - GUJARAT)***

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

- 4.14** Advance ruling on question as to what rate of GST is to be reimbursed to supplier of service can not be given on application filed by recipient of service as same does not fall under any of clauses of section 97(2) and determination of liability to pay tax vests with contractor - ***ISRO Propulsion Complex, In re* v. - [2025] 173 taxmann.com 324 (AAR - TAMILNADU)***

GST Appellate Tribunal Rules : A Game Changer for Tax Professionals



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In a landmark move poised to transform India's Indirect Tax Dispute Resolution System, the Ministry of Finance (Department of Revenue) formally notified the Goods and Services Tax Appellate Tribunal (Procedure) Rules, 2025 (hereinafter "GSTAT Procedure Rules") on April 24, 2025. These rules introduce a digital first, transparent framework aimed at resolving pending GST Appeals which are being appreciated by both tax payers as well as tax professionals for enabling timely and fair redressal.

The absence of a functional GSTAT forced tax litigants to seek relief from High Courts at much greater costs and time delays. A fully digital first tribunal of its kind makes a marked distinction from any tribunal of Indirect Taxes earlier. This enables tax litigants to file their appeals as well as make the pre deposit online.

Structure of the GSTAT Procedure Rules, 2025:-

The Rules are organized into fifteen Chapters, each addressing a specific facet of Tribunal functioning:

Chapter	Title
I	Preliminary (Rules 1–2): Short title, commencement, definitions.
II	Powers and Functions (Rules 3–17): Time computation, issue of documents, custody of seal, sitting hours.
III	Institution of Appeals – Procedure (Rules 18–37): E-filing, appeal contents, grounds, scrutiny.
IV	Cause List (Rules 38–40): Preparation and publication of daily cause lists.
V	Hearing of Appeals (Rules 41–52): Order of hearing, ex parte proceedings, adjournments.
VI	Record of Proceedings (Rules 53–70): Order sheets, registers, record maintenance.

VII	Inspection of Record (Rules 71): Mode and scope of record inspection.
VIII	Appearance of Authorised Representatives (Rules 72–77): Vakalatnama, Form-04 requirements.
IX–XII	Intermediary Proceedings (Rules 78–98): Interlocutory applications, evidence, commissions.
XIII	Disposal of Cases and Pronouncement of Orders (Rules 99–114): Summary orders, costs, time-limits.
XIV	Electronic Filing and Hybrid Proceedings (Rule 115): E-filing portal, hybrid hearings.
XV	Miscellaneous (Rules 116–124): Extension of time, rectification of clerical errors.

This structured approach ensures that every procedural eventuality from filing to final pronouncement is governed by clear, standardized directives.

New Forms Under the GSTAT Procedure Rules, 2025 :-

The Rules prescribe standardized forms to streamline procedural compliance:

Form No.	Title	Applicable Rule(s)
GSTAT Form-01	Interlocutory Application to the Appellate Tribunal	Rules 29, 49
GSTAT Form-02	Order Sheet	Rule 54
GSTAT Form-03	Application for Inspection of Records	Rule 67
GSTAT Form-04	Memorandum of Appearance (Vakalatnama)	Rules 72, 81
GSTAT Form-05	Affidavits for Illiterate/Visually Challenged Persons	-
GSTAT Form-06	Summons	Rule 84(3)
GSTAT Form-07	Recording of Disposition	Rule 93
GSTAT Form-08	Certificate of Discharge	Rule 95
GSTAT-CDR-01	Daily Cause List	Rule 38
GSTAT-CDR-02	Court Diary	Rules 53, 110
GSTAT-CDR-03	Register of Provisional Appeals	Rule 59(a)
GSTAT-CDR-04	Register of Appeals	Rule 59(b)
GSTAT-CDR-05	Register of Interlocutory Appeals	Rule 59(c)
GSTAT-CDR-06	Register of Inspection	Rule 71

These Forms eliminate ambiguity, ensure uniformity in filings, and facilitate efficient registry workflows, thereby reducing procedural delays and enhancing transparency.

The **GSTAT Procedure Rules, 2025** represent landmark advancement in India's indirect tax appellate system. For the first time, a comprehensive and structured set of procedural rules has been codified to govern every stage of the functioning of the Goods and Services Tax Appellate Tribunal (GSTAT). From the initial e-filing of an appeal to the final pronouncement and archival of orders, the Rules lay out a clear, uniform, and technology-enabled framework for litigants, legal practitioners, and the Tribunal itself.

By institutionalizing key aspects such as digital filing protocols, prescribed formats for pleadings, standard cause list procedures, and defined timeframes for order pronouncements, the Rules are designed to promote four foundational pillars of good judicial process:-

Efficiency:

The procedural timelines for filing, listing, and disposal of appeals have been streamlined to reduce delays. The incorporation of electronic filing, automatic defect tracking, and structured scheduling ensures that cases move quickly through the system, thereby reducing pendency and enhancing case turnover.

Transparency:

Daily publication of cause lists, digitized appeal registers, and formalized inspection procedures allow all stakeholders to monitor the progress of appeals with ease. Open access to key information fosters greater public trust in the Tribunal's operations.

Consistency:

With mandatory use of standard forms, uniform filing format, and fixed time limits for various procedural steps, taxpayers and representatives are assured of a predictable and equal process. This reduces room for discretion and brings clarity to Tribunal practices across different Benches and regions.

Accessibility:

The introduction of hybrid hearings and the establishment of multiple regional Benches significantly lower the logistical and financial barriers faced by appellants. Litigants from smaller towns or remote areas can now access GSTAT services without the need for physical travel, ensuring inclusivity and reach.

For tax professionals, legal representatives, and appellants, understanding and complying with these Rules is no longer optional—it is essential. Accredited representatives must not only become adept at using the GSTAT e-filing portal but also ensure precise adherence to document formats, deadlines, and procedural formalities. Errors or delays can lead to dismissal, adjournments, or adverse outcomes.

In essence, the GSTAT Procedure Rules, 2025 are more than just a legal manual. They reflect a shift toward a more modern, efficient, and citizen-centric judicial institution. With this framework in place, the Tribunal is better equipped to fulfill its statutory mandate of delivering swift, impartial, and consistent justice within the dynamic and evolving domain of Goods and Service Tax.

There are certain issues which need to be touched upon as a rejoinder. The GSTAT Rules, 2025 have been notified but the actual GSTAT is still not functional yet. It is expected that the GSTAT website and the Tribunal Benches shall be operational throughout the length and breadth of the nation sometime later this year. In the meantime various first stage appeal orders are being passed at a regular basis from the Commissioner (Appeals) level. It would have been much easier for the tax litigants had the Tribunals been operational. At ground levels Tax Dispute Cases involve matters of fact as well as matters of law. It is much easier to contest a dispute concerning only law at High Courts. The matters which do involve factual litigation are always better to be dealt at Tribunals. Since, the Tribunals are not operational the tax litigants have no choice other than to move to High Courts. At present there is no online option to pre deposit the minimum tax amount in GSTAT website. So, one has to file the appeal manually to the High Court and only when the Learned Judges give a directive regarding the amount to be deposited for grant of conditional stay on demand the tax payer has to pay that particular sum. At present the High Courts are hearing matters concerning facts as well as law regarding GST. There is no alternative other than to appeal before High Court and get a conditional stay of demand or other penal provisions at present but there is a great possibility in those cases which are mainly due to factual disputes may be remanded to the Tribunals once they are operational.

References : - The Official Gazette published by the Government of India on 24th April, 2025.

COMPANY AND SEBI LAWS UPDATES

1. STATUTORY UPDATES

- 1.1 SEBI extends timeline for formulation of implementation standards on 'Safer Participation of Retail Investors in algo trading' - **CIRCULAR NO. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/46, DATED 01-04-2025**

Editorial Note: SEBI has received representations from Stock Exchanges requesting an extension of the timeline for the formulation of implementation standards on 'Safer participation of Retail Investors in Algorithmic Trading. Accordingly, to ensure the smooth implementation of the framework without any disruption to market players and investors, SEBI has extended the timeline by one month, i.e., until May 1, 2025. The circular shall be effective from August 1, 2025.

- 1.2 SEBI clarifies that term 'level' used in Reg. 6(1) of LODR refers to Compliance Officer's position in entity's structure - **CIRCULAR NO. SEBI/HO/CFD/PoD2/CIR/P/2025/47, DATED 01-04-2025**

Editorial Note: The proviso to Regulation 6(1) of the SEBI (LODR) Regulations, 2015, requires the Compliance Officer of a listed entity to be in whole-time employment of the listed entity, not more than one level below the board of directors, and designated as a KMP. SEBI received queries seeking clarification on the term 'level' used in Regulation 6(1) of LODR Regulations. SEBI clarified that the term 'level' refers to the position of the Compliance Officer in organization structure of the listed entity.

- 1.3 SEBI amends Infrastructure Investment Trusts Regulations; insert norms relating to 'Illustrative Roles and Responsibilities of Trustees' - **NOTIFICATION NO. SEBI/LAD-NRO/GN/2025/240, DATED 01-04-2025**

Editorial Note: SEBI has notified SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2025. A new schedule X w.r.t. 'Illustrative Roles and Responsibilities of Trustees' has been inserted. It states that the trustee must conduct regular physical inspections of InvIT assets and supervise the maintenance of assets with safety and operational standards. Further, the trustees must provide periodic confirmations to SEBI that they have not engaged in transactions involving units of InvIT they manage.

- 1.4 SEBI allows Investment Advisers and Research Analysts to charge advance fees for up to one year - **CIRCULAR NO. SEBI/HO/MIRSD/ MIRSD-POD/P/CIR/2025/48, DATED 02-04-2025**

Editorial Note: SEBI has relaxed the advance fee restrictions for Investment Advisers (IAs) and Research Analysts (RAs), allowing them to charge fees in advance for up to one year, subject to client agreement. Fee-related provisions apply only to individual and HUF clients (excluding accredited investors). For non-individual and institutional clients, fees will be governed by contractual terms.

- 1.5 SEBI launches "Document Number Verification System" to enhance transparency and authenticity in official communications - **PRESS RELEASE NO. 17/2025, DATED 03-04-2025**

Editorial Note: SEBI has launched the "Document Number Verification System" to ensure the verifiability of all documents issued by SEBI. According to the procedure issued under the system, any physical communication, such as letters, notices, show-cause notices, and summons issued by SEBI must bear an Outward Number, which is unique for every communication. The verification process, however, does not include verifying the contents of the communication.

- 1.6 SEBI invites public comments on the draft Investor Charter for KYC (Know Your Client) Registration Agencies - **DRAFT CIRCULAR, DATED 04-04-2025**

Editorial Note: To enhance investor awareness regarding interactions with KYC Registration Agencies (KRAs) for availing various investor service requests, SEBI has introduced a draft Investor Charter for KRAs. The proposed charter outlines key information including the services offered by KRAs, rights of investors, responsibilities of KRAs, dos and don'ts for investors, and the grievance redressal mechanism. Comments and suggestions on the draft may be submitted by April 25, 2025.

- 1.7 SEBI introduces standard format for MII system-network audit reports to enhance oversight and traceability - **CIRCULAR NO. SEBI/HO/MRD/TPD/CIR/P/2025/50, DATED 04-04-2025**

Editorial Note: SEBI has introduced a standardized format for system and network audit reports of MIIs (stock exchanges, clearing corps, depositories) from FY 2024-25 to boost audit efficiency and data quality. Each audit observation will have a unique ID for better traceability. The new format includes sections on audit details, IT environment, compliance, pending observations, and findings, ensuring uniform, streamlined reporting and improved regulatory oversight.

- 1.8 SEBI sets PaRRVA framework, mandates risk-return checks by PaRRVA for regulated entities - **CIRCULAR NO. SEBI/HO/MIRSD/MIRSD-POD/P/CIR/2025/51, DATED 04-04-2025**

Editorial Note: The SEBI mandates verification of risk-return metrics by a 'Past Risk and Return Verification Agency' (PaRRVA) for claims made by regulated persons (IAs, RAs, Algo providers). A Credit Rating Agency (CRA) may be recognized as PaRRVA under Regulation 12A of CRA Regulations, 1999, read with 16E. The CRA must partner with a recognized Stock Exchange acting as PaRRVA Data Centre (PDC), as enabled under Reg. 38B of SECC Regulations, 2018.

- 1.9** MCA proposes to expand scope of fast-track mergers to benefit wider spectrum of Companies Notification - **PRESS RELEASE, DATED 05-04-2025**

Editorial Note: MCA has notified draft Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025. The MCA has now proposed to expand the scope of fast-track mergers to include unlisted companies with reasonable debt exposure and no default in repayment of borrowings, a holding company & its unlisted subsidiary companies. Also, mergers of foreign companies with Indian companies are proposed to be included under a fast-track mechanism. Comments on the draft rules may be sent by 05.05.2025.

- 1.10** Govt. notifies April 8, 2025 as effective date for enforcement of provisions of Waqf (Amendment) Act, 2025 - **Notification No. S.O. 1646(E), DATED 08-04-2025**

Editorial Note: The Ministry of Minority Affairs has notified April 8, 2025 as the effective date for the enforcement of the provisions of Waqf (Amendment) Act, 2025. The notification has been issued under the powers conferred by Section 1 of the said Act, thereby bringing its provisions officially into force.

- 1.11** SEBI launches its official X (formerly twitter) Account - **PRESS RELEASE NO. 19/2025, DATED 08-04-2025**

Editorial Note: Securities and Exchange Board of India (SEBI) has launched its official X (formerly Twitter) account, viz. @SEBI_updates, on April 04, 2025. SEBI shall be posting notifications relating to Regulations, Orders, Circulars, Press Releases etc. on the above X (formerly Twitter) handle. This content will also be available on the SEBI website i.e. www.sebi.gov.in.

- 1.12** SEBI advises all registered entities to only use '1600' phone number series for investor calls to curb market fraud - **PRESS RELEASE NO. 20/2025, DATED 08-04-2025**

Editorial Note: SEBI with an objective to enhance investor protection and curb financial fraud, has advised its regulated/registered entities to comply with latest guidelines issued by Telecom Regulatory Authority of India (TRAI). All regulated/registered entities are advised to only use the '1600' phone number series exclusively for service & transactional calls to existing customers. This would help investors to easily identify & attend service and transactional calls from SEBI regulated/registered entities.

- 1.13** SEBI forms High-Level Committee to review conflict of interest norms and enhance transparency among members - **PRESS RELEASE NO. 21/2025, DATED 09-04-2025**

Editorial Note: SEBI has constituted a High-Level Committee (HLC) to review and strengthen policies on conflict of interest and disclosures for its Members and Officials. Chaired by Shri Pratyush Sinha, the six-member HLC will recommend measures for transparency, accountability, and ethics, including a recusal policy and public complaint mechanism. The HLC will submit its report within three months from the date of its constitution.

- 1.14** SEBI relaxes disclosure norms for FPIs by increasing equity AUM limit for detailed disclosures to Rs. 50,000 crores - **CIRCULAR NO. SEBI/HO/AFD/AFD-POD-3/P/CIR/2025/52, DATED 09-04-2025**

Editorial Note: SEBI, through its FPI Master Circular dated May 30, 2024, mandated additional disclosures for FPIs and ODI subscribers holding over Rs.25,000 crore in Indian equity AUM. Now, SEBI has revised the threshold under this size criteria to Rs. 50,000 crore, easing disclosure norms for entities below the new limit.

- 1.15** SEBI eases Specialized Investment Funds norms; exempts AMCs' mandatory staff investments from Rs. 10 Lakhs threshold - **CIRCULAR NO. SEBI/HO/IMD/IMD-POD-1/P/CIR/2025/53, DATED 09-04-2025**

Editorial Note: SEBI had earlier specified the Regulatory Framework for Specialized Investment Funds (SIFs). Now, through its latest circular, SEBI has provided clarifications on the applicable regulatory norms. It has excluded the maturity provisions for interval schemes under the Mutual Fund Master Circular from applying to SIFs. Further, the minimum investment threshold of ₹10 lakh at the PAN level across all SIF strategies shall not apply to mandatory investments made by AMCs for designated employees.

- 1.16** SEBI proposes updated Investor Charter for Registrar & Share Transfer Agents, Investment Advisers, and Research Analysts - **DRAFT CIRCULAR, DATED 11-04-2025**

Editorial Note: SEBI has issued draft circulars proposing revised Investor Charters for Registrar and Share Transfer Agents (RTAs), Investment Advisers (IAs), and Research Analysts (RAs) to strengthen investor protection, transparency, and financial literacy. The revised charter reflects recent market changes, including the launch of SCORES 2.0 and the ODR platform. The proposed charter includes disclosure of services, grievance redressal mechanisms, and a format for reporting complaint data.

