



ज्ञानं एक्यं च न्यायार्थम्
Estd. 1982

e-Journal
December
2025

DIRECT TAXES PROFESSIONALS' ASSOCIATION



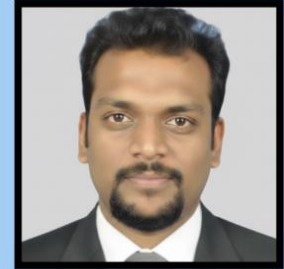
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... From the Desk of Editors

As we step into the month of December, the gentle onset of winter brings with it a refreshing change in the environment. The cool weather sensation is now felt across the masses, signalling not only a shift in the season but also a period of heightened professional responsibilities for us in the tax fraternity. December traditionally marks the beginning of year-end compliances, but this year the month assumes even greater significance as multiple statutory deadlines converge, calling for meticulous attention and dedicated effort from professionals.

This December, we find ourselves deeply engaged in the crucial task of filing Income Tax Returns for assesseees whose accounts have undergone audit. With the extended last date now fixed on 10th December 2025, the focus remains on timely and error-free filing. Alongside, corporate professionals remain occupied with the preparation and submission of AOC-4 and MGT-7, both of which now carry extended due dates up to 31st December 2025. The GST regime, too, demands our attention with GSTR-9 and GSTR-9C filings for FY 2024-25, sharing the same deadline of 31st December 2025. The simultaneous culmination of these statutory requirements makes the month exceptionally demanding, highlighting once again the importance of structured practice management in our profession. Further, third instalment of Advance Tax, falling due on 15th December 2025, adds to the month's compliance calendar. As always, DTPA encourages its members to proactively guide taxpayers to estimate income correctly and make timely tax payments to avoid interest consequences. These touch-points underline the vital role of tax professionals as both advisors and facilitators of voluntary tax compliance in the country.

A significant transformation awaits the tax ecosystem with the introduction of the new Income Tax Act, 2025, scheduled to come into effect from 1st April 2026. Recognising the deep impact this transition will have on tax administration, litigation and advisory practices across India, DTPA is fully committed to equipping its members with chapter-wise, structured learning. For this purpose, we have planned a series of CA CPE Study Circle Seminars, beginning this month and continuing in the coming months. These sessions aim to dissect the new provisions, understand their legislative intent and enable professionals to seamlessly align themselves with the re-engineered law. Our collective preparedness today will determine how effectively we understand, interpret and apply the new law tomorrow.

On the economic front, Net GST Revenue till the period of 30th November 2025 was Rs. 12.79 lakh crores as against Rs.11.92 lakh crores registering a growth of 7.30%. GST is steadily positioning itself as a strong pillar to take the Indian economy to its aspired heights, improving revenue efficiency and promoting formalisation, Net Direct Tax Collections for the Financial Year 2025-2026 as on 10.11.2025 stood at Rs.12.92 lakh crores as against 12.08 lakh crores registering a growth of 7.00%.

The rupee's value against the US dollar is one of the most closely watched indicators in India. In 2025, the rupee had depreciated more than 6% against the US dollar. In 1947, 1 USD was equal to 1 INR, whereas in 2025, 1 USD is equal to 90 INR. The positive impact is exporters benefit and the negatives ones are higher import costs, rising inflation risks and pressure on foreign investors, It becomes crucial for our Central Government to strike a balance and take calibrated steps to address these economic pressures without hampering growth prospects.

December and the winter season bring opportunities for fellowship and rejuvenation. Picnics, Residential Seminars, and outdoor gatherings—especially when hosted away from the hustle and bustle of city life—create space for meaningful interactions and foster camaraderie among members. Such get-togethers offer a refreshing pause, helping us return to our professional commitments with renewed energy and clarity.

Through all its initiatives, DTPA remains steadfastly committed to leaving no stone unturned in ensuring that its members remain updated and empowered. The statutory updates, forming a crucial section of this Journal, stand as testimony to the Association's dedication to professional excellence. Each month, meticulous effort goes into curating

reliable, concise, and relevant updates so that members can rely on our Journal as a single-window source for critical changes in tax laws.