- 1.17** SEBI cautions public against fraud and manipulation on social media platforms related to the securities market - **PRESS RELEASE NO. 22/2025, DATED 11-04-2025**

Editorial Note: SEBI has observed a rise in scams where fraudsters use digital platforms to offer trading calls under the guise of education. Investors are urged to exercise caution and verify the authenticity of social media handles claiming SEBI registration. While investing in the securities market, investors should deal only with SEBI-registered intermediaries and use genuine trading apps to ensure safety and avoid falling prey to fraudulent schemes.

- 1.18** IFSC Authority notifies KYC Registration Agency Regulations, 2025 - **NOTIFICATION F. NO. IFSCA/GN/2025/004, DATED 11-04-2025**

Editorial Note: IFSCA has notified the IFSC (KYC Registration Agency) Regulations, 2025. These regulations cover provisions related to the application for the grant of a certificate of registration, the legal form of the applicant, net worth requirements, and the appointment of a Principal Officer, Compliance Officer, and other human resources. Further, regulations cover norms related to registration requirements, code of conduct, maintenance of books of account, and functions of KRA & Regulated Entity.

- 1.19** SEBI introduces standardized format for mutual funds' applications seeking approval to set up Specialized Investment Fund - **CIRCULAR NO. SEBI/HO/IMD/IMD-RAC/P/CIR/2025/54, DATED 11-04-2025**

Editorial Note: SEBI has introduced a standardized format for applications by mutual funds intending to establish a Specialized Investment Fund (SIF) to ensure uniformity and streamline the processing of such applications. Further, SEBI has issued a detailed format for the Investment Strategy Information Document (ISID) for SIFs. The introduction of SIFs is intended to bridge the gap between mutual funds and PMS in terms of portfolio flexibility. The circular shall be effective from April 11, 2025.

- 1.20** Consumer Protection Authority fines 24 coaching centres Rs. 77.6 lakh for misleading ads; urges compliance with Guidelines - **PRESS RELEASE, DATED 17-04-2025**

Editorial Note: The Central Consumer Protection Authority (CCPA) has directed coaching centres to comply with the Consumer Protection Act, 2019 and Guidelines for Prevention of Misleading Advertisements. Centres must disclose student name, rank, course type, and payment status in advertisements. CCPA acted against misleading ads by institutes offering services for UPSC CSE, IIT-JEE, and RBI exams. It issued 49 notices, imposed Rs. 77.60 lakh penalty on 24 centres & ordered discontinuation of unfair practices.

- 1.21** SEBI extends trading window closure under insider trading norms to immediate relatives of designated persons - **CIRCULAR NO. SEBI/HO/ISD/ISD-POD-2/P/CIR/2025/55, DATED 21-04-2025**

Editorial Note: SEBI has extended its automated trading window closure mechanism to include the immediate relatives of designated persons (DPs) in listed companies, on account of the declaration of financial results. This move aims to prevent non-compliance with insider trading norms by ensuring that individuals who may have access to UPSI, such as quarterly results, are prohibited from trading during specified periods. Earlier, the restriction applied only to DPs.

- 1.22** SEBI proposes direct arbitration in certain types of disputes and inclusion of new categories into ODR mechanism - **DRAFT CIRCULAR, DATED 21-04-2025**

Editorial Note: SEBI has released a draft circular proposing amendments to its master circular on 'Online Dispute Resolution (ODR) in the securities market. A notable feature of the draft is expanding the ODR mechanism to include depositories, in addition to existing stakeholders such as stock exchanges and clearing corporations. SEBI has also proposed a provision for direct arbitration in certain disputes and mandates that ODR institutions maintain separate panels for conciliators and arbitrators.

- 1.23** SEBI proposes to relax listed entities from sending hard copies of financials to Non-Convertible Securities holders - **DRAFT CIRCULAR, DATED 21-04-2025**

Editorial Note: SEBI has issued a draft circular seeking public comments to relax listed entities from sending hard copies of financials to holders of non-convertible securities, who haven't registered their email, as mandated under Reg. 58(1)(b) of LODR. The listed entities must disclose a web link to financials in their advertisements. The proposal follows MCA's extension of a similar relaxation for sending physical financial statements until Sep 30, 2025. Public comments may be submitted by May 12, 2025.

- 1.24** SEBI amends Credit Rating Agencies Regulations; mandates ESG ratings on public information under subscriber-pays model - **NOTIFICATION NO. SEBI/LAD-NRO/GN/2025/242, DATED 22-04-2025**

Editorial Note: SEBI has notified the SEBI (Credit Rating) (Second Amendment) Regulations, 2025. A new regulation, 28KA, has been inserted. It states that an ESG rating provider following a subscriber-pays business model must ensure that the ESG rating assigned is based only on publicly available information. The fee paid by the subscriber is the lowest fee payable amongst subscribers if the rated entity is a subscriber or group company or associate of an entity is a subscriber to the ESG rating of such entity.

- 1.25** SEBI announces change in cut-off timings for determining NAV in Mutual Fund Overnight Schemes - **CIRCULAR NO. SEBI/HO/IMD/PoD2/P/CIR/2025/56, DATED 22-04-2025**

Editorial Note: SEBI has announced a change in cut-off timings to determine the net asset value (NAV) for repurchase or redemption of units in overnight schemes of mutual funds. Accordingly, for applications received up to 3 p.m., the closing NAV of the day immediately preceding the next business day will apply. For applications received after 3 p.m., the closing NAV of the next business day will apply. If an application is received online, the cut-off time of 7 p.m. will apply for schemes.

- 1.26** SEBI amends Real Estate Investment Trusts Regulations; insert norms for "Mandatory Disclosures in Scheme Offer Document" - **NOTIFICATION F. NO. SEBI/LAD-NRO/GN/2025/241, DATED 22-04-2025**

Editorial Note: SEBI has notified the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2025. A new Schedule IIIA, titled as 'Mandatory Disclosures in Scheme Offer Document', has been inserted. It mandates disclosures such as SM REIT's name, address, registration status, principal place of business, contact number, website, details of the parties involved, background of SM REIT, details of offer, etc. Further, the responsibilities of trustees in Reg. 9 have been enhanced.

- 1.27** SEBI issues updated FAQs to simplify explanations and clarify key terms and concepts under buyback norms - **FAQs, DATED 25-04-2025**

Editorial Note: SEBI has released FAQs updated as of April 25, 2025, to offer a simplistic explanation and clarification of the terms & concepts related to SEBI (Buy-Back of Securities) Regulations, 2018. The FAQs cover shareholder participation in case he/she does not receive tender/offer form, the manner of acceptance by shareholders, and maintenance of cash component of the escrow account in an interest-bearing account. They also address whether a letter of offer can be dispatched via electronic means.

- 1.28** SEBI issues updated FAQs on norms for delisting of equity shares - **FAQs, DATED 25-04-2025**

Editorial Note: SEBI has released updated FAQs on SEBI (Delisting of Equity Shares) Regulations, 2021. The FAQs cover: (a) the difference between voluntary delisting & compulsory delisting, (b) the exit opportunity available to investors in case a company is compulsorily delisted, (c) whether the same merchant banker appointed to carry out due diligence on behalf of the company can act as Manager to Offer, and (d) how a shareholder can participate in delisting if he/she does not receive tender/offer form.

- 1.29** SEBI revises timeline for margin collection by Trading Members/Clearing Members from T+2 days to settlement day - **CIRCULAR NO. SEBI/HO/MIRSD/MIRSD-POD/P/CIR/2025/57, DATED 28-04-2025**

Editorial Note: Trading Members (TMs)/Clearing Members (CMs) are required to mandatorily collect upfront Value at Risk (VaR) margins and Extreme Loss Margin (ELM) from their clients. They currently have T+2 working days to collect these margins. SEBI has now directed TMs/CMs to collect margins (except VaR margins and ELM) from their clients by the settlement day. If a client fails to make a pay-in by the settlement day and TM/CM doesn't collect the margins, it would result in a penalty.

- 1.30** SEBI amends InvITs Regulations; expands scope of instruments for InvITs to invest un-invested funds - **NOTIFICATION NO. SEBI/LAD-NRO/GN/2025/243, DATED 28-04-2025**

Editorial Note: SEBI has notified SEBI (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2025, expanding the scope of instruments where InvITs can deploy uninvested funds to include unlisted equity shares of a company, units of liquid mutual fund schemes and interest rate derivatives. Earlier, InvITs were permitted to invest in listed or unlisted debt of companies or body corporate in the infrastructure sector, equity shares of companies, government securities & money market instruments.

- 1.31** SEBI extends timeline for Qualified Stock Brokers to implement systems for optional T+0 settlement cycle to 01.11.2025 - **CIRCULAR NO. SEBI/HO/MRD/MRD-POD-3/P/CIR/2025/58, DATED 29-04-2025**

Editorial Note: SEBI has extended the timeline for Qualified Stock Brokers (QSBs) to implement systems for the optional T+0 settlement cycle in the Equity Cash Market from May 1, 2025 to November 1, 2025. All other provisions of the SEBI circular dated December 10, 2024, remain unchanged.

- 1.32** SEBI warns investors against unregulated 'Online Trading Platforms' - **PR NO. 23/2025, DATED 29-04-2025**

Editorial Note: SEBI has cautioned investors against dealing with 'online trading platforms', clarifying that these platforms fall outside its regulatory oversight. In some cases, these platforms resemble investment platforms, using terms such as profits, stop loss, trading, etc. SEBI warns that opinion trading lacks investor protection under securities laws and is neither registered nor regulated by SEBI. Any trading of securities on such platforms is illegal and liable to action.

- 1.33** SEBI issues clarificatory changes for ERPs on rating withdrawal, disclosures, Internal audit, and governance norms - **CIRCULAR NO. SEBI/HO/DDHS-POD-2/P/CIR/2025/59, DATED 29-04-2025**

Editorial Note: SEBI has issued clarificatory and procedural changes to support ESG Rating Providers (ERPs). Key updates include relaxation in ESG rating withdrawal norms based on business models, disclosure of Rating rationale on the website of ERP & stock exchange, internal audit and governance requirements for ERPs, and expanded eligibility for auditors.

- 1.34** DPIIT raises Industrial Entrepreneur Memorandum criteria to investment of Rs. 125 crores or turnover of Rs. 500 crores

Editorial Note: The Department for Promotion of Industry and Internal Trade has updated Industrial Entrepreneur Memorandum eligibility criteria. Effective 1 April 2025, enterprises require either 125 crore investment in plant/machinery or 500 crore annual turnover, increased from previous 50 crore and 250 crore limits respectively.

- 1.35** Compliance officer must be placed not more than one level below MD or WTD in organisational hierarchy of listed entity: SEBI

Editorial Note: A public limited company appointed a CS and Compliance Officer, designated as KMP, at level 5 below the BODs, reporting to the MD & CEO. The Company sought informal guidance on whether the continuance of Ms. Rubi as a Compliance Officer should be considered in compliance with the proviso to Regulation 6(1) of LODR. SEBI clarified that the Compliance officer must be placed not more than one level below the MD or Whole-time directors in organizational hierarchy of the listed entity

- 1.36** Lok Sabha passes Waqf (Amendment) Bill, 2025

Editorial Note: The Lok Sabha has passed the Waqf (Amendment) Bill, 2025. The Bill amends the Waqf Act, 1995. The Waqf (Amendment) Bill aims to strengthen the administration and management of waqf properties in India by addressing the shortcomings of the existing Act. It seeks to enhance the efficiency of Waqf Boards, streamline the registration process, and promote the use of technology in maintaining waqf records.

- 1.37** SEBI clarifies that the compliance officer must be positioned one level below MD/WTD in the company's hierarchy

Editorial Note: SEBI, responding to the company's request for guidance, clarified that under the Proviso to Regulation 6(1) of LODR, the Compliance Officer must be positioned not more than one level below the Managing Director or Whole-time Director(s). The clarification aligns with SEBI's circular dated April 1, 2025. The company was advised to ensure compliance, as the Compliance Officer currently reports administratively to the CFO.

- 1.38** SEBI proposes raising mutual fund investment limit in REITs & InvITs to 20% overall and 10% per issuer

Editorial Note: SEBI has released a consultation paper on investments by mutual funds (MFs) in REITs and InvITs. It has proposed raising investment limits for mutual funds in REITs and InvITs. As per current norms, mutual funds can invest up to 10% of a scheme's net asset value (NAV) in REITs and InvITs, with a cap of 5% in a single issuer. The proposal recommends raising single issuer limit to 10% & overall exposure to 20% for equity & hybrid schemes. However, debt schemes will retain 10% investment limit.

- 1.39** No open offer required under Takeover norms if promoter's holding doesn't increase post-CCDs and CCPS conversion: SEBI Informal Guidance

Editorial Note: A listed company sought informal guidance on whether preferential allottees must make an open offer disclosure under Reg 3(2) of the Takeover Regulations upon converting CCDs and CCPS into equity shares. The conversion would result in a 0.96% reduction in shareholding for FY 2026-2027. SEBI clarified that since the conversion would not increase the shareholding of the promoter and its group by 5% and would reduce it, preferential allottees are not required to make an open offer.

- 1.40** SEBI issues updated FAQs on LODR norms, covering disclosures, secretarial audit, and related party norms

Editorial Note: SEBI has released comprehensive FAQs updated as of April 23, 2025, to clarify the SEBI (LODR) Regulations, 2015. The FAQs cover new secretarial audit norms, mandatory disclosures (including forensic audits and BRSR Core), minimum public shareholding norms. They also address the applicability of related party definitions, financial result formats, ESG assurance scope, and shareholding pattern requirements.

- 1.41** SEBI seeks public comments on proposed 'Framework for Orderly Winding Down of Critical Operations and Services of KRAs'

Editorial Note: SEBI has issued a draft circular seeking public comments on the proposed framework for the orderly winding down of critical operations and services of the KYC (Know Your Client) Registration Agency (KRA). SEBI proposes that the framework establish a structured mechanism for the orderly winding down of critical operations and services of KRAs in scenarios such as insolvency, voluntary/involuntary cessation, or regulatory revocation. The public can submit their comments by May 20, 2025.

2. SUPREME COURT

SECTION 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 - POWER TO ISSUE DIRECTIONS AND LEVY PENALTY

- 2.1 Where SEBI did not choose to issue direction for disgorgement in first instance and was satisfied with lesser penalties in its order but later passed an order holding that appellant company and its directors were jointly and severally liable to disgorge their unlawful gains, SEBI could not have reopened entire exercise without just cause so as to pass a fresh order under section 11B of SEBI Act once again, four years later and, therefore, SAT was justified in setting aside disgorgement order. - *Securities and Exchange Board of India v. Ram Kishori Gupta* - [2025] 173 taxmann.com 299 (SC)

SECTION 14 OF THE WAKF ACT, 1995 - COMPOSITION OF BOARD

- 2.2 An existing Muslim Member of Waqf Board from Bar Council, would cease to be a Member of Board, upon completion of their tenure as a Member of Bar Council, when there is another Muslim Member available to replace them from within Bar Council - *Md. Firoz Ahmad Khalid v. State of Manipur* - [2025] 173 taxmann.com 909 (SC)

SECTION 15Z OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 - 2[APPEAL TO SUPREME COURT

- 2.3 Where appellant's appeal was dismissed by SAT for lack of prosecution due to appellant seeking unnecessary adjournments, since SAT was not justified in dismissing appeal, impugned orders were to be set aside and appeal was to be restored to SAT - *Sanket Investments and Marketing Ltd. v. Securities and Exchange Board of India* - [2025] 173 taxmann.com 614 (SC)

SECTION 18 OF THE REAL ESTATE (REGULATION AND DEVELOPMENT) ACT, 2016 - RETURN OF AMOUNT AND COMPENSATION

- 2.4 Where applicant-home buyers alleged contempt on ground that builder had not handed over possession of flats despite of Supreme Court's order and demand raised by builder for balance amount was excessive due to which they were not cleared same, in case applicants were aggrieved by demand raised, they had appropriate remedy available before Real Estate Regulatory Authority and get same settled and, therefore, contempt proceedings were to be closed. - *Classic Homes Apartment Buyers Association v. Buildmore India Ltd.* - [2025] 173 taxmann.com 421 (SC)

SECTION 69 OF THE INDIAN PARTNERSHIP ACT, 1932 - EFFECT OF NON-REGISTRATION

- 2.5 Where partners of an unregistered partnership firm filed suit for recovery of money from another partner of same firm, rigours of section 69(1) of Partnership Act would apply on such a suit and partnership firm being unregistered would prevent petitioners from filing a bare suit for recovery of money. - *Sunkari Tirumala Rao v. Penki Aruna Kumari* - [2025] 173 taxmann.com 649 (SC)

SECTION 212 OF THE COMPANIES ACT, 2013 - SERIOUS FRAUD INVESTIGATION OFFICE - INVESTIGATION BY

- 2.6 When after investigation, a chargesheet is submitted in Court, or in a complaint case, summons or warrant is issued to accused, he is bound to submit himself to authority of law; if he is creating hindrances in execution of warrants or is concealing himself and does not submit to authority of law, he must not be granted privilege of anticipatory bail, particularly when Court taking cognizance has found him prima facie involved in serious economic offences or heinous offences - *Serious Fraud Investigation office v. Aditya Sarda* - [2025] 173 taxmann.com 381 (SC)

3. HIGH COURT

SECTION 14 OF THE U.P. INDUSTRIAL AREA DEVELOPMENT ACT, 1976 - FORFEITURE FOR BREACH OF CONDITIONS OF TRANSFER

- 3.1 Where Petitioner company failed to develop Special Development Zone (SDZ) project due to non-payment of dues, cancellation of allotment of entire land in favour of Petitioner by Yamuna Expressway Authority (YEA) was just, fair and reasonable - *Jai Prakash Associates Ltd. v. State of U.P.* - [2025] 173 taxmann.com 383 (Allahabad)

SECTION 28A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 - RECOVERY OF AMOUNTS

- 3.2 Where appellant participated in e-auction conducted by SEBI for purchase of certain properties and was declared highest bidder and had paid EMD but failed to pay balance consideration within time, rejection of prayer of appellant for return of EMD was to be set aside and SEBI was to be directed to determine nature and extent of forfeiture of EMD amount afresh. - *Dolphin Suppliers (P.) Ltd. v. Union of India* - [2025] 173 taxmann.com 122 (Calcutta)

SECTION 452 OF THE COMPANIES ACT, 2013 - PUNISHMENT - FOR WRONGFUL WITHHOLDING OF PROPERTY

- 3.3 Where petitioner was no more director of company but was using company car exclusively for her personal use, she could not withhold same without permission of Company, process issued against petitioner on complaint filed u/s. 452 after taking cognizance by Court after being satisfied prima facie seemed to be correct, legal and justified and required no interference and, thus, petitioner's prayer for discharge from case was devoid of merit - *Meeta Bansal v. State of WB* - [2025] 173 taxmann.com 463 (Calcutta)

4. Security Appellate Tribunal

SECTION 15T OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 - APPEAL TO THE SECURITIES APPELLATE TRIBUNAL

- 4.1 Where on scheduled date appellant did not want to argue matter, appeal was to be dismissed for lack of prosecution - **Sanket Investments and Marketing Ltd. v. Securities and Exchange Board of India** - [2025] 173 taxmann.com 613 (SAT - Mumbai)

5. NCLAT

SECTION 230 OF THE COMPANIES ACT, 2013 - COMPROMISE AND ARRANGEMENT

- 5.1 There is no specific provision in Act specifically requiring a meeting of public shareholders in listed companies; section 230 only requires a meeting to be held between members and company or such classes of members and company, where scheme of arrangement is between company and a specific class of members - **Quantum Mutual Fund v. ICICI Securities Ltd.** - [2025] 173 taxmann.com 338 (NCLAT- New Delhi)

SECTION 241 OF THE COMPANIES ACT, 2013 - OPPRESSION AND MISMANAGEMENT - APPLICATION TO TRIBUNAL FOR RELIEF

- 5.2 Where appellant, managing director of respondent company, filed a petition over company management and oppression, challenging conduct of board meetings, NCLT refused to grant interim relief by allowing AGM to proceed, since no material right of appellant was affected appeal against said refusal was deemed premature and not appealable under section 421 - **Nagaraj V. Mylandla v. Financial Software and Systems (P.) Ltd.** - [2025] 173 taxmann.com 567 (NCLAT - Chennai)

6. NCLT

SECTION 42 OF THE COMPANIES ACT, 2013 - PRIVATE PLACEMENT - OFFER OR INVITATION FOR SUBSCRIPTION OF SECURITIES ON

- 6.1 Where respondent company failed to allot equity shares to petitioner company within 60 days of receiving share application money, therefore, respondent was to be directed to refund entire share application money with interest - **Rajesh Agrawal alias Raju Agrawal v. Makhija Construction & Engineering (P.) Ltd.** - [2025] 172 taxmann.com 836 (NCLT - Indore)

SECTION 58 OF THE COMPANIES ACT, 2013 - TRANSFER OF SHARES - REFUSAL OF REGISTRATION AND APPEAL THERE AGAINST

- 6.2 Where petitioners, shareholders of respondent No. 1 Company, alleged wrongful removal of their names from Register of Members and fraud in issuance of duplicate share certificates, since respondent No. 1 company failed to produce conclusive evidence to support lawful transfer or cancellation of shares, petitioners were directed to be restored as shareholders - **Rama Hasmmukh Sojitra v. Scanpoint Geomatics Ltd.** - [2025] 173 taxmann.com 210 (NCLT - Ahd.)

SECTION 59 OF THE COMPANIES ACT, 2013 - REGISTER OF MEMBERS - RECTIFICATION OF

- 6.3 Where share transfer was recorded in 2016, appellant's failure to act against such transfer until 2020, when he issued a notice was beyond three year limitation period as per Article 137 of Limitation Act and, therefore, challenge to share transfer through instant appeal filed by appellant was barred by limitation and appeal was to be dismissed. - **Bharat Vijaybhai Bhatt v. Flowchem Engineering (P.) Ltd.** - [2025] 173 taxmann.com 167 (NCLT - Ahd.)

- 6.4 Where petitioner alleged that his 100 shares in respondent company were fraudulently transferred to R5 and, respondent company and R5 failed to produce any documentary evidences to prove that alleged share transaction was genuine and valid thus, transfer of 100 shares of petitioner to R5 was to be declared as null and void - **S. Narayanaswamy v. Kovai Purani Finance (P.) Ltd.** - [2025] 172 taxmann.com 762 (NCLT- Chennai)

- 6.5 Where applicant claimed to be entitled to equity shares as sweat equity under employment agreement, however, no document showing that parties had acted upon employment agreement, and, thus, privity of contract as employer and employee between applicant and company remained unestablished, application for rectification of register of members and issue a share certificate to applicant was to be dismissed as it was not maintainable - **Mohan Ram Prasad Devineni v. Biochemicals & Synthetic Products (P.) Ltd.** - [2025] 173 taxmann.com 31 (NCLT - Hyd.)

SECTION 66 OF THE COMPANIES ACT, 2013 - SHARE CAPITAL - REDUCTION OF

- 6.6 Where applicant company sought to effectuate reduction of its share capital by transferring shares held in name of deceased shareholder to one of legal heirs, since CLB order did not authorize reduction of share capital and did not find a case of oppression and mismanagement, application was to be dismissed - **Ravinder Kumar Magoo v. AMA India Enterprises (P.) Ltd.** - [2025] 172 taxmann.com 837 (NCLT-Chd.)

- 6.7 Where petitioner, a not-for-profit company, received FDI from its overseas parent company for equity subscription but returned funds due to inability to use them for its charitable purposes, however, foreign contributions must be strictly used for promoting company's objectives and, thus, it could not return same to Overseas Parent Company under guise of reduction of share capital money - **LBR Foundation india, In re v.** - [2025] 173 taxmann.com 339 (NCLT- Chennai)

SECTION 96 OF THE COMPANIES ACT, 2013 - ANNUAL GENERAL MEETING

- 6.8 Where AGM of company was scheduled for 11.12.2024 and applicant-director objected to Agenda No. 1 concerning adoption of financial statements for year ending 31.03.2024 and sought postponement of meeting to 18.12.2024, it was decided that AGM would proceed as scheduled, but decision on Agenda No. 1 would be subject to final order of NCLT - **Nagaraj VC Mylandle v. Financial Software Systems (P.) Ltd.** - [2025] 173 *taxmann.com* 566 (NCLT- Chennai)

SECTION 212 OF THE COMPANIES ACT, 2013 - SERIOUS FRAUD INVESTIGATION OFFICE - INVESTIGATION BY

- 6.9 Interim SFIO Report or Compilation of documents consisting of extracts from said Report can be considered by NCLT for adjudication of interim reliefs as well as final declaration - **Deloitte Haskins & Sells LLP v. Union of India** - [2025] 172 *taxmann.com* 529 (NCLT - Mum.)

SECTION 213 OF THE COMPANIES ACT, 2013 - INVESTIGATION - INTO COMPANY'S AFFAIRS IN OTHER CASES

- 6.10 Where petitioner, director of respondent company had made allegations against nominee directors of WPP group that they had diverted business of respondent company to other WPP companies, damaging financial health of company, however, petitioner herself being a part of decision making for all decisions, had acquiesced to these decisions since, there was no satisfactory evidence which would necessitate ordering of an investigation, relief seeking investigation under section 213 could not be granted - **Santha K. John v. JWT Mindset Advertising (P.) Ltd.** - [2025] 173 *taxmann.com* 33 (NCLT - Hyd.)

SECTION 230 OF THE COMPANIES ACT, 2013 - COMPROMISE AND ARRANGEMENT

- 6.11 Where scheme of arrangement was approved by requisite majority of shareholders of ISEC in compliance with provisions of Act and regulation 37 of SEBI (Delisting of Equity Shares) Regulations, 2021, same could not be rejected - **Quantum Mutual Fund v. ICICI Securities Ltd.** - [2025] 173 *taxmann.com* 168 (NCLT - Mum.)
- 6.12 Where scheme of arrangement was proposed for delisting of petitioner company from stock exchanges pursuant to which petitioner company would become wholly owned subsidiary of holding company, scheme being fair and reasonable and did not violate any provisions of law and was not contrary to public policy and, therefore, same was to be sanctioned. - **ICICI Securities Ltd., In re v.** - [2025] 173 *taxmann.com* 248 (NCLT - Mum.)

SECTION 241 OF THE COMPANIES ACT, 2013 - OPPRESSION AND MISMANAGEMENT - APPLICATION TO TRIBUNAL FOR RELIEF

- 6.13 Where petitioner and respondent, both directors of a company, were involved in a dispute and while petitioner filed an oppression and mismanagement petition, respondent lodged an FIR, leading to petitioner's arrest, and though settlement was reached under which both parties agreed to withdraw their cases and respondent facilitated petitioner's bail, petitioner also signed a Withdrawal Pursis, however, after securing bail, petitioner attempted to retract Withdrawal Pursis alleging coercion, in view of fact that petitioner had already benefited from settlement, principle of estoppel applied, and request to withdraw Withdrawal Pursis was rejected - **Kailashchandra Ramgopal Lohiya v. Suvas Reality (P.) Ltd.** - [2025] 173 *taxmann.com* 384 (NCLT - Ahd.)
- 6.14 Where shareholding of petitioner-promoter in respondent company had been drastically reduced by allotting new shares and transferring existing shares by second respondent-director misusing his Digital Signature Certificate (DSC) and filing e-forms PAS-3 and MGT-14 without knowledge and consent of petitioner, acts of second respondent was a clear case of oppression and mismanagement u/s. 241 and 242. - **Radhakrishnan Sathurappan v. Ezon Energy Solution (P.) Ltd.** - [2025] 173 *taxmann.com* 32 (NCLT- Chennai)
- 6.15 Where mandatory procedure had not been followed for increasing authorised share capital, alteration of memorandum and articles of association, allotment of shares and appointment of directors, resolutions passed in this regard were to be declared as illegal, null and void - **Ravi Ramesh Babu v. Kanti Conductors Ltd.** - [2025] 172 *taxmann.com* 802 (NCLT - Hyd.)
- 6.16 Where respondents, majority shareholders, through systematic manipulation and dilution of shareholding got their shareholding increased to about 97.3 per cent without giving any notice to petitioners, respondents had committed acts of oppression and mismanagement and, therefore, respondents were to be directed to allot shares to petitioners as per their entitlement - **Mrs. Rama Lakshmi v. Sneha Vinyl Products (P.) Ltd.** - [2025] 173 *taxmann.com* 465 (NCLT - Hyd.)
- 6.17 Where petitioner-shareholder filed petition seeking declaration that buy-back of shares of petitioner by company was illegal and void ab-initio, however, petitioner had signed acceptance of offer form and also acknowledged receipt of consideration, buy-back of shares was legal and valid - **M.V.V. Nagi Reddy HUF v. Midwest Granite (P.) Ltd.** - [2025] 173 *taxmann.com* 170 (NCLT - Hyd.)

COMPETITION LAW

1. HIGH COURT

SECTION 42 OF THE COMPETITION ACT, 2002 - CONTRAVENTION OF ORDERS OF COMMISSION

- 1.1 Where a complaint/information was filed by petitioner before CCI against DTCP for levying unfair and discriminatory terms and conditions in respect of charging and collection of External Development Charges (EDC) and Infrastructure Development Charges (IDC) and CCI by interim order directed DTCP to restrain from taking any coercive steps with respect to payment of remaining instalments of EDC, however, DTCP subsequently issued an office order, whereby, office order passed by DTCP earlier was withdrawn, petitioners could file a fresh information under section 19(1)(a) and CCI was requested to consider matter urgently in light of anomalous conduct of DTCP - **ILD Housing Projects (P.) Ltd. v. Competition Commission of India - [2025] 173 taxmann.com 568 (Delhi)**

2. NCLAT

SECTION 4 OF THE COMPETITION ACT, 2002 - ABUSE OF DOMINANT POSITION

- 2.1 Where practices followed by Google making developers dependent on Google to access users on its platform, resulted in leveraging its dominance in market for licensable mobile OS and app stores for Android OS, to protect its position in downstream markets, in violation of section 4(2)(e), penalty could have been imposed upon Google only on relevant turnover and not on entire turnover of Google - **Alphabet Inc. v. Competition Commission of India - [2025] 173 taxmann.com 29 (NCLAT- New Delhi)**

3. CCI

SECTION 3 OF THE COMPETITION ACT, 2002 - ANTI- COMPETITIVE AGREEMENTS

- 3.1 Where OPs imposed restrictions on supply of content from parties other than OPs and its subsidiary, OPs had contravened provisions of section 3 - **PF Digital Media Services Ltd. v. UFO Moviez India Ltd. - [2025] 173 taxmann.com 762 (CCI)**

SECTION 4 OF THE COMPETITION ACT, 2002 - ABUSE OF DOMINANT POSITION

- 3.2 Where informants alleged that OP-4, a major shareholder in OP-3, was exploiting its dominant position by charging a fee of 13 per cent on all tenders for doing work at Delhi airport, since fee/charges was set at 13 per cent by OP-1/ a statutory body, which was accordingly continued by OP-3 on a uniform and unchanged basis, no prima facie case of contravention of provisions of section 4 was made out against OP-4 - **Fight Against Corruption v. Airports Authority of India - [2025] 173 taxmann.com 208 (CCI)**
- 3.3 Where Google had offered a settlement proposal that prima facie addressed competition concerns identified in DG report, including mandatory preinstallation of apps and tying arrangements under TADA and ACC, and proposed a new agreement permitting OEMs to license Play Store and Google Play Services without such restrictions, along with waiving compatibility obligations and committing to compliance for five years, proposal for settlement was to be accepted in terms of section 48A(3) and Settlement Regulations - **Kshitiz Arya v. Google LLC - [2025] 173 taxmann.com 908 (CCI)**

FEMA BANKING AND INSURANCE LAWS

1. STATUTORY UPDATES

- 1.1 'Cuddalore and Villupuram District Central Co-operative Bank's Employees Cooperative Bank Ltd' ceases to be a Co-operative bank: **RBI - NOTIFICATION F. NO. CO.DOR.RG.NO.S8257/12.22.904/2024-25, DATED 24-03-2025**

Editorial Note: The RBI has notified that 'Cuddalore and Villupuram District Central Co-operative Bank's Employees Cooperative Bank Ltd' has ceased to be a co-operative bank within the meaning of the Banking Regulation Act, 1949. Further, all the provisions of the said Act applicable to the 'Cuddalore and Villupuram District Central Co-operative Bank's Employees Cooperative Bank Ltd, Cuddalore shall cease to apply to it.