The famous saying goes:

“Professionalism is not an act; it is a constant pursuit of excellence guided by ethics.”

DTPA proudly embodies this principle in every initiative, every seminar, and every publication.

In conclusion, as we close the year 2025, let us reaffirm our collective resolve to uphold integrity, sharpen our knowledge, and embrace the evolving landscape of taxation and technology. Together, let us march into 2026 with preparedness and purpose.

We wish you our all-fellow members heartiest greetings for upcoming Christmas and New Calendar Year 2026!

Jai Hind! Jai DTPA!!

With Best Regards

Yours truly,

Sujit Sultania

Chairman

Journal Sub-Committee, DTPA

Mohan Lal Gupta

Co-Chairman

Journal Sub-Committee, DTPA

Rites Goel

Co-Chairman

Journal Sub-Committee, DTPA

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DISCLAIMER

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

Total no. of page: 121

.... From the desk of President**“कर्मण्येवाधिकारस्ते मा फलेषु कदाचन।”***— Our focus must remain steadfast on action, for committed effort leads the way forward.*

As we embrace the month of December with renewed energy and optimism, I am privileged to share my second message in our esteemed Journal. The journey of the last month weeks has been both inspiring and enriching, shaped by meaningful deliberations, vibrant participation, and the collective pursuit of excellence that defines the ethos of DTPA.

I convey my sincere gratitude to each member for your continued trust, warmth, and consistent engagement. It is your unwavering support that strengthens our resolve to uphold the highest standards of professional service and community spirit.

Study Circle Meetings – Advancing Knowledge & Practice**1. Study Circle on GSTR-9 & GSTR-9C****“विद्या ददाति विनयं।”***— Knowledge imparts clarity, humility, and wisdom.*

Our detailed session on GSTR-9 and GSTR-9C provided members with crucial insights into annual return compliances under GST. The session facilitated clear understanding, practical interpretations, and a deeper appreciation of the recent changes impacting GST reporting. I extend my thanks to the distinguished speakers and our organizing team for curating such an impactful and useful deliberation.

2. Study Circle on Search, Seizure & Block Assessment under the Income Tax Act, 2025.**“नूतनं नूतनं त्वेव शास्त्रं प्रतिदिनं पठेत्।”***— One must refresh and deepen their knowledge each day.*

Our Study Circle on the newly enacted Income - Tax Act, 2025, focusing especially on the search and seizure mechanism and block assessment procedures, was another significant session. Exchange of ideas, case specific discussions, and active interaction, enriched the understanding of the changed provisions of the new law. I appreciate the commitment of our expert speakers for their informative presentations and our members for their enthusiastic participation.

Our Continuous Journey of Learning – Upcoming Programs

With the advent of the new Income - Tax Act, 2025, DTPA remains dedicated to offering structured learning modules for our members. In continuation of this endeavor, we are pleased to announce the following upcoming programs:

- **12th December 2025 – Study Circle on Computation of Income under Business & Profession under Income -Tax Act 2025**
- **19th December 2025 – Study Circle on Computation of Income under different heads under Income - Tax Act 2025**
- **4th January 2026 – Annual Picnic (A Day of Bonding, Togetherness & Celebration)**
- **6th, 7th & 8th February 2026 – Residential Programme at Mandarmani**
A three-day learning and fellowship event designed to blend technical sessions, break from daily hustle, relaxation, and meaningful interaction.

These initiatives reflect our strong commitment to ensuring that every member stays equipped, empowered, and future-ready for new challenges.

Together, Towards a Stronger Tomorrow

“एकता श्रेयसी शक्तिः।”

— *Unity is the greatest strength.*

As we progress toward the close of another fulfilling year, let us continue to move forward with collective purpose and shared determination. Your active involvement, thoughtful feedback, and steadfast encouragement remain the cornerstone of all our endeavors.