- 1.2 RBI issues Master Direction on 'Penalties for Banks and Currency Chests for Deficiency in Customer Service' - **MASTER DIRECTION NO. DCM (CC) No.G-1/03.44.001/2025-26, DATED 01-04-2025**

Editorial Note: The Reserve Bank of India (RBI) has issued a Master Direction under Section 45 of the RBI Act, 1934, and Section 35A of the Banking Regulation Act, 1949, outlining penalties for bank branches and currency chests for deficiencies in customer service. The direction aims to enhance operational efficiency in currency management and promote the Clean Note Policy.

- 1.3 RBI issues Master Direction on 'Penal Provisions in reporting of transactions / balances at Currency Chests' - **MASTER DIRECTION NO. DCM (CC) No.G-2/03.35.01/2025-26, DATED 01-04-2025**

Editorial Note: With a view to sustain these efforts and to ensure timely and accurate reporting of currency chest transactions, the Reserve Bank of India (RBI) has issued a Master Direction on Penal Provisions in reporting of transactions / balances at Currency Chests, under Section 45 of the RBI Act, 1934, and Section 35A of the Banking Regulation Act, 1949, outlining guidelines / instructions for realising the objectives of Clean Note Policy as part of currency management.

- 1.4 RBI issues Master Circular consolidating guidelines on SHG-Bank Linkage Programme for Scheduled Commercial Banks - **MASTER CIRCULAR NO. FIDD.CO.FID.BC.No.4/12.01.033/2025-26, DATED 01-04-2025**

Editorial Note: The Reserve Bank of India (RBI) has issued a Master Circular consolidating all guidelines and instructions on the Self Help Groups (SHGs)-

Bank Linkage Programme issued up to March 31, 2025. The master circular includes provisions with respect to Opening of Savings Bank A/C, Lending to SHGs, Interest rates, Service/ Processing charges, Priority Sector Lending classification, and Defaulters in SHGs.

- 1.5 RBI issues an updated Master Circular on 'Credit facilities to Scheduled Castes & Scheduled Tribes' - **MASTER CIRCULAR NO. FIDD.CO.GSSD.BC.No.02, DATED 01-04-2025**

Editorial Note: The RBI has issued an updated Master Circular on 'Credit facilities to Scheduled Castes & Scheduled Tribes'. The master circular consolidates all the circulars issued by the RBI till date. The updated master circular covers the roles of Banks, SC/ST Development Corporations, and Reservations for SC/ST beneficiaries under major Centrally Sponsored Schemes. Further, it includes the Credit Enhancement Scheme for Scheduled Castes and Reporting requirements.

- 1.6 RBI issues Master Circular consolidating instructions on 'Lead Bank Scheme' up to March 31, 2025 - **MASTER CIRCULAR NO. FIDD.CO.LBS.BC.No.03, DATED 01-04-2025**

Editorial Note: The RBI has issued an updated Master Circular, which consolidates instructions and guidelines on the Lead Bank Scheme issued up to March 31, 2025. The master circular covers the Constitution of District Consultative Committees (DCCs), the conduct of DCC Meetings, the Role of Lead District Managers, District Level Review Committee Meetings, the State Level Bankers' Committee (SLBC), the conduct of SLBC meetings and a Roadmap for the provision of banking services in unbanked villages.

- 1.7 RBI issues updated Master Circular on 'Deendayal Antyodaya Yojana - National Rural Livelihoods Mission' - **MASTER CIRCULAR NO. FIDD.GSSD.CO.BC.No.01, DATED 01-04-2025**

Editorial Note: The RBI has issued an updated Master Circular on the 'Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)'. This circular consolidates and updates all instructions and guidelines issued to date, replacing the earlier master circular. DAY-NRLM promotes affinity-based women Self Help Groups (SHGs), which consist of 10-20 members. Further, no capital subsidy would be sanctioned to any SHG under DAY-NRLM.

- 1.8 RBI issues updated Master Circular on 'Disbursement of Government Pension by Agency Banks' - **MASTER CIRCULAR NO. CO.DGBA.GBD.No.S1, DATED 01-04-2025**

Editorial Note: RBI has issued an updated Master Circular on 'Disbursement of Government Pension by Agency Banks'. This circular consolidates all the necessary instructions issued by the RBI till March 31, 2025. The master circular covers the prompt implementation of the Government's instructions by agency banks, the timing of pension disbursements by agency banks, and the refund of excess pension payments to the Government. Also, it covers a single window system for reimbursement of pension payments.

- 1.9 RBI issues Master Circular consolidating important instructions on 'Conduct of Government Business by Agency Banks' - **MASTER CIRCULAR NO. CO.DGBA.GBD.No.S2, DATED 01-04-2025**

Editorial Note: The RBI has now revised and updated the Master Circular, which consolidates important instructions on 'Conduct of Government Business by Agency Banks - Payment of Agency Commission'. The circular prescribes the government transactions that are eligible and ineligible for agency commission, the reporting of transactions by agency banks to the RBI, and the Rates for agency commission. Also, Agency banks will be liable to pay penal interest for any wrong claims of agency commission settled.

- 1.10 RBI issues FAQs on 'Classification and Valuation of Investment Portfolios by Commercial Banks' - **CIRCULAR NO. DOR.MRG.NO.4/21.04.141/2025-26, DATED 01-04-2025**

Editorial Note: The RBI, on September 12, 2023, issued revised norms for the classification and valuation of investment portfolios by commercial banks. Based on market experience and banking practices, clarifications are being issued in the form of FAQs. Some of the FAQs cover (a) what is the period over which the discount or premium must be amortised for securities with a call or put option?, and (b) how should the fair value of investments at initial recognition be determined?

- 1.11 IFSCA prescribes a fee structure for Payment System Operators in IFSCs - **CIRCULAR NO. IFSCA-FMPP0BR/12/2023-BANKING-PART(2) - PSO/001, DATED 02-04-2025**

Editorial Note: The IFSCA vide a circular dated May 17, 2023, outlined the fee structure for entities undertaking or intending to undertake permissible activities in the IFSC, and specifically related to the fees applicable on the grant of authorisation for all other Financial Institutions. The IFSCA has now issued a fee structure for Payment System Operators (PSO)/applicants intending to set up a PSO in the IFSC. The circular shall come into force with immediate effect.

- 1.12 RBI keeps FPI investment limits in G-Secs, SGSs, and corporate bonds unchanged for FY 2025-26 - **A.P. (DIR SERIES 2025-26) CIRCULAR NO. 01, DATED 03-04-2025**

Editorial Note: The RBI has set the investment limits for Foreign Portfolio Investors (FPIs) in debt instruments for the financial year 2025-26. Accordingly, the limits for FPI investments in Government Securities (G-Secs), State Government Securities (SGSs), and corporate bonds shall remain unchanged at 6%, 2%, and 15%, respectively, of the outstanding stocks of securities for the year 2025-26.

- 1.13 IFSCA directs REs to ensure they hold valid certificate of registration from IFSCA and letter of approval under SEZ Act - **CIRCULAR NO. IFSCA-LPRA/9/2024-LEGAL AND REGULATORY AFFAIRS, DATED 03-04-2025**

Editorial Note: It has been observed that certain entities are operating in IFSC without holding a valid license or registration certificate from IFSCA and a Letter of Approval under the SEZ Act, 2005, in contravention of provisions of both Acts. In order to ensure orderly development of financial services market in IFSC and to curb such contraventions, IFSCA has directed all REs to ensure that they hold a valid and subsisting certificate of registration from IFSCA and a letter of approval under SEZ Act.

- 1.14 IFSCA revises reporting formats for 'Fund Management Entities' in IFSCs - **CIRCULAR NO. F. NO. IFSCA-IF-10SUP/1/2024-CAPITAL MARKETS, DATED 03-04-2025**

Editorial Note: IFSCA has revised the reporting formats for Fund Management Entities (FMEs) in IFSCs to capture key details of Retail Schemes, data granularity for supervision, restructure tables for clarity, and alignment with the IFSCA (Fund Management) Regulations, 2025. FMEs must access the updated formats through the IFSCA website and ensure that they are made accordingly on a quarterly basis.

- 1.15 RBI issues draft unified export-import norms, seeks public input by Apr 30, 2025 - **PRESS RELEASE NO. 2025-26/41, DATED 04-04-2025**

Editorial Note: RBI has released draft FEM (Export & Import of Goods & Services) Regulations, 2025, merging export-import rules into one document to simplify compliance and enhance ease of business. It defines clear roles for ADs and mandates structured procedures. Under new norms, exporters with unrealised proceeds over Rs. 25 crore beyond 2 years can export only against full advance or irrevocable LC. Advance remittance for gold and silver imports is prohibited. Public feedback is open till 30-04-2025.

- 1.16 RBI launches Verified WhatsApp Channel to enhance Public Awareness - **PRESS RELEASE NO. 43/2025-26, DATED 04-04-2025**

Editorial Note: The RBI has been conducting public awareness campaigns across various media platforms, including text messages, television, and digital advertisements, under the 'RBI Kehta Hai' initiative. The RBI is now further expanding its outreach by adding WhatsApp as an additional means to deliver public awareness messages. This initiative aims to ensure that vital information reaches people in a simple, direct, and effective manner, strengthening trust & resilience in our digital financial ecosystem.

- 1.17 Govt. sets FCRA prior permission validity to 3 years for receiving foreign funds and 4 years for its utilisation - **PUBLIC NOTICE NO. II/21022/36(0025)/FCRA-II, DATED 07-04-2025**

Editorial Note: The Ministry of Home Affairs (MHA) has prescribed a validity of period for prior permission to receive and utilise foreign contributions under FCRA, 2010. Accordingly, the validity of period for receiving foreign contributions must be 3 years from the date of approval of the application for prior permission and 4 years for utilising the received foreign contributions. In cases of prior permissions with over 3 years remaining, the validity will be counted from date of order, i.e., 07.04.2024.

- 1.18 Bonus shares can be issued in FDI-prohibited sectors if pre-existing foreign shareholding doesn't change: RBI clarifies - **PRESS NOTE NO. 2 (2025 SERIES) [DPIIT F.NO. P-15022/1/2025-FDI POLICY], DATED 07-04-2025**

Editorial Note: As per Consolidated FDI Policy dated 15.10.2020, Indian companies are permitted to issue bonus shares to existing non-resident shareholders, subject to compliance with applicable sectoral cap. The RBI has now issued a clarification in this regard. An Indian company engaged in a sector or activity prohibited for FDI can issue bonus shares to its pre-existing non-resident shareholders, provided that shareholding pattern of non-resident shareholders doesn't change after issuance of bonus shares.

- 1.19 IFSCA amends 'Framework for Ship Leasing'; permits lessors to open SNRR accounts with authorised dealers outside IFSC - **CIRCULAR F.NO. 496/IFSCA/FC/SLF/2025-26/01, DATED 07-04-2025**

Editorial Note: IFSCA has amended its 'Framework for Ship Leasing' along with related circulars. Key changes include (a) allowing lessors to raise invoices for permissible activities under framework in any foreign currency & receive payment against such invoices, (b) permitting lessors to open SNRR accounts with authorised dealers outside IFSC for business related transactions, and (c) restricting transactions involving transfer of ownership or leasehold rights of ships from Indian residents to IFSC entities.

- 1.20 Governing body of IFSC Banking Units to meet at least once a quarter, with flexibility for additional meetings: IFSCA - **CIRCULAR F.NO. IFSCA-IF-10PR/1/2023-CAPITAL MARKETS/7, DATED 08-04-2025**

Editorial Note: The IFSCA has revised requirement for meetings of the governing body of IFSC Banking Units (IBUs). The governing body must now meet at least once every financial quarter, with the flexibility to hold additional meetings as needed. This replaces the earlier mandate of meeting at least once each quarter and at least six times in a financial year.

- 1.21 IFSCA notifies fee structure for applicants, REs, and persons seeking guidance under Informal Guidance Scheme - **CIRCULAR NO. IFSCA-DTFA/1/2025, DATED 08-04-2025**

Editorial Note: The IFSC Authority has issued a circular prescribing the fee structure for applicants, regulated entities, and persons seeking guidance under the Informal Guidance Scheme. Fees are categorized as application fees, licence/ registration/ recognition/ authorization fees, annual Recurring fees, activity based fees, processing fees, late fees, and informal Guidance fees. All such fees are to be remitted to IFSCA's designated account as per the detailed framework.

- 1.22 IFSCA allows re-filing of expired Private Placement Memorandums under Fund Management Regulations - **CIRCULAR F.NO. IFSCA-FMPP0BR/8/2025-BANKING/001, DATED 08-04-2025**

Editorial Note: Earlier, IFSCA had notified IFSCA (Fund Management) Regulations, 2025. Under the FM Regulations, 2025, the validity of PPMs for Venture Capital and Restricted Schemes is extended to 12 months from 6 months under the 2022 Regulations. Now, IFSCA has allowed schemes with expired PPMs before February 19, 2025, a one-time opportunity to re-file within 3 months of the circular. Entities must retain key scheme aspects, allowing only necessary changes for compliance.

- 1.23 RBI cuts repo rate by 25 bps to 6.00% with immediate effect - **PRESS RELEASE NO. 2025-26/61, DATED 09-04-2025**

Editorial Note: The RBI's Monetary Policy Committee, in its 54th meeting under the chairmanship of RBI Governor Shri Sanjay Malhotra, reduced the policy repo rate by 25 basis points to 6.00% with immediate effect. Accordingly, the Standing Deposit Facility (SDF) rate under the Liquidity Adjustment Facility (LAF) stands revised to 5.75%, while the Marginal Standing Facility (MSF) rate and Bank Rate are adjusted to 6.25%.

- 1.24 RBI issues 'Statement on Developmental and Regulatory Policies'; proposes co-lending framework for all REs - **PRESS RELEASE NO. 2025-26/63, DATED 09-04-2025**

Editorial Note: RBI has released the 'Statement on Developmental and Regulatory Policies' outlining measures on Regulations, Payment Systems, and Fintech. It has been proposed to expand co-lending beyond banks and NBFCs for priority sector loans to all Regulated Entities under a generic framework. Further, based on feedback and experience, RBI plans to make the Regulatory Sandbox 'Theme Neutral' and 'On Tap' to foster continuous testing of eligible fintech innovations.

- 1.25** RBI revises penal interest on CRR/SLR shortfalls to 9.25% or 11.25% based on duration - **CIRCULAR NO. DoR.RET.REC.16/12.01.001/2025-26, DATED 09-04-2025**

Editorial Note: Following the reduction of the Bank Rate by 25 basis points from 6.50% to 6.25% with immediate effect, the RBI has also revised the penal interest rates applicable on shortfalls in the maintenance of Cash Reserve Ratio (CRR) & Statutory Liquidity Ratio (SLR), which are linked to the Bank Rate. Accordingly, the penal interest will now be charged at Bank Rate plus 3.0% (i.e., 9.25%) or Bank Rate plus 5.0% (i.e., 11.25%), depending on the duration of the shortfall.

- 1.26** RBI invites 'Theme Neutral' applications under 'On Tap' facility of the Regulatory Sandbox - **PRESS RELEASE NO. 75/2025-26, DATED 09-04-2025**

Editorial Note: The RBI has announced the launch of a 'Theme Neutral' application facility under the On Tap Regulatory Sandbox framework. Entities can apply with innovations across any technology/theme. Illustrative areas include digital financial literacy, digital lending, e-KYC, identity verification, AI, blockchain, ML, smart contracts, tokenisation, financial inclusion, and more. Entities interested may submit their application along with supporting documents via email.

- 1.27** RBI releases draft Directions on stressed assets, co-lending, gold loans, and credit facilities - **PRESS RELEASE NO. 69/2025-26, DATED 09-04-2025**

Editorial Note: In pursuance of the announcement made in the Statement on Developmental and Regulatory Policies, the Reserve Bank has released the draft Directions. These cover securitisation of stressed asset, co-lending arrangements, lending against gold collateral, and non-fund based credit facilities. Public comments are invited until May 12, 2025, via RBI's 'Connect 2 Regulate' portal or email.