I urge all members to participate wholeheartedly in our upcoming programmes and continue contributing to the intellectual, professional, and cultural vibrancy of our Association.

New Year Message

“सर्वे भवन्तु सुखिनः, सर्वे सन्तु निरामयाः।

सर्वे भद्राणि पश्यन्तु, मा कश्चिद् दुःखभाग् भवेत्॥”

— *May all be happy; may all be free from illness.*

May all see auspiciousness; may none suffer in any way.

As we prepare to welcome **2026**, this timeless shloka reminds us of the universal values of harmony, compassion, and collective well-being that lie at the heart of our civilizational ethos. Let the coming year inspire us to embrace these virtues in our personal and professional journeys.

With renewed enthusiasm, may the New Year bring prosperity, clarity of purpose, continuous learning, and enduring success to every member of our DTPA family. Let us step forward with unity, dedication, and the shared resolve to uplift one another and strengthen our Association's legacy.

Let us continue to move ahead with courage, integrity, and an unwavering commitment to collective growth.

Wishing everyone a prosperous, inspiring, and joyful New Year!

Jai Hind!

CA Manju Lata Shukla

President, DTPA

6th December, 2025

Glimpses of Study Circle Meeting on Panel Discussion on GSTR 9 and 9C held on 28th October, 2025 at DTPA Conference Hall





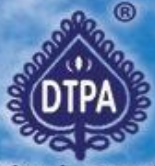
Forthcoming Program of DTPA CA CPE Study Circle of EIRC of ICAI

DTPA CA CPE Study Circle of EIRC of ICAI

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

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STUDY CIRCLE MEETING**COMPUTATION OF INCOME UNDER BUSINESS
AND PROFESSION UNDER THE INCOME TAX
ACT 2025****CA S S Gupta**
Speaker**12th December 2025, Friday****Venue : DTPA Conference Hall****Time : 3 PM - 6 PM****“3 CPE Hours”****Participation Charges - Rs. 200/-****CA Barkha Agarwal**
Convenor**CA Manju Lata Shukla**
Deputy Convenor



ज्ञानं एक्यं च न्यायार्थम्
ESTD. 1982

DIRECT TAXES PROFESSIONALS' ASSOCIATION

PICNIC

BREAKFAST | LUNCH | HIGH TEA | GAMES

(CHAUDHARY GARDEN

Kheyadha, Challapara, Kolkata 700 105
(20 minute from P C CHANDRA Gardens)

4th January 2026

8.45 am onwards

CA Manju Lata Shukla
President
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CA Neha Sultania
Chairperson
90817 21442

CA Ramesh Chokhani
Advisor
97487 47044

CA Rashmi Bihani
Co-chairperson
98741 77730

CA Shyam Agarwal
General Secretary
99030 40775



ज्ञानं धनं च न्यायार्थम्
Estd. 1982

Direct Taxes Professionals' Association

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

Email :- dtpakolkata@gmail.com

DTPA RESIDENTIAL SEMINAR - 2026

(VISIT TO JAGANNATH MANDIR, DIGHA)