- 1.28** RBI to mandate application submissions for regulatory authorisations/licenses/approvals via PRAVAAH from May 1, 2025 - **PRESS RELEASE NO. 2025-26/96, DATED 11-04-2025**

Editorial Note: RBI has directed all applicants, including Regulated Entities (REs), to use PRAVAAH to submit applications for regulatory authorisations, licenses, and approvals to the RBI using the application forms already available in the portal. Applications for which a specific form is unavailable can be submitted using the general-purpose form. In exceptional cases, public members who cannot submit their applications through the PRAVAAH system may submit their applications directly to the RBI.

- 1.29** IFSCA notifies 'Capital Market Intermediaries Regulations' outlining framework for registration of intermediaries operating in IFSCs - **NOTIFICATION F. NO. IFSCA/GN/2025/003, DATED 11-04-2025**

Editorial Note: The IFSC Authority has notified the IFSCA (Capital Market Intermediaries) Regulations, 2025. These regulations lay down the regulatory framework for registration, regulation, and supervision of capital market intermediaries operating in IFSCs in India. Further, the regulations cover norms relating to registration of capital market intermediaries, application procedures, net worth requirements, and the appointment of principal officer, compliance officer, and other human resources.

- 1.30** No activation of 'Counter-Cyclical Capital Buffer' required now: RBI - **PRESS RELEASE NO. 104/2025-26, DATED 15-04-2025**

Editorial Note: RBI has reviewed the requirement of a Countercyclical Capital Buffer (CCyB). The RBI introduced the framework for the CCyB in terms of guidelines issued on February 5, 2015. These guidelines stated that the CCyB would be activated as and when circumstances warranted and that the decision would normally be pre-announced. Based on the review and empirical analysis of CCyB indicators, RBI has decided that activation of the CCyB is not necessary now.

- 1.31** RBI issues final Liquidity Coverage Ratio guidelines adjusting haircuts and run-off rates - **PRESS RELEASE NO. 2025-2026/145, DATED 21-04-2025**

Editorial Note: The RBI has issued final guidelines revising the Liquidity Coverage Ratio (LCR) framework, adjusting haircuts on market value of government securities and introducing additional run-off rates of 2.5 per cent to internet and mobile banking enabled retail and small business customer deposits. In addition, the final guidelines also rationalise the composition of wholesale funding from 'other legal entities'. The revised instructions shall become applicable w.e.f. 01.04.2026.

- 1.32** RBI issues revised guidelines on opening and operation of deposit accounts of minors - **CIRCULAR NO. DOR.MCS.REC.17/01.01.003/2025-26, DATED 21-04-2025**

Editorial Note: The Reserve Bank of India has revised its guidelines on opening and operation in the deposit accounts of minors. Now, Minors of any age may be allowed to open and operate savings and term deposit accounts through his/ her natural or legal guardian. Further, Minors aged 10 years and above may independently open and operate savings/term deposit accounts, subject to limits and terms set by banks based on their risk management policies, which must be duly communicated to the account holder.

- 1.33** RBI revises Basel III LCR norms; changes run-off rates, deposit treatment, and valuation of High Quality Liquid Assets - **CIRCULAR NO. DOR.LRG.REC.18/03.10.001/2025-26, DATED 21-04-2025**

Editorial Note: The Reserve Bank of India has revised guidelines under the Basel III Liquidity Coverage Ratio framework, increasing run-off rates for retail deposits enabled with internet and mobile banking facilities, updating the treatment for deposits from non-financial small business customers, and aligning the valuation of government securities with haircuts applicable under the Liquidity Adjustment Facility and Marginal Standing Facility. The amendments will be effective from 01.04.2026.

- 1.34** RBI eliminates previous order linkage in FEMA compounding; fresh applications to be considered independently - **A.P. (DIR SERIES 2025-26) CIRCULAR NO. 2/2025-26, DATED 22-04-2025**

Editorial Note: The RBI has revised its directions on the Compounding of Contraventions under FEMA, 1999. The earlier provision that linked the compounding amount payable to a previous compounding order has been reviewed. Now, each application will be treated as a fresh one, and the compounding amount will no longer be linked to any earlier compounding orders. Further, to avoid delays, applicants must now share more details like mobile number, payment office, etc. with their payment.

- 1.35** RBI mandates banks to shift to '.bank.in' domain by 31.10.2025 to boost cybersecurity and public trust in digital banking - **CIRCULAR NO. CO.DIT.DCD.NO.S81/01-71-110/2025-26, DATED 22-04-2025**

Editorial Note: RBI has instructed all banks to migrate their websites to the new secure domain '.bank.in' by October 31, 2025. This initiative is aimed at strengthening the cybersecurity framework and enhancing public confidence in digital banking and payment systems. The migration will be managed by the Institute for Development and Research in Banking Technology (IDRBT), under aegis of Ministry of Electronics and Information Technology (MeitY).

- 1.36** RBI allows repatriation of full export value from 'Bharat Mart' UAE within 9 months of sale from warehouse - **A.P. (DIR SERIES 2025-26) CIRCULAR NO. 3, DATED 23-04-2025**

Editorial Note: To boost exports via 'Bharat Mart' in UAE, RBI has permitted AD banks to allow Indian exporters to repatriate export proceeds within 9 months from the date of sale from the warehouse. Further, exporters with a valid IEC may open/hire warehouses and remit funds for initial and recurring operational expenses without prior approval, subject to reasonableness. The above instructions shall come into force with immediate effect.

- 1.37** IFSCA clarifies fee structure for FMEs in IFSC, including a fee of USD 500 for modifications to scheme documents - **CIRCULAR NO. IFSCA-DTFA/2/2025, DATED 23-04-2025**

Editorial Note: IFSCA has issued clarifications on the fee structure for entities undertaking or intending to undertake permissible activities in the IFSC or seeking guidance under the Informal Guidance Scheme. Accordingly, IFSCA has clarified that in the case of a scheme launched by a Fund Management Entity (FME), any modifications to the scheme documents must be accompanied by a fee of USD 500. Further, late fees for failure to submit periodic returns must be applied on a per-activity basis for every RE.

- 1.38** RBI extends deadline for Note Sorting Machines to comply with BIS standards to November 1, 2025 - **CIRCULAR NO. RBI/2025-26/31 DCM (NPD) NO.S287/18.00.014/2025-26, DATED 24-04-2025**

Editorial Note: The Reserve Bank of India has extended the deadline for compliance of Note Sorting Machines with the standards issued by the Bureau of Indian Standards (BIS) by six months. The revised timeline now ends on November 1, 2025. All other provisions of the circular dated October 30, 2024, remain unchanged.

- 1.39** RBI updates compounding norms under FEMA; caps compounding amount at Rs. 2 lakhs for 'non-reporting contraventions' - **CIRCULAR NO. RBI/FED/2025-26/32 A.P. (DIR SERIES) CIRCULAR. NO 04/ 2025-26, DATED 24-04-2025**

Editorial Note: RBI has amended the Directions on 'Compounding of Contraventions under FEMA, 1999', adding a new clause. The amendment allows the compounding authority to cap the maximum compounding amount at INR 2,00,000 for each contravention in an application, specifically for contraventions under row 5, which covers all other non-reporting contraventions, in the computation matrix.

- 1.40** RBI issues Master Direction on 'Framework of incentives for Currency Distribution & Exchange Scheme' for bank branches - **MASTER DIRECTION NO. DCM (CC) No. G-3/03.41.01/2025-26, DATED 24-04-2025**

Editorial Note: RBI has issued master direction on the 'Framework of incentives for Currency Distribution & Exchange Scheme for bank branches including currency chests' (CCs). The framework has been formulated to encourage all bank branches to provide better customer service to the public, keeping in view the objectives of the Clean Note Policy. The nature of services includes opening and maintaining CCs in the North Eastern region and at hilly places, distributing coins, and exchanging soiled notes.

- 1.41 Govt. adds Indian 'Cyber Crime Coordination Centre' to list of agencies sharing information under PMLA - **NOTIFICATION NO. GSR 261(E), DATED 25-04-2025**

Editorial Note: Earlier, the Ministry of Finance, vide Notification No. GSR 381(E) dated June 27, 2006, specified a list of agencies required to share information with the Enforcement Directorate (ED), the Financial Intelligence Unit (FIU), and other investigative agencies under the Prevention of Money-laundering Act, 2002 (PMLA). Now, the Central Government has expanded the scope of PMLA by including the Indian Cyber Crime Coordination Centre in the list of agencies.

- 1.42 RBI mandates 75% ATMs to dispense Rs. 100/200 notes by September 2025 - **CIRCULAR NO. RBI/2025-26/33 DCM.RMMT.NO.S312/20-02-001/2025-2026, DATED 28-04-2025**

Editorial Note: As part of an endeavour towards enhancing public access to frequently used denominations of banknotes, RBI has directed all banks and White Label ATM Operators to dispense Rs. 100 or Rs. 200 banknotes through ATMs. By September 30, 2025, 75% of ATMs must have either denomination in at least one cassette. Whereas, by March 31, 2026, 90% of ATMs must have either denomination in at least one cassette.

- 1.43 RBI requires regulated entities to submit all applications via PRAVAAH portal from May 1, 2025 - **CIRCULAR NO. RBI/2025-26/34 DIT.CO.NO.S-106/07.71.039/2025-26, DATED 28-04-2025**

Editorial Note: From May 1, 2025, RBI has advised all regulated entities to submit applications for authorisations, licenses, and approvals exclusively through the RBI's PRAVAAH portal. Despite its launch in May 2024 and successful handling of 4,000+ applications, some submissions were still made offline. PRAVAAH portal can be accessed at <https://pravaah.rbi.org.in>.

- 1.44 IFSCA removes net worth requirement for all 'Customers' on 'India International Bullion Exchange' - **CIRCULAR NO. IFSCA-DMC/3/2023-DEPT. OF METALS AND COMMODITIES, DATED 29-04-2025**

Editorial Note: IFSCA has amended its 'Operating Guidelines on Bullion Exchange, Bullion Clearing Corporation, Bullion Depository and Vault Manager' to dispense with the net worth requirement for all classes of 'Customers' participating on the India International Bullion Exchange (IIBX). However, the net worth criteria for Qualified Suppliers and Qualified Jewellers, as prescribed in earlier circulars dated 18th August 2022 and 11th December 2023, remain unchanged.

- 1.45 President accords assent to the Banking Laws (Amendment) Act, 2025, amending key provisions of major banking laws

Editorial Note: The President has accorded assent to the Banking Laws (Amendment) Act, 2025, which amended the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949, the State Bank of India Act, 1955, and the Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980. As per the amended Section 42 of the RBI Act, scheduled banks were required to maintain their cash reserves with the Reserve Bank. The term "fortnight" was defined as 1st-15th or 16th-end of the month.

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 FIR was registered against appellant, alleging that he had sold mortgaged property to complainant by suppressing fact of acquisition of said property by Tamil Nadu Housing Board, in view of fact that auction process and issuance of sale certificate took place in 2012 and appellant was appointed as Manager at Head Office of HDFC Bank on 3-11-2014, he was neither authorized officer at relevant time nor responsible for auction process or issuance of sale certificate and, thus, allegations against him did not attract criminal liability - **Sivakumar v. Inspector of Police - [2025] 173 taxmann.com 874 (SC)**

SECTION 45 OF THE INSURANCE ACT, 1938 - POLICY NOT BE CALLED IN QUESTION ON GROUND OF MISSTATEMENT AFTER THREE YEARS

- 2.2 Where respondent- insurer decided to issue a policy to appellant's father even though it was aware that there was another policy for a higher sum assured which was taken by insured from another insurer and was also aware of fact that insured had capability and capacity to pay premium for policy obtained from other insurer, repudiation of policy by respondent was improper and, therefore, appellant was entitled to benefit of policy which was issued by respondent - **Mahaveer Sharma v. Exide Life Insurance Company Ltd. - [2025] 173 taxmann.com 83 (SC)**

SECTION 85 OF THE EMPLOYEES' STATE INSURANCE ACT, 1948 - PUNISHMENT FOR FAILURE TO PAY CONTRIBUTIONS, ETC.

- 2.3 Where appellant was described as 'General Manager' and 'Principal Employer' in record of sick company, appellant fell within ambit of Section 2(17) of Employees' State Insurance Act, 1948 being a managing agent' and, therefore, conviction of appellant under section 85(i)(b) for offence of not remitting contribution to ESIC despite deduction from employees of company was to be upheld. - *Ajay Raj Shetty v. Director* - [2025] 173 taxmann.com 681 (SC)

SECTION 138 OF THE NEGOTIABLE INSTRUMENTS ACT, 1881 - DISHONOUR OF CHEQUE FOR INSUFFICIENCY, ETC., OF FUNDS IN THE ACCOUNT

- 2.4 Where in proceedings under section 138, respondent raised a specific defence that there was no outstanding debt as amount involved in cheques had already been paid through demand drafts and same was rejected by Court, respondent could not maintain a prosecution on basis of allegations which were precisely his defence in earlier proceedings wherein he was an accused - *S.C. Garg v. State of Uttar Pradesh* - [2025] 173 taxmann.com 683 (SC)
- 2.5 Where a probable defence on part of accused has been established, burden shifts upon complainant to establish his case beyond a reasonable doubt, hence, where complainant failed to discharge burden of proving existence of a debt/liability, Trial Court was correct in recording a finding of acquittal in favour of accused and reversal thereof by High Court was unjustified - *N. Vijay Kumar v. Vishwanath Rao N.* - [2025] 173 taxmann.com 781 (SC)
- 2.6 Where parties had amicably settled matter, SLP filed by petitioner-complainant against High Court's order, which had set aside conviction and sentence of accused under section 138 was to be disposed of in terms of settlement - *Vinod Boob v. Dodballaur Spinning Mills (P.) Ltd.* - [2025] 173 taxmann.com 833 (SC)

3. HIGH COURT**SECTION 3 OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 - OFFENCE OF MONEY-LAUNDERING**

- 3.1 Where legality and correctness of impugned judgment and order of Single Judge, setting aside search and seizure at residence of respondent and subsequent actions of ED was under consideration in appeal already admitted and slated to be listed on next date, it would not be proper to interject process of investigation by ED and, therefore, ED was permitted to continue with investigation - *Directorate of Enforcement v. Dr. Natesha D.B.* - [2025] 173 taxmann.com 423 (Karnataka)

SECTION 5 OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 - ATTACHMENT OF PROPERTY INVOLVED IN MONEY LAUNDERING

- 3.2 Where appeals filed by appellant before Tribunal, challenging attachment orders on their bank accounts since, Enforcement Directorate (ED) had taken a position that amounts lying in respective bank accounts of appellants had already been transferred to ED and, there was no need for a debit freeze on bank accounts and appellants were free to operate their bank accounts thus, appeals were accordingly disposed of - *Koushalya Devi Jhunjunwala v. Directorate of Enforcement* - [2025] 173 taxmann.com 422 (Delhi)

SECTION 13 OF THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 - ENFORCEMENT OF SECURITY INTEREST

- 3.3 Where petitioner company defaulted on repaying a loan from HUDCO, resulting in loan account being declared as a NPA and, further DRT had also issued a recovery certificate, recognizing HUDCO's entitlement to recover sum thus, petitioner was to be directed to pay entire amount as per recovery certificate - *Ascot Hotel & Resorts Ltd. v. Union of India* - [2025] 173 taxmann.com 462 (Delhi)

SECTION 15 OF THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 - POWER TO COMPOUND CONTRAVENTION

- 3.4 Where petitioner contravened certain provisions of FEMA and an adjudication order was passed by Adjudicating Authority, application made by petitioner seeking compounding of offence on conclusion of adjudication proceeding could not be allowed - *Sanjay Jhunjunwala v. Reserve Bank of India* - [2025] 173 taxmann.com 385 (Calcutta)

SECTION 42 OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 - APPEAL TO HIGH COURT

- 3.5 Where appeal against order of Appellate Tribunal was filed before High Court along with instant application seeking condonation of delay of 132 days, which was beyond total period of 120 day allowed u/s. 42 of PMLA, said application for condonation of delay as well as appeal was to be dismissed. - *Asst. Director, Directorate of Enforcement v. Branch Manager, Goa State Co-op Bank Ltd.* - [2025] 173 taxmann.com 486 (Bombay)

SECTION 138 OF THE NEGOTIABLE INSTRUMENTS ACT, 1881 - DISHONOUR OF CHEQUE FOR INSUFFICIENCY, ETC., OF FUNDS IN THE ACCOUNT