Save the
Date

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

President

CA Manjulata Shukla

Chairman

CA Barkha Agarwal

Advisor

CA Arvind Agarwal

Co-Chairman

CA K N Gupta

Co-Chairman

CA Mahendra Kr Agarwal

Secretary

CA Shyam Agarwal

Compliance Calendar for December, 2025

Statute	Due dates	Form/Event	Compliance Period	Details
Income Tax Act, 1961	7th December 2025	Securities Transaction Tax / Commodities Transaction Tax	November 2025	Securities Transaction Tax - Due date for deposit of tax collected for the month of November, 2025
	7th December 2025	Securities Transaction Tax / Commodities Transaction Tax	November 2025	Commodities Transaction Tax - Due date for deposit of tax collected for the month of November, 2025
	7th December 2025	Form 27C	November 2025	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 November, 2025
	7th December 2025	Equalization Levy Deposit Due Dates	November 2025	Collection and recovery of equalization levy on specified services in the month of November, 2025
	7th December 2025	TDS/TCS Deposit Due Dates	November 2025	Due date for deposit of Tax deducted/collected for the month of November, 2025. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income tax Challan
	10th December 2025	Income Tax Returns	AY 2025-26	Due date for filing Income Tax Returns (ITR) for the Assessment Year (AY) 2025-26 (Financial Year 2024-25) for taxpayers whose accounts are required to be audited.
	15th December 2025	Form 24G	November 2025	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of November, 2025
	15th December 2025	Advance-Tax	AY 2026-27	Third instalment of advance tax for the assessment year 2026-27.
	15th December 2025	Form 16B	October 2025	Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of October, 2025
	15th December 2025	Form 16C	October 2025	Due date for issue of TDS Certificate for tax deducted under section 194-IB in the month of October, 2025
	15th December 2025	Form 16D	October 2025	Due date for issue of TDS Certificate for tax deducted under section 194M in the month of October, 2025
	15th December 2025	Form 16E	October 2025	Due date for issue of TDS Certificate for tax deducted under section 194S in the month of October 2025
	15th December 2025	Form 3BB	November 2025	Monthly statement to be furnished by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of November, 2025
	15th December 2025	Form 3BC	November 2025	Monthly statement to be furnished by a recognized association in respect of transactions in which client codes have been modified after registering in the system for the month of November, 2025
	30th December 2025	Form 26QB	November 2025	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA in the month of November, 2025
	30th December 2025	Form 26QC	November 2025	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IB in the month of November, 2025
	30th December 2025	Form 26QD	November 2025	Due date for furnishing of challan cum statement in respect of tax deducted under section 194M in the month of November, 2025

	30th December 2025	Form 26QE	November 2025	Due date for furnishing of challan cum statement in respect of tax deducted under section 194S in the month of November, 2025
	30th December 2025	Form 3CEF	FY 2024-25	Annual Compliance Report on Advance Pricing Agreement (if due date of submission of return of income is November 30, 2025)
	31st December 2025	Form 3CEAD		Report by a parent entity or an alternate reporting entity or any other constituent entity, resident in India, for the purposes of sub-section (2) or sub-section (4) of section 286 of the Income-tax Act, 1961 (assuming reporting accounting year is January 1, 2024 to December 31, 2024)
	31st December 2025	All income tax returns	AY 2025-26	Furnishing of belated or revised return of income for Assessment Year 2025-26
GST	10th December 2025	GSTR-7, GSTR-8	November 2025	Entities deducting TDS (Tax Deducted at Source) and e-commerce operators collecting TCS (Tax Collected at Source).
	11th December 2025	GSTR-1	November 2025	Monthly filers (taxpayers with an aggregate annual turnover exceeding ₹5 crore in the previous financial year) for outward supplies.
	13th December 2025	GSTR-5, GSTR-6	November 2025	Non-resident taxable persons (NRTPs) and Input Service Distributors (ISDs).
	13th December 2025	IFF	November 2025	Taxpayers under the QRMP (Quarterly Return Monthly Payment) scheme for furnishing details of outward supplies for November 2025.
	20th December 2025	GSTR-3B	November 2025	Monthly filers for the summary return of inward/outward supplies and tax payment.
	20th December 2025	GSTR-5A	November 2025	OIDAR (Online Information and Database Access or Retrieval) service providers.
	25th December 2025	PMT-06	November 2025	Monthly GST payment challan for taxpayers under the QRMP scheme.
	31st December 2025	GSTR-9 & GSTR-9C	FY 2024-25	Annual GST return and reconciliation statement for the Financial Year (FY) 2024-25
ROC Filings	31st December 2025	Form AOC-4 (and variations like AOC-4 CFS, AOC-4 XBRL, AOC-4 NBFC)	FY 2024-25	Filing of annual financial statements with the ROC
	31st December 2025	Form MGT-7/MGT-7A	FY 2024-25	Filing of annual returns
	31st December 2025	Form CRA-4	FY 2024-25	Filing of Cost Audit Report (if applicable)
Prof. Tax on Salaries	21st December 2025		November 2025	Professional Tax on Salaries for November 2025
ESI & PF	15th December 2025		November 2025	Provident Fund (PF) & ESI Returns and Payment for November 2025

Compliance Calendar for January, 2026

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

	22th January 2026	Oct-Dec 2025	GSTR-3B (Specified States)	Furnishing of Consolidated Summary Return of Inward and Outward Supplies for the period October to December 2025
	24th January 2026	Oct-Dec 2025	GSTR-3B (Specified States)	Furnishing of Consolidated Summary Return of Inward and Outward Supplies for the period October to December 2025
Statute	Due dates	Compliance Period	Details	
Prof. Tax on Salaries	21st January 2026	Dec-2025	Professional Tax (PT) on Salaries for December 2025	
ESI & PF	15th January 2026	Dec-2025	Provident Fund (PF) & ESI Returns and Payment for December 2025	

Feedback and suggestions are invited:

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

Speaking Opportunity at DTPA Platform

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

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

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

Regards,

CA Manju Lata Shukla
President-DTPA

Request for Article in DTPA Journal

Dear Sir/Madam,

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

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

Topics:

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

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

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

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

Thanks and regards,

CA. Manju Lata Shukla

President-DTPA

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Chairman, DTPA-Journal Sub-Committee

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Rewarding Excellence in Writing: DTPA'S Monthly Journal- Article Writing

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

Reward Scheme:

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

Eligibility Criteria:

Submit on Time

Submit their articles by 5th day of the month for which the publication is released. For example, for the month of December 2025 E-Journal Publication, articles will have to be submitted by 5th January 2026.

Meet Standards

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

Eligibility

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

Selection Process:

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

Timeline:

Submission

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

Evaluation

Evaluation and selection: November 2025 and onwards.

Announcement

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

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

Thanks, and Regards

CA. Manju Lata Shukla

President

DTPA

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Email: manju_asso@rediffmail.com

CA. Sujit Sultania

Chairman

DTPA- Journal Sub-Committee

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Reward Scheme for Best 3 (Three) Readers' Feedback for our Monthly Journal

We are excited to announce a reward scheme to recognize and appreciate our valued readers who take their valuable time to provide us with their thoughtful feedback.

Objective:

The objective of this reward scheme is to encourage our readers to share their opinions, suggestions, and ideas on how we can improve our content and better serve their needs.

Eligibility:

All readers who provide feedback on our content during the specified period (within last date of the month for which the Journal is published) are eligible to participate in this reward scheme. For example, 31st December 2025 is the last date for feedback in respect of our E-Journal of December 2025.

Reward Structure:

The best three readers who provide the most valuable and insightful feedback will be rewarded in the Annual General Meeting to be held in the year 2026.



Selection Criteria:

The DTPA Editorial Board will review and evaluate the feedbacks received. The best 3 (three) feedbacks will be selected for the rewards.

The winners will be selected based on the quality, relevance and usefulness of their feedback.

Timeline:

This scheme commences w.e.f. our Monthly Journal published for November 2025 and onwards.

How to Participate:

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DIRECT TAXES

1. STATUTORY UPDATES

- 1.1** CBDT notifies tolerance range for ALP determination for AY 2025-26 - *NOTIFICATION NO. S.O. 5053(E) [NO.157/2025/F. NO. 500/1/2014-APA-II], DATED 06-11-2025*

Editorial Note: The Central Board of Direct Taxes (CBDT) has notified that the tolerance limit of 1 per cent for wholesale trading and 3 per cent in all other cases for ALP determination during the Assessment Year 2025-26.