- 3.6 Where appellant-complainant filed a complaint u/s. 138 against accused on ground that cheques issued by accused to discharge a liability were dishonoured, however, there was no evidence or agreement between parties nor complainant had placed any cogent material on record to support his case, appeal against acquittal of accused was to be dismissed - *T.A.N. Moorthy v. C.K. Narayan* - [2025] 173 taxmann.com 301 (Bombay)

- 3.7 Where in a complaint case filed under section 138 of NI Act, accused had chosen not to lead any evidence in support of their defence and thus, application filed by them under section 311 to summon complainantes was an endeavour in a circuitous way, to adduce evidence, which could not be permitted - **R.S. Infrawell India (P.) Ltd. v. Devvrat Impex (P.) Ltd.** - [2025] 173 taxmann.com 487 (Delhi)

SECTION 141 OF THE NEGOTIABLE INSTRUMENTS ACT, 1881 - 32[OFFENCES BY COMPANIES

- 3.8 Where accused company 'C' and its directors were convicted for offence under section 138 however, upon appeal, individuals were acquitted, since 16 cheques were signed by accused no. 2 on behalf of company and he had not denied issuing them, impugned order passed by Appellate Court was deemed erroneous, and leave to file appeal was granted - **Morries Energies Ltd. v. Sumit Agarwal** - [2025] 173 taxmann.com 340 (Bombay)
- 3.9 Where petitioner, a partner of accused firm, sought to quash a Trial Court's order taking cognizance for offence under section 138 on ground that he had retired before alleged offence and was not managing firm's affairs at time of alleged dishonour of subject cheque, since his retirement was disputed and under litigation, and his evidence was not conclusive, there was no reason to interfere with impugned order - **Arvind Singla v. Beetel Teletech Ltd.** - [2025] 173 taxmann.com 720 (Delhi)

4. SAFEMA

SECTION 3 OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 - OFFENCE OF MONEY-LAUNDERING

- 4.1 Where appellant company was awarded a contract by National Stock Exchange (NSE) to conduct periodic study of cyber vulnerabilities however, company carried out said work in violation of provisions of Indian Telegraph Act, 1885 and Information Technology Act, 2000 and thus, company wrongfully gained Rs. 4.54 crore, causing a corresponding loss to NSE, appeal against order of provisional attachment of property under section 5 was to be dismissed - **iSec Services (P.) Ltd. v. Deputy Director, Directorate of Enforcement** - [2025] 173 taxmann.com 169 (SAFEMA - New Delhi)

SECTION 5 OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 - ATTACHMENT OF PROPERTY INVOLVED IN MONEY LAUNDERING

- 4.2 Where misappropriation of fund was much prior to registration of FIR and properties were acquired subsequent to period of crime, attachment of properties was valid - **Bhabananda Bharali v. Deputy Director Directorate of Enforcement** - [2025] 173 taxmann.com 121 (SAFEMA - New Delhi)
- 4.3 Moratorium under section 14 of IBC does not bar authorities under PMLA from exercising powers conferred by sections 5 and 8 notwithstanding pendency of CIRP - **State Bank of India v. Deputy Director, Directorate of Enforcement** - [2025] 173 taxmann.com 250 (SAFEMA - New Delhi)
- 4.4 Where ED attached shares of appellant on ground that they were acquired out of proceeds of crime, since attachment of shares was based on material to show involvement of appellant in commission of crime which was not available at time when earlier order was passed, shares were validly attached - **Omar Ali Obaid Balsharaf v. Deputy Director** - [2025] 173 taxmann.com 171 (SAFEMA - New Delhi)
- 4.5 Acquisition of property prior to period of alleged offence would not render attachment of properties unlawful under PMLA; where appellant engaged in co-processing of hazardous waste had violated Environment Protection Act, 1986, in view of fact that offences under section 15 of Environment Protection Act constituted scheduled offence under PMLA, 2002, properties of appellant were rightly attached under PMLA. - **Gujarat Enviro Protection & Infrastructure Ltd. v. Deputy Director Directorate of Enforcement** - [2025] 173 taxmann.com 209 (SAFEMA - New Delhi)

SECTION 8 OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 - ADJUDICATION

- 4.6 Where appellant company was accused of money laundering by cheating and defrauding Indian user of 'Garena Free Fire' by transferring payments to 'Garena International, Singapore' through group entities of its company, all justifications to confirm seizure and retention of documents and bank accounts were found and, therefore, there was no reason to interfere with impugned order of seizure - **Coda Payments India (P.) Ltd. v. Deputy Director ED Hyderabad** - [2025] 173 taxmann.com 81 (SAFEMA - New Delhi)

INSOLVENCY AND BANKRUPTCY CODE

1. STATUTORY UPDATES

- 1.1 IBBI extends time to pass Limited Insolvency Examination to 24 months for registration as an insolvency professional - **NOTIFICATION F. NO. IBBI/2025-26/GN/REG123, DATED 03-04-2025**

Editorial Note: The IBBI has notified the IBBI (Insolvency Professionals) (Amendment) Regulations, 2025. As per the amended norms, the IBBI has now extended the time to pass the Limited Insolvency Examination from 12 to 24 months for registration as an insolvency professional. An individual shall be eligible for registration as an insolvency professional if he passed the Limited Insolvency Examination within 24 months before the date of his application for enrolment with the insolvency professional agency.

- 1.2 IBBI amends Compliance Certificate Form to include enhanced disclosures for improved transparency in CIRP - **NOTIFICATION F. NO. IBBI/2025-26/GN/REG124, DATED 03-04-2025**

Editorial Note: The IBBI has notified the IBBI (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2025. As per the amended norms, IBBI has substituted Form H relating to 'Compliance Certificate' to be submitted by the resolution professional along with a resolution plan to the Adjudicating Authority under Reg. 39(4). Form H has been enhanced to include more detailed information, such as details related to SRA, implementation of the plan, and income tax losses, among others.

2. SUPREME COURT

SECTION 5(8) OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - FINANCIAL DEBT

- 2.1 Where in respect of subvention scheme, builders-cum-developers defaulted in payment of EMI/pre-EMI to banks, when homebuyers had not yet been granted possession of their units, in view of possible collusion between builders and banks, CBI was directed to constitute a SIT to uncover nexus between banks/financial institutions and builders-cum-developers. - **Himanshu Singh v. Union of India - [2025] 172 taxmann.com 530 (SC)**

SECTION 31 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - RESOLUTION PLAN- APPROVAL OF

- 2.2 Where NCLAT by impugned order modified resolution plan approved by CoC by holding that term in resolution plan that permitted SRA to appropriate

recoveries, if any, from avoidance applications filed under section 66 ought to be set aside, NCLAT had clearly transgressed its jurisdiction under section 61 and, therefore, impugned order passed by NCLAT was to be set aside - **Piramal Capital and Housing Finance Ltd. v. 63 Moons Technologies Ltd. - [2025] 173 taxmann.com 123 (SC)**

- 2.3 Once a resolution plan is duly approved by Adjudicating Authority, all claims which are not part of resolution plan stand extinguished and no person will be entitled to initiate or continue any proceeding in respect of a claim which is not part of resolution plan - **Electrosteel Steel Ltd. v. Ispat Carrier (P.) Ltd. - [2025] 173 taxmann.com 873 (SC)**

SECTION 61 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE PERSON'S ADJUDICATING AUTHORITIES - APPEALS AND APPELLATE AUTHORITY

- 2.4 Where impugned order passed by NCLAT was to be upheld as appellant failed to apply for a certified copy of NCLT's order and, appeal filed against order of NCLT was dismissed as barred by limitation - **A Rajendra v. Gonugunta Madhusudhan Rao - [2025] 173 taxmann.com 297 (SC)**

SECTION 96 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - INDIVIDUAL/FIRM'S INSOLVENCY RESOLUTION PROCESS - INTERIM-MORATORIUM

- 2.5 Legislative intent behind IBC is to provide a protective shield for debtors during insolvency process; however, allowing debtors to evade prosecution under section 138 of Negotiable Instruments Act, 1881 would undermine very purpose of NI Act, 1881, which is to preserve integrity and credibility of commercial transactions. - **Rakesh Bhanot v. Gurdas Agro (P.) Ltd. - [2025] 173 taxmann.com 249 (SC)**

3. HIGH COURT

SECTION 31 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - RESOLUTION PLAN- APPROVAL OF

- 3.1 Where respondent's claim had not been part of resolution plan due to respondent's failure to lodge its claim with RP thus, claim of respondent creditor stood extinguished upon approval of resolution plan and, an embargo had been placed on initiation or continuation of any proceedings for executing decree - **Garden Silk Mills Ltd. v. Gayatri Industries - [2025] 173 taxmann.com 247 (Bombay)**

SECTION 94 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - INDIVIDUAL/FIRM'S INSOLVENCY RESOLUTION PROCESS - APPLICATION BY DEBTOR

- 3.2 Since, in definition of 'corporate debtor', proprietorship firm is not included and, thus, in instant case in respect of proprietorship firms availing financial facilities from respondent bank, no application under section 94 was liable to be entertained even at instance of personal guarantor - **Ramesh Kothari v. State of Madhya Pradesh - [2025] 173 taxmann.com 341 (Madhya Pradesh)**

SECTION 220 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - INSPECTION AND INVESTIGATION OF INSOLVENCY PROFESSIONALS, AGENCIES AND INFORMATION UTILITIES - DISCIPLINARY COMMITTEE- APPOINTMENT OF

- 3.3 Where penalty of two years suspension from taking any assignment as IRP had been imposed on appellant by IBBI and almost 1 year and 4 months of penalty imposed had already lapsed, suspension period was to be reduced to period already undergone. - **Sandeep Kumar Bhatt v. Insolvency & Bankruptcy Board of India - [2025] 173 taxmann.com 464 (Delhi)**

4. NCLAT

SECTION 3(6) OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CLAIM

- 4.1 Where appellant, a workers' union had filed an application alleging that a lay off was illegal and was required to be ignored by RP while computing salary of workmen, however, Non-computation of workmen's salaries for lay-off period by Resolution Professional (RP) could not be faulted, as RP lacked adjudicatory jurisdiction to determine legality of lay-off and question of workmen's entitlement to wages for lay-off period under provisions of Industrial Disputes Act, 1947, fell outside scope of its jurisdiction - **Drish Shoes Workers Union v. Drish Shoes Ltd. - [2025] 173 taxmann.com 832 (NCLAT- New Delhi)**

SECTION 11A OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - DISPOSAL OF APPLICATIONS UNDER SECTION 54C AND UNDER SECTION 7 OR SECTION 9 OR SECTION 10

- 4.2 Where application under section 54C was filed after 14 days from filing of application under section 7, in terms of section 11A(3), Adjudicating Authority was obliged to consider application under section 7 before proceeding to dispose of section 54C application - **Bank of Baroda v. Rajashthan Syntex Ltd. - [2025] 172 taxmann.com 838 (NCLAT- New Delhi)**

SECTION 14 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - MORATORIUM- GENERAL

- 4.3 Relationship between mortgager and mortgagee, for purpose of redemption exists till date of issuance of notice of sale, if property is being sold under section

13(8) of SARFAESI Act then in that situation also mortgager has no right to property for purpose of raising dispute; where respondent bank conducted e-auctions and sold mortgaged property under SARFAESI Act, appellant, liquidator of corporate debtor had no right to property for purpose of raising a dispute regarding sale - **Pratibha Industries Ltd. v. Yes Bank Ltd. - [2025] 173 taxmann.com 763 (NCLAT- New Delhi)**

SECTION 30 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - RESOLUTION PLAN- SUBMISSION OF

- 4.4 Where resolution plan provides for same payment to assenting and dissenting financial creditors, dissenting financial creditor has to be paid amount not less than amount, which would be payable to him in event liquidation under section 53(1) - **Bank of Baroda v. Rajashthan Syntex Ltd. - [2025] 172 taxmann.com 838 (NCLAT- New Delhi)**

SECTION 31 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - RESOLUTION PLAN- APPROVAL OF

- 4.5 Where revised resolution plan submitted by appellant-prospective resolution applicant had been rejected and rejection of plan had not been challenged, applicant had no locus standi to agitate a cause by intervention or by challenging approval of resolution plan - **Boorugu Infra Projects (P.) Ltd. v. Birendra Kumar Agarwal - [2025] 173 taxmann.com 721 (NCLAT - Chennai)**

SECTION 52 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - SECURED CREDITOR IN

- 4.6 Where existing assets especially, movable assets were re-financed, by any subsequent financier/ lender as against financed for new additional fixed assets for Corporate Debtor, then re-financer would not have any first charge over existing movable assets which were already stood charged (as first charge) in favour of UCO Bank Consortium and, thus, in no circumstances any charge could not be created in favour of third parties, such as Respondent, without consent or NOC of UCO Bank Consortium. - **Avil Menezes v. Hinduja Leyland Finance Ltd. - [2025] 173 taxmann.com 532 (NCLAT- New Delhi)**

SECTION 61 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE PERSON'S ADJUDICATING AUTHORITIES - APPEALS AND APPELLATE AUTHORITY

- 4.7 Where Appellant-operational creditor filed instant appeal alleging that approval of resolution plan for corporate debtor was accorded based on fraud, misrepresentation and concealment of facts or misrepresentation of fact by respondent during his assignment as IRP, said appeal was to be allowed - **Amit Sangal Proprietor v. Kairav Anil Trivedi - [2025] 173 taxmann.com 298 (NCLAT- New Delhi)**

- 4.8 In terms of Rule 22(2) of NCLAT Rules, 2016, it is mandatory to file appeal against order of Adjudicating Authority along with a certified copy of order; where appellant had not filed appeal with certified copy of order of Adjudicating Authority, same was to be dismissed - **A Rajendra v. Gonugunta Madhusudhan Rao** - [2025] 173 taxmann.com 246 (NCLAT - Chennai)

SECTION 95 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - INDIVIDUAL/FIRM'S INSOLVENCY RESOLUTION PROCESS - APPLICATION BY CREDITOR

- 4.9 Where financial creditor bank issued a demand notice on 22-6-2018 requesting payment within 60 days i.e., by 22-8-2018 and, therefore, for purpose of calculating limitation period, it would have started on 22-8-2018 and ended on 21-8-2021 and since application under section 95 was filed on 31-3-2021, much before expiry of limitation period, application filed under section 95 was within period of limitation - **Shantanu Jagdish Prakash v. State Bank of India** - [2025] 172 taxmann.com 804 (NCLAT - New Delhi)
- 4.10 Where personal guarantor agreed in Guarantee Deed that all communications including a Notice of Demand, sent to last known address would be considered sufficient service, therefore, Recall Notice, Invocation Notice and Demand Notice sent to last known address as per Guarantee Deed were deemed valid and could not be invalidated on ground that personal guarantor had not received same - **Paresh Rastogi v. Omkara Assets Reconstruction (P.) Ltd.** - [2025] 173 taxmann.com 84 (NCLAT - New Delhi)
- 4.11 Where Adjudicating Authority served appellant/personal guarantors with Resolution Professional's report and allowing them two months to respond, since they were given sufficient opportunity to file their reply before their right was forfeited, order admitting insolvency application under section 95 did not require any interference - **Iqbal Jumabhoy v. Manoj Kumar Anand** - [2025] 173 taxmann.com 648 (NCLAT - Chennai)

SECTION 240A OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - MICRO, SMALL AND MEDIUM ENTERPRISES - APPLICATION OF CODE TO

- 4.12 Where Corporate Debtor (CD) had valid MSME registration certificate and details of ITR of CD showed that classification of MSME was changed automatically from year to year, CD was to be treated as MSME and was eligible to file application under section 54C - **Bank of Baroda v. Rajashthan Syntex Ltd.** - [2025] 172 taxmann.com 838 (NCLAT - New Delhi)

5. NCLT

SECTION 12 OF THE CONTEMPT OF COURTS ACT, 1971 - PUNISHMENT FOR CONTEMPT OF COURT

- 5.1 Where an appeal had been filed against approval of resolution plan by CoC and it had not been shown that Appellate Tribunal had stayed implementation of plan, no case of contempt was made out against RP for implementing resolution plan - **Amit Sangal v. Kairav Anil Trivedi** - [2025] 173 taxmann.com 30 (NCLT - Mum.)

SECTION 30 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - RESOLUTION PLAN- SUBMISSION OF

- 5.2 Misconduct of IRP/RP in CIRP process is to be dealt by IBBI; however, legal implementation of resolution plan under section 30(2)(e) is in no way impacted by CIRP process followed in first CoC meeting - **Amit Sangal v. Kairav Anil Trivedi** - [2025] 173 taxmann.com 207 (NCLT - Mum.)