- 1.2** CBDT notifies provisions of the protocol amending the DTAA between India and Belgium - *NOTIFICATION S.O. 5074(E)[NO. 160/2025/F. No. 505/2/1989-FTD-I], DATED 10-11-2025*

Editorial Note: The Central Board of Direct Taxes (CBDT) has notified the Protocol amending the Agreement and the Protocol between the Government of the Republic of India and the Government of the Kingdom of Belgium for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. The Protocol is effective from 26-06-2025.

- 1.3** CBDT notifies "Hari Shankar Singhanian Elastomer & Tyre Research Institute" for the purpose of section 35 relief - *NOTIFICATION NO. 4/2025 [F. NO. PCCIT(E)/NOTIFICATION U/S 35(1)(ii)/04/2025/2629], DATED 12-11-2025*

Editorial Note: The Central Board of Direct Taxes (CBDT) has granted approval to the Hari Shankar Singhanian Elastomer & Tyre Research Institute for 'Scientific Research' purposes. The approval is granted under section 35(1)(ii) for the Assessment Years 2022-23 to 2026-27.

- 1.4** CBDT authorises 19 banks to receive deposits and maintain accounts under Capital Gains Account Scheme - *NOTIFICATION S.O. 5294(E) [F. NO. 162/2025/ F. NO. 370142/23/2024-TPL], DATED 19-11-2025*

Editorial Note: The Central Board of Direct Taxes (CBDT) has authorised the 19 banks to receive deposits and maintain accounts under the Capital Gains Account Scheme, 1988. The authorised banks include HDFC Bank Ltd, ICICI Bank Ltd, Axis Bank Ltd, City Union Bank Ltd and more

- 1.5** CBDT notifies amendment in Capital Gains Account Scheme to allow deposit of capital gain by electronic mode - *NOTIFICATION S.O. 5293(E) [F. NO.161/2025/F. NO. 370142/23/2024-TPL], DATED 19-11-2025*

Editorial Note: The Central Board of Direct Taxes (CBDT) has amended the Capital Gains Account Scheme, 1988, to include the facility of electronic mode for depositing money in the Capital Gains Account Scheme. The scheme was also amended to

allow the deposit to claim exemption under section 54GA.

- 1.6** CBDT launches 2nd NUDGE initiative to strengthen voluntary compliance in respect of Foreign Assets - *PRESS RELEASE, DATED 27-11-2025*

Editorial Note: The CBDT has launched second NUDGE campaign to strengthen voluntary compliance regarding foreign assets. In first NUDGE campaign, launched on 17-11-2024, CBDT targeted select taxpayers who were reported by foreign jurisdictions under Automatic Exchange of Information framework as holding foreign assets that were not disclosed in ITRs for AY 2024-25.

- 1.7** OECD releases "2025 update to Model Tax Convention"

Editorial Note: The Organisation for Economic Co-operation and Development (OECD) has released the '2025 Update to the OECD Model Tax Convention'. This update was approved by the Committee on Fiscal Affairs on 13 October 2025 and by the OECD Council on 18 November 2025.

2. SUPREME COURT

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

- 2.1** SLP dismissed against order of High Court that interconnect service charges paid by assessee to non-resident telecom operator company would not amount to 'royalty' - *Deputy Commissioner of Income-tax, International Taxation v. Orange* - [2025] 180 taxmann.com 159 (SC)
- 2.2** SLP dismissed against order of High Court that interconnect service charges paid by assessee to telecom service provider would not constitute 'royalty' - *Deputy Commissioner of Income-tax, International Taxation v. Orange* - [2025] 180 taxmann.com 287 (SC)

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

- 2.3** SLP dismissed against order of High Court that no disallowance could be made under section 14A if no exempt income was earned by assessee - *Principal Commissioner of Income-tax v. Indian Farmers Fertilizer Cooperative Ltd.* - [2025] 180 taxmann.com 526 (SC)