SECTION 31 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - RESOLUTION PLAN- APPROVAL OF

- 5.3 Where resolution plan submitted by successful resolution applicant was in compliance with requirements of Code, same was to be approved by Adjudicating Authority - **Kairav Anil Trivedi v. Amit Sangal** - [2025] 173 taxmann.com 120 (NCLT - Mum.)

SECTION 33 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - INITIATION OF

- 5.4 Where applicant failed to comply with payment schedule for sale of corporate debtor, decision of liquidator to cancel sale of corporate debtor to applicant was legally justified - **Raghava Square (P.) Ltd. v. IVRCL Ltd.** - [2025] 172 taxmann.com 761 (NCLT - Hyd.)

SECTION 36 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - LIQUIDATION ESTATE

- 5.5 Assets of any subsidiary of corporate debtor shall not be included in liquidation estate assets and cannot be utilized for recovery in liquidation process - **Raghava Square (P.) Ltd. v. IVRCL Ltd.** - [2025] 172 taxmann.com 761 (NCLT - Hyd.)

SECTION 43 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - PREFERENTIAL TRANSACTIONS AND RELEVANT TIME

- 5.6 Where in forensic audit report it was found that corporate debtor had given interest-free loans to its sister concern/related parties and its director, said transactions were not made in ordinary course of business and thus, amount involved in said transactions was to be credited to account of corporate debtor - **Chandra Prakash Jain Liquidator of Mekaster Engineering Ltd. v. Virendra Mohan Trehan** - [2025] 172 taxmann.com 672 (NCLT - Ahd.)

SECTION 47 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - UNDERVALUED TRANSACTIONS- APPLICATION BY CREDITOR IN CASES OF

- 5.7 Where applicant-operational creditor had not brought forward any document or evidence on basis of which it could be even prima facie be ascertained that some transactions were falling under section 47 read with section 49 in respect of which no action was taken by RP, instant section 47 application to declare said transactions as void and to take appropriate action against RP, was to be dismissed being devoid of merit - *Amit Sangal v. Kairav Anil Trivedi* - [2025] 173 taxmann.com 30 (NCLT - Mum.)

SECTION 52 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - SECURED CREDITOR IN

- 5.8 Where charge in favour of applicant financial creditor was validly registered with RoC, applicant being first charge holder over specific movable assets of corporate debtor was entitled to enforce security interest in terms of section 52 - *Hinduja Leyland Finance Ltd. v. Avil Menezes* - [2025] 173 taxmann.com 531 (NCLT - Mum.)

SECTION 95 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - INDIVIDUAL/FIRM'S INSOLVENCY RESOLUTION PROCESS - APPLICATION BY CREDITOR

- 5.9 Non-service of demand notice as alleged by personal guarantor will not absolve personal guarantor from discharging his liability under Deed of Guarantee - *Omkara Assets Reconstruction (P.) Ltd. v. Paresh Rastogi* - [2025] 173 taxmann.com 34 (NCLT - New Delhi)

ACCOUNT AND AUDIT UPDATES

- 1.1** AASB of ICAI announces the launch of online panel of experts for addressing bank branch audit-related queries for FY 2024-25

Editorial Note: AASB of ICAI has announced the launch of an Online Panel of Experts to address bank branch audit-related queries for the financial year 2024-25. The panel will provide guidance from April 1 to April 15, 2025, in light of recent RBI regulatory updates, including Basel III norms, prudential regulations, and financial disclosure requirements. Members can submit queries via email, and responses will represent the experts' personal views rather than the official stance of ICAI.

- 1.2** Critical evaluation of audit deficiencies and regulatory compliance: Insights from NFRA Inspection Report No. 132.2-2023-05

Editorial Note: The NFRA Inspection Report No. 132.2-2023-05 highlights audit deficiencies and regulatory non-compliance in areas such as audit planning, independence violations, and insufficient testing of related party transactions and internal controls over revenue. The report calls for corrective actions to improve audit quality and ensure adherence to legal and ethical standards. The analysis also includes the firm's response, outlining steps to address the identified issues and enhance compliance.

- 1.3** NFRA's guide to audit strategy and planning: Key insights from the Interaction Series

Editorial Note: NFRA has recently issued the "Audit Strategy and Audit Plan - Interaction Series 2" to enhance communication between auditors and Audit Committees during audit planning. It focuses on clear communication regarding audit scope, risk assessment, and resources, while highlighting key auditing standards. The series also includes illustrative questions from Audit Committees, covering independence, emerging risks, and internal controls for an effective audit process.

- 1.4** NFRA's insights on related party transactions from its Interaction Series

Editorial Note: NFRA has recently issued the third edition of its Interaction Series, focusing on the complexities of related party relationships and transactions. It highlights key regulatory requirements under Ind AS 24, AS 18, SEBI (LODR) Regulations, Companies Act Section 188, and SA 550. This document underscores the importance of robust governance, audit scrutiny, and transparent disclosures to manage related-party risks effectively.

- 1.5** AASB of ICAI issues Exposure Draft of Standards on Auditing for LLPs under the LLP Act, 2008

Editorial Note: The Auditing and Assurance Standards Board (AASB) of ICAI has issued an Exposure Draft of Standards on Auditing for audits of LLPs under the LLP Act, 2008, based on MCA and NFRA directives. It adapts existing company audit standards with LLP-specific modifications, including changes to terminology, report formats, and engagement letters. Stakeholders are invited to comment on these LLP-specific changes by 1st May 2025.

- 1.6** ASB of ICAI issues exposure draft on Ind AS 109 and Ind AS 107 for electricity contracts dependent on natural sources

Editorial Note: ASB of ICAI has issued the Exposure Draft of amendments to Ind AS 109 and Ind AS 107 to address accounting for contracts referencing nature-dependent electricity. The draft provides guidance on classification, hedge accounting, and disclosure requirements to improve transparency and risk management. Public comments are invited until May 18, 2025, with applicability from April 1, 2026.

Generative AI and the Future of Chartered Accountants: A Paradigm Shift in Practice



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The finance and compliance world is on the cusp of a technological revolution. The center of this revolution is Generative AI — an advanced category of AI systems with the ability to generate high-quality text, code, reports, and even strategic recommendations from massive datasets. *For Chartered Accountants (CAs), generative AI is a huge opportunity and a strategic necessity.*

No longer limited to textbooks, these techniques are becoming standard parts of audit, tax, advisory, and financial management. The effect is not incremental – it is one of exponentials.

What is Generative AI?

Generative AI uses large language models (LLMs) trained on billions of data points to understand context, generate natural language responses, summarize documents, and solve logic-based tasks. Tools like OpenAI's ChatGPT, Anthropic's Claude, Google's Gemini, and Microsoft 365 Copilot are leading this space. These models are not merely question-answering bots — they are co-pilots in decision-making and content creation.

Key Applications of Generative AI in CA Practice

1. Audit and Assurance

- **Risk Identification:** AI can read ledgers or trial balances to identify outliers or suspicious transactions based on anomaly detection rules.
- **Workpaper and Report Drafting:** It is capable of auto-generating internal control evaluation, audit questions, and even annexure drafting.
- **Audit Planning:** By analyzing historical data and client profiles, AI assists in dynamic planning and resource allocation.

2. Taxation and Compliance

- **Automation of Notice Response:** AI is able to automatically prepare draft responses to GST, income tax, and ROC notices using templates and previous responses.
- **Provision Analysis:** Splits tricky sections (such as 115BAC or 43B amendments) into easy-to-read summaries, comparisons, and action points.
- **Return Validation:** Is capable of matching GSTR-3B vs GSTR-2A/2B data or highlighting 26AS vs ITR mismatches.

3. Advisory and Strategic Consulting

- **Scenario Simulation:** Generative AI can replicate the tax effect of various restructuring or investment plans using prompts.
- **Pitch Decks and Business Plans:** Generate reports, cash flow estimates, and business model documentation automatically.

4. Internal Practice Management

- **Workflow Automation:** Online tools can be integrated with GPT to automate onboarding, file tracking, and due date reminders.
- **Knowledge Base Creation:** Firm SOPs, client histories, and regulatory announcements can be indexed and summarized by AI into a firm-specific chatbot.
- **Staff Training:** Junior personnel can ask AI bots for directions on standards such as SA 700 or IND-AS 116.

5. Client Communication & Branding

- **Email Writing:** Write grammatically correct, professional emails within seconds.
- **Social Media Writing:** AI enables CAs to establish themselves as thought leaders by creating analytical LinkedIn or blog articles.

Strategic Benefits of Leveraging Generative AI

- **Multifold Productivity** - Companies can accomplish more with fewer assets. For instance, one professional can now handle tasks that previously needed three or four — without ever compromising on quality.
- **Real-Time Insight Generation** - Dashboards and reports become dynamic. AI doesn't just report what happened — it explains why and suggests what next.
- **Lower Operational Cost** - Firms can automate repetitive work such as drafting, report generation, and ledger mapping — saving time and reducing billing pressure.

- **Upskilling Opportunities** - AI allows younger professionals to upskill rapidly by acting as an intelligent assistant that answers queries across standards, laws, and cases.
- **Better Client Experience** - Clients are advantaged through quicker turnaround, smart insights, and better documentation. AI enables firms to provide 24/7 responsiveness.

Risks and Limitations

- **Bias and Hallucination** - AI can "hallucinate" — confidently producing incorrect information. For instance, quoting a mistaken case law or misclassifying expense heads.
- **Data Privacy & Compliance** - Open platforms can store or process sensitive client data. Firms need to employ enterprise solutions or on-premise AI tools where necessary.
- **Loss of Judgment Skills** - If relied upon too heavily, AI can diminish the practitioner's analytical acumen, particularly in trainees. Supervised use is necessary.
- **Interpretational Gaps** - AI can overlook contextual factors — like industry-specific treatment or changing judicial interpretations.
- **Regulatory Uncertainty** - There are no formal ICAI guidelines as yet for AI use in audit or certification work. Misuse may or can invite disciplinary action.

Recommended Best Practices for CAs

- **Use Encrypted, Paid AI Tools:** Refrain from uploading client information on free/public sites.
- **Train Staff in Prompt Engineering:** Output quality is highly dependent on the way you "speak" to AI.
- **Employ AI for First Draft, Not Sign-off:** Human oversight remains a must.
- **Develop SOPs for Use of AI:** Standardize when and how to use AI — particularly for audit reports and tax drafts.
- **Keep Abreast with ICAI Guidance:** With changing regulations, compliance will be critical to remain compliant.

Conclusion: Augment, Don't Replace

Generative AI is not to replace Chartered Accountants, it is to augment them. The CAs of the future will be those who leverage AI as a thinking partner — amplifying their impact and expanding their practice. In a world where clients demand real-time insights, digital fluency, and strategic guidance, generative AI is not an option — it's a necessity.

As Peter Drucker wrote, "The greatest danger in times of turbulence is not the turbulence — it is to act with yesterday's logic." CAs who transform today will shape tomorrow.

Audit Failure in Sobha Ltd: A Case Study of Regulatory Action Under SA 540, SA 315, and SA 200



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1. Introduction

In September 2023, the National Financial Reporting Authority (NFRA) issued a scathing order against the statutory auditor of Sobha Ltd for significant audit lapses in the financial year 2018–19. The order highlighted grave violations of auditing standards, particularly SA 540 (Auditing Accounting Estimates), SA 315 (Identifying and Assessing the Risks of Material Misstatement), and SA 200 (Overall Objectives of the Independent Auditor). This case has broader implications for the Indian auditing ecosystem, demonstrating both systemic gaps in audit execution and the growing assertiveness of the audit regulator in enforcing accountability.

2. Background of the Case

Sobha Ltd, a real estate development company, had reported unsecured land advances amounting to ₹1,843.13 crore in its FY 2018–19 financial statements. These advances were made to individuals and entities for acquiring land parcels, a common practice in the real estate industry. However, several red flags were apparent:

- Lack of marketable title to land parcels.
- Certain parcels under litigation.
- No ageing schedule maintained.
- No confirmation obtained from recipients.
- No provisioning for advances even where recoverability was doubtful.
- SEBI was investigating these transactions.

Despite these clear indicators of risk, the Engagement Partner (EP) responsible for auditing the company failed to adequately report or qualify these issues.

3. Key Auditing Standards Involved

3.1 SA 540 – Auditing Accounting Estimates

SA 540 mandates that auditors evaluate the reasonableness of accounting estimates and related disclosures. Paragraph 6 requires risk assessment procedures to identify and assess risks of material misstatement related to accounting estimates. Paragraph 9 requires auditors to determine whether management has appropriately applied the requirements of the applicable financial reporting framework.

In Sobha Ltd's case, the land advances—though framed as current assets—were not backed by sufficient documentation or recoverability analysis. There was a clear failure to apply para 6 (risk assessment) and para 9 (framework compliance) in evaluating these estimates, especially given the materiality of ₹1,843 crore and known litigation risk.

3.2 SA 315 – Risk Assessment

This standard requires auditors to obtain an understanding of the entity and its environment, including internal control systems, to identify and assess the risks of material misstatement. The EP's awareness of internal control weaknesses—such as the absence of monitoring mechanisms, confirmation procedures, or documentation trails—should have triggered a high- risk assessment and led to a more rigorous audit response. However, no such escalation occurred.

3.3 SA 200 – Overall Objectives of the Auditor

SA 200 lays the foundation of audit responsibility: to obtain reasonable assurance that the financial statements are free from material misstatement and to report appropriately. Paragraph 7, read with Para A23, emphasizes professional skepticism and the need for auditors to remain alert to audit evidence that may contradict other audit evidence obtained. The EP's failure to incorporate SEBI's ongoing investigation or respond to the red flags in the land advances was a direct violation of this foundational principle.

4. NFRA's Findings

NFRA's investigation uncovered several audit deficiencies:

- **Failure to Report Material Uncertainty:** Despite recognizing control weaknesses, no mention of uncertainty around recoverability of advances was made in the auditor's report.
- **No Provisioning Against Advances:** The auditor did not question the absence of provisioning against doubtful land advances or security deposits.

- **Ignored SEBI Investigation:** The auditor did not comment on SEBI's inquiry into these transactions—neither through qualification nor Emphasis of Matter.
- **Lack of Audit Evidence:** The EP failed to obtain sufficient appropriate audit evidence, violating the core audit requirement under SA 500.
- **Internal Control Weakness Ignored:** Despite being aware of lapses, such as no ageing analysis or independent verification of advances, the EP accepted management assertions at face value.

5. Implications of the Auditor's Lapses

5.1 Financial Reporting Quality

By omitting disclosures on doubtful recoverability and not provisioning for high-risk advances, Sobha Ltd's financials portrayed an inflated asset position and potentially overstated profits. This misrepresentation has serious implications for investors, lenders, and regulators relying on audited financials.

5.2 Auditor's Professional Judgment

The EP's failure to apply professional skepticism, as mandated under SA 200, represents a fundamental breach of audit ethics and professional duty. Given the size and nature of the land advances, the auditor should have exercised heightened caution.

5.3 Independence and Objectivity

The absence of audit qualifications despite ongoing regulatory inquiries hints at a potential compromise in auditor independence. Such behavior erodes stakeholder trust and undermines the integrity of the audit profession.

6. Regulatory Action

NFRA imposed penalties and initiated disciplinary proceedings against the EP for professional misconduct and gross negligence. The regulatory order serves as a precedent and a cautionary tale for other practitioners. It highlights NFRA's determination to ensure strict compliance with auditing standards and its commitment to restoring credibility in India's audit landscape.

7. Lessons for Audit Practitioners

7.1 Skepticism and Evidence Matter

Auditors must maintain professional skepticism throughout the engagement and validate management assertions independently, especially when dealing with related party transactions, advances, and contingent assets.

7.2 Engage with Regulatory Developments

Ongoing investigations by regulatory bodies such as SEBI must be treated as significant audit matters. Auditors must address such issues in their reports through qualifications, emphasis of matter, or additional disclosures.

7.3 Internal Controls Must Not Be Ignored

Understanding internal controls is not merely a formality under SA 315. If auditors detect lapses—such as no confirmation procedures, lack of reconciliation, or absence of documentation—they must escalate such issues and adjust audit procedures accordingly.

7.4 Materiality is Contextual

The land advances in Sobha Ltd were massive in quantum. Even if management claims recoverability, auditors are duty-bound to validate through aging schedules, legal status checks, and confirmation letters. Reliance on verbal explanations or undocumented representations is indefensible.