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

- 2.4** SLP dismissed against order of High Court that where Assessing Officer issued notice under section 148A(b) on

basis of audit objections which suggested that assessee's claim of depreciation on goodwill was in violation of provisions of Income-tax Act however Assessing Officer had not taken into consideration reply filed by assessee and had reiterated to what was stated in audit objections, impugned reopening notice was to be set aside - **Deputy Commissioner of Income-tax v. Songwon Specialty Chemicals India (P.) Ltd.** - [2025] 180 taxmann.com 292 (SC)

2.5 SLP dismissed against order of High Court that where assessee-company acquired injectable business from its holding company as a going concern on slump sale basis and claimed depreciation on amount of goodwill, since issue regarding depreciation on goodwill was duly considered during course of regular assessment, Assessing Officer would not have any jurisdiction to reopen assessment - **Assistant Commissioner of Income-tax v. Baxter Pharmaceuticals India (P.) Ltd.** - [2025] 180 taxmann.com 522 (SC)

2.6 SLP dismissed against order of High Court that where assessee-company acquired injectable business from its holding company as a going concern on slump sale basis and claimed depreciation on assets, since assessee had purchased entire unit on slump sale basis without values being assigned to individual assets and assessee had also obtained valuation report from expert valuer, who had physically verified each of assets to derive value, assessee was entitled to claim depreciation on assets on basis of valuation made by an expert valuer of each of assets forming part of sale consideration - **Assistant Commissioner of Income-tax v. Baxter Pharmaceuticals India (P.) Ltd.** - [2025] 180 taxmann.com 522 (SC)

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

2.7 SLP dismissed against order of High Court that where assessee, an investment company, borrowed capital from its group concern and paid interest on same, impugned interest paid by assessee on amount taken for utilising it for further lending was said to be in business interest or commercially expedient for purpose of business and, thus, impugned disallowance made on account of difference between interest received and paid by assessee was to be deleted - **Commissioner of Income-tax v. Shriram Investments** - [2025] 180 taxmann.com 291 (SC)

SECTION 40(a)(ia) OF THE INCOME-TAX ACT, 1961 - BUSINESS DISALLOWANCE - INTEREST, ETC., PAID TO A RESIDENT WITHOUT DEDUCTION OF TAX AT SOURCE

2.8 SLP dismissed against order of High Court that where assessee-company, during year, had debited a sum towards advertisement expenses, legal and professional fees and service charges and deducted TDS under section 194J for professional and technical services on part payment, since assessee gave a detailed chart regarding payments made towards said expenditure and

also obtained lower withholding tax certificate from payee and deducted taxes at rates mentioned in certificate, Tribunal was right in quashing and setting aside order passed by Principal Commissioner under section 263 - **Principal Commissioner of Income-tax v. Reckitt Benckiser Healthcare India (P.) Ltd.** - [2025] 180 taxmann.com 160 (SC)

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

2.9 SLP dismissed against order of High Court that where assessee reflected liabilities owed to banks in its books alleging that same arose on account of cheques issued to various suppliers for purchase of materials that were not presented to concerned banks, however said liability was not supported by statement furnished by concerned banks and no documentary evidence was produced by assessee to establish transactions as claimed, impugned liabilities were to be treated as bogus credits and added to declared income of assessee - **Harsha Associates (P.) Ltd. v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 525 (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-society running a college with existing registration under section 12AA applied for approval under section 80G and CIT(E) rejected application solely because surplus was generated from student fees and other claimed activities were not carried out, approval under section 80G(5) was deserved since charitable status was already recognized, making ITAT's direction to grant such approval legally valid - **Commissioner of Income-tax (Exemption) v. Dignity Education Society** - [2025] 180 taxmann.com 157 (SC)

SECTION 86 OF THE INCOME-TAX ACT, 1961 - EXEMPTION - SHARE INCOME, AS MEMBER OF AOP/BOI

2.11 SLP dismissed against order of High Court that where assessee an individual had formed various syndicates/groups with different persons for carrying out business of liquor for a definite share of profit, income derived by various syndicates, in which assessee was one of members, was required to be assessed in hands of syndicates only and direct assessment in hands of assessee could not have been made in respect of income derived by syndicates; income of Association of Person (Syndicates) cannot be clubbed in hands of member assessee - **Principal Commissioner of Income-tax (Central) MP and CG Bhopal v. Harmindar Singh Bhatia** - [2025] 180 taxmann.com 283 (SC)