8. Broader Implications for Audit Oversight in India

This case demonstrates how NFRA is shifting from passive oversight to active enforcement. Since its inception, NFRA has issued several significant orders, but Sobha Ltd stands out for the magnitude of lapses and the audit firm's disregard for basic auditing principles.

It also underscores the need for audit firms to strengthen internal review mechanisms. Engagement quality control reviews (EQCRs) should ensure that engagement partners document their judgment, basis for conclusions, and how audit risks were addressed.

9. Conclusion

The Sobha Ltd audit case is not merely about one engagement partner's failure—it reflects broader issues in audit execution, oversight, and accountability. With rising scrutiny from regulators, audit firms must re-evaluate how they approach high-risk accounts, exercise professional skepticism, and ensure documentation and transparency.

The lesson is clear: auditing is not just a compliance activity—it is a public duty. When auditors fall short, they do not just fail their clients—they fail the system that depends on reliable financial information.

Corporate Fraud



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First let's understand the concept of “**Fraud**” which is very essential to understand the “**Corporate Fraud**”.

Fraud means intentional deception to gain an unfair advantage or cause harm, often involving misrepresentation or concealment of information. It can be a basis for both civil and criminal lawsuits. Fraud can involve a deliberate false statement of a fact (such as a misleading contract) intended to induce someone to act to their detriment.

In legal language Fraud is defined under Section 17 of Indian Contract Act "Fraud" means and includes any of the following acts committed by a party to a contract, or with his connivance, or by his agent, with intent to deceive another party thereto or his agent, or to induce him to enter into the contract:—

- 1) the suggestion, as a fact, of that which is not true, by one who does not believe it to be true;
- 2) the active concealment of a fact by one having knowledge or belief of the fact;
- 3) a promise made without any intention of performing it;
- 4) any other act fitted to deceive;
- 5) any such act or omission as the law specially declares to be fraudulent.

Meaning:-

Corporate Fraud refers to all the illegal activities that are undertaken by an individual or company that are done in an unethical manner or in a dishonest way to earn profits. Corporate Fraud is all about illegal actions by companies for profit. It often includes theft, bribery, insider trading, and false financial data. These actions are performed to trick stakeholders. The effects of corporate fraud can be serious, including lost money for shareholders, harm to the company's image, and legal trouble. Corporate fraud is a widespread problem for businesses everywhere. It involves a lot of different illegal activities aimed at getting money.

Types of Corporate Fraud

1. **Financial Statement Fraud:** Financial statement fraud is about faking or changing financial data on purpose. The goal is to trick people like investors, loan officers, or regulators. This fraud shows a company's money situation as better than it really is. It can make revenue higher, assets more valuable, or debts less than they are. It involves changing books or distorting money deals.
2. **Asset Misappropriation:** Stealing from a company is known as Asset misappropriation. It is when workers or superiors use company assets for personal gain. This can occur in different ways, like fake bills, payroll scams, extra expenses, stealing inventory, or kickbacks. This kind of behaviour can hurt companies, ruining their reputation and trust.
3. **Corruption and Bribery:** Corruption and bribery means misusing power for personal benefit. It usually involves asking for, or receiving, illegal payments. People at all levels in an organization like top level executives, workers, suppliers, or government officials can be involved.
4. **Insider Trading:** Insider trading means when people who have private, important details about a company, buy or sell its securities illegally. Often, company insiders like bosses, board members or workers do this. They use secret knowledge to gain an undue advantage in the stock market.
5. **False or Misleading Disclosures:** Misleading disclosures refer to companies sharing untrue, partial, or tricky information. It may involve incorrect financial reports, dishonest marketing, or hiding important details. All of this affects decisions about investments.
6. **Tax Evasion and Fraud:** Tax evasion and fraud happens when companies intentionally trick tax systems to illegally reduce their tax fees. It may involve falsely reporting lower income, claiming too many expenses, hiding money or things overseas, or using unfair tax tricks.
7. **Cyber Fraud and Data Breaches:** Cyber fraud and data breaches deal with unwanted access or stealing of important information like customer data, secret ideas, and money records. It happens through cyberattacks. This fraud can lead to lost money, harmed reputation, penalties, and legal problems for companies.

Root Causes and Contributors

Understanding the root causes and contributors is crucial to combatting this menace effectively.

Lack of Corporate Governance

Weak corporate governance structures often provide fertile ground for corporate fraud to take root. Inadequate checks and balances, lack of transparency, and the concentration of power in the hands of a few can create an environment where fraudulent activities flourish.

Weak Regulatory Framework

India's regulatory framework has made significant strides, but it still faces challenges in keeping pace with evolving financial practices. Regulatory bodies must constantly adapt to emerging fraud techniques to stay one step ahead.

Cultural Factors

Cultural factors, such as the tolerance of unethical behaviour or a 'chalta hai' (it's okay) attitude, can contribute to corporate fraud. Changing these deep-rooted cultural norms is a formidable task.

Technological Advancements

As technology advances, so do the methods employed by fraudsters. The digital landscape has opened new avenues for cybercrimes and financial fraud. It's crucial to stay informed about these advancements to keep security measures up-to-date.

Fraud Cases in India

To comprehend the gravity of corporate fraud in India, it's essential to examine some of the most infamous and consequential cases that have unfolded in recent years. These cases have not only shocked the nation but have also led to significant regulatory changes and greater awareness of the need to combat these frauds effectively. Here are a few notable examples:

Satyam Computer Services Scandal (2009)

The Satyam Computer Services scandal, often referred to as "India's Enron," stands as one of the most high-profile cases of fraud in India's history. Ramalinga Raju, the founder and then-chairman of Satyam, admitted to inflating the company's revenue and profit figures by a staggering \$1.47 billion. This revelation shocked the business world and led to the downfall of one of India's leading IT companies.

Impact and Outcomes:

Investor Panic: The Satyam scandal caused panic among investors, leading to a sharp decline in the stock market. Many investors suffered substantial financial losses.

Regulatory Reforms: In the aftermath of the scandal, regulatory reforms were introduced to enhance corporate governance and transparency. The Securities and Exchange Board of India (SEBI) played a significant role in implementing these reforms.

Legal Consequences: Ramalinga Raju, along with several other key individuals, faced legal action. Raju and his brother were sentenced to imprisonment, and fines were imposed on them. Other individuals involved in the fraud also faced legal consequences.

Nirav Modi-PNB Scam (2018)

The Nirav Modi-PNB scam was a massive financial fraud case involving diamond jeweller Nirav Modi and Punjab National Bank (PNB), one of India's largest public sector banks. Nirav Modi and his associates secured fraudulent letters of undertaking (LoUs) from PNB, enabling them to access substantial funds without collateral. The scam's total value was estimated at nearly \$2 billion.

Impact and Outcomes:

Banking Sector Concerns: The scam raised concerns about the vulnerability of India's banking sector to fraudulent activities. It exposed weaknesses in the internal control systems and risk management practices of public sector banks.

Legal Actions: Nirav Modi was arrested in the United Kingdom and later faced extradition proceedings. Legal action was also taken against other individuals involved in the scam.

Regulatory Reforms: The PNB scam prompted the Reserve Bank of India (RBI) to introduce several reforms aimed at enhancing the oversight and risk management practices of banks.

IL&FS Financial Scandal (2018)

The Infrastructure Leasing & Financial Services (IL&FS) financial scandal sent shockwaves through India's financial sector. IL&FS, a major infrastructure development and finance company, was found to have concealed its financial stress and defaulted on various debt obligations, amounting to over \$12 billion.

Impact and Outcomes:

Systemic Risk: The IL&FS crisis posed a systemic risk to India's financial stability due to its extensive reach within the infrastructure and financial sectors.

Government Intervention: The Indian government had to intervene and replace the board of IL&FS to prevent further deterioration. Measures were taken to address liquidity issues and restructure the company.

Regulatory Reforms: The IL&FS scandal led to a reevaluation of regulatory oversight in the financial sector. The RBI and SEBI took steps to enhance the monitoring and governance of non-banking financial companies (NBFCs).

Sahara India Scam (2014)

The Sahara India scam involved two Sahara group companies, Sahara India Real Estate Corporation Ltd. (SIRECL) and Sahara Housing Investment Corporation Ltd. (SHICL). These companies raised funds from investors through Optionally Fully Convertible Debentures (OFCDs) without complying with regulatory requirements.

Impact and Outcomes:

Legal Battle: The case resulted in a protracted legal battle, with the Sahara group disputing the Securities and Exchange Board of India's (SEBI) regulatory actions.

Refund to Investors: The Supreme Court of India ordered the Sahara group to refund the money raised from investors. The repayment process involved significant complexities and challenges.

Regulatory Vigilance: The Sahara case prompted regulators like SEBI to strengthen their vigilance over financial instruments and transactions, ensuring investor protection.

These notable cases in India serve as stark reminders of the importance of effective regulatory oversight, transparency, and corporate governance. They have also led to reforms in various sectors and increased awareness of the need for robust measures to prevent and address corporate fraud. Addressing it is not only crucial for investor protection but also for maintaining India's reputation as a destination for business and investment.

Detection and Prevention of Corporate Fraud Cases in India

Preventing corporate fraud requires a multi-pronged approach involving individuals, organizations, and regulatory bodies.

Role of Auditors and Whistleblowers

Auditors play a pivotal role in uncovering fraudulent activities within companies. They must exercise due diligence, independence, and scepticism in their audits. Additionally, whistle-blowers play a crucial role in exposing corporate fraud. India's regulatory framework has introduced mechanisms to protect whistle-blowers, encouraging them to come forward without fear of retaliation.

Strengthening Corporate Governance

Robust corporate governance practices are a cornerstone in preventing corporate fraud. This includes appointing independent directors, separating the roles of chairman and CEO, and enhancing transparency in financial reporting.

Regulatory Reforms and Enforcement

Regulators like SEBI and RBI must continuously update and strengthen regulations to keep pace with evolving fraud tactics. Effective enforcement of regulations and strict penalties for non-compliance are essential deterrents.

Technology in Fraud Detection

Leveraging technology is paramount in detecting and preventing corporate fraud in the digital age. Advanced data analytics, artificial intelligence (AI), and machine learning can help identify unusual patterns and anomalies in financial transactions, potentially flagging fraudulent activities.

Corporate Ethics and Transparency

Instilling a culture of ethics and transparency within organizations is perhaps the most effective long-term strategy for preventing corporate fraud. Companies should prioritize ethical conduct, whistleblower protection, and transparency in their operations.

Importance of Ethical Practices

Ethical practices should be ingrained in an organization's DNA. This includes fair treatment of employees, honest reporting, and responsible corporate citizenship.

Encouraging Transparency in Corporate Culture

Transparency should not be limited to financial reporting. It should extend to decision-making processes, corporate communications, and interactions with stakeholders. Companies should actively engage with shareholders and the public to build trust.

Whistle-blower Protection

Protecting whistle-blowers is crucial in encouraging individuals to come forward with information about fraudulent activities. Whistle-blower protection laws should be robust, and organizations should create a safe environment for reporting concerns.

Conclusion

Corporate frauds in India are not merely financial transgressions; they are societal challenges that demand collective action. While regulatory bodies, auditors, and technology can play pivotal roles in fraud detection and prevention, it's the ethical fabric of corporate culture that will ultimately determine the fate of corporate India.

The scars of past corporate frauds serve as poignant reminders of the need for vigilance, accountability, and a commitment to ethical conduct. It's a journey that requires unwavering dedication, regulatory fortitude, and a collective resolve to build a corporate sector that thrives on integrity, transparency, and trust.

We can't stay silent.

As individuals, stakeholders, and concerned citizens, we have a role to play in shaping the future of corporate India. Here are some actionable steps:

- Support and advocate for robust whistle-blower protection laws.
- Stay informed about regulatory reforms and advocate for stricter enforcement.
- Invest in ethical companies and hold them accountable for their actions.
- Encourage a culture of transparency and ethics within your workplace.
- Support organizations that promote ethical business practices and corporate governance.

Remember, the fight against corporate fraud begins with awareness, but it requires collective action to effect lasting change. Together, we can unmask corporate fraud and pave the way for a brighter, more transparent future.

Direct Taxes Professionals' Association

(Registered under Societies Registration Act, 1961. Registration No. 5/60583 of 1988-89)

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APPLICATION FOR MEMBERSHIP

2 Pcs.
Pass Port
Colour
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To
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DIRECT TAXES PROFESSIONALS' ASSOCIATION
3, Govt. Place, Income Tax Building, Kolkata-700001

Dear Sir,

I hereby apply for **LIFE / GENERAL MEMBER** of the Association.

I agree to abide by the Memorandum and Rules & Regulations of the Association as may be in force from time to time.

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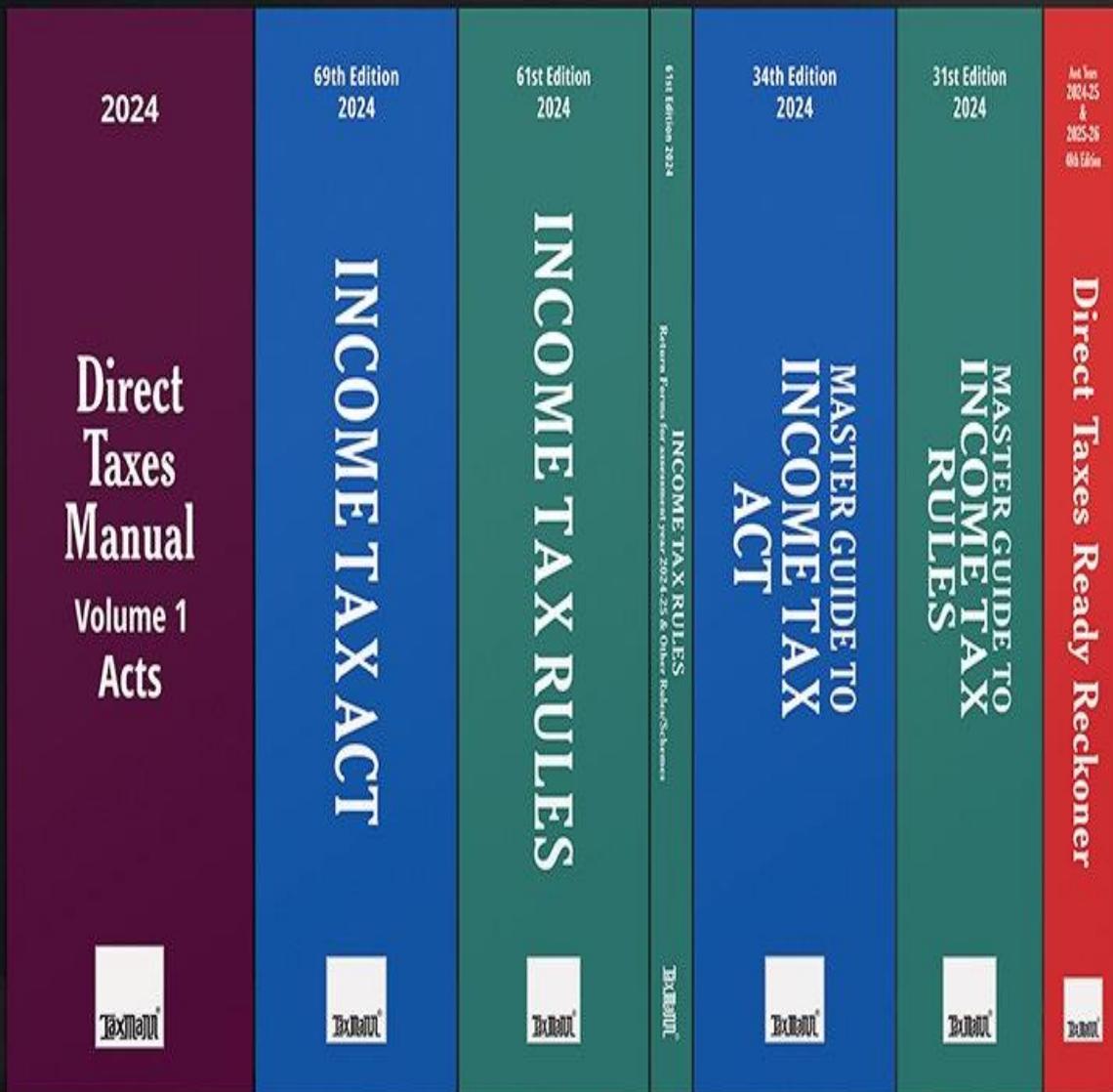
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