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

2.12 SLP dismissed against order of High Court that where comparables selected by assessee were from same

geography, i.e., USA and same industry, i.e., 'Kitchenware and home furnishing items' and hence were valid comparables to that of assessee, Tribunal was justified in directing TPO to include aforesaid comparables in final set of comparables - **Principal Commissioner of Income-tax v. Tupperware India (P.) Ltd.** - [2025] 180 taxmann.com 294 (SC)

SECTION 115BAA OF THE INCOME-TAX ACT, 1961 - CERTAIN DOMESTIC COMPANIES, TAX ON

- 2.13 SLP dismissed against order of High Court that where assessee company had not exercised its option to avail benefit of section 115BAA before due date specified under section 139(1) in its return, it could not be allowed to revise its return and file Form 10-IC after due date for filing return under section 139(1) so as to avail benefit of lower taxation under section 115BAA - **Sarla Holdings (P.) Ltd. v. Principal Commissioner of Income-tax** - [2025] 180 taxmann.com 161 (SC)

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

- 2.14 SLP dismissed against order of High Court that where no reasonable opportunity had been provided before transferring case of assessee and officer of Bangalore had sent notice and assessment order to assessee who was a resident of Delhi, it was in total violation of section 127 - **Deputy Commissioner of Income-tax v. Sunil Kumar Sharma** - [2025] 180 taxmann.com 293 (SC)

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

- 2.15 SLP dismissed against order of High Court that where revenue did not have satisfaction note for issuance and authorisation of search warrant under section 132(1), no further proceedings would survive - **Commissioner of Income-tax v. Vijay Goel** - [2025] 180 taxmann.com 162 (SC)

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

- 2.16 SLP dismissed against order of High Court that where Assessing Officer issued notice under section 148A(b) requiring assessee to furnish information with respect to source, genuineness and creditworthiness of persons who gave loans to assessee just after its incorporation, since said notice was issued for verification on part of Assessing Officer, same was not in accordance with provisions of section 148A and therefore, impugned notice would fail - **Income-tax Officer v. Onir Infraspace (P.) Ltd.** - [2025] 180 taxmann.com 286 (SC)

- 2.17 SLP dismissed against order of High Court that where assessee, in writ, challenged order passed under section 148A(d) and reopening notice, and during pendency a reassessment order was passed based on same section 148A(d) order, since order under section 148A(d) was

quashed, reassessment order based on section 148 notice, which relied on quashed order, could not survive - **Assistant Commissioner of Income-tax v. Arunkumar Mahabirprasad Jatia** - [2025] 180 taxmann.com 521 (SC)

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

- 2.18 SLP disposed of against order of High Court that in view of judgment in *Godrej Industries Ltd. v. Asstt. CIT* [2024] 160 taxmann.com 13 (Bombay), no notice under section 148 for assessment year 2014-15 could be issued on or after 1-4-2021 based on first proviso to section 149 - **Income-tax Officer, International Tax v. Shapoorji Pallonji Mistry** - [2025] 180 taxmann.com 290 (SC)

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

- 2.19 SLP dismissed against order of High Court that where approval for initiation of reassessment proceedings was granted by Commissioner after expiry of 3 years from end of relevant assessment year, said approval should have been granted by Principal Chief Commissioner, thus, impugned order passed under section 148A(d) and impugned notice issued under section 148 were to be quashed - **Assistant Commissioner of Income-tax International Taxation v. LinkedIn Singapore Pte. Ltd.** - [2025] 180 taxmann.com 158 (SC)

- 2.20 SC restored SLP against order of High Court that where reassessment in case of assessee was initiated after expiry of three years from end of relevant assessment year, sanction for issue of notice under section 148 ought to have been granted by authorities of rank referred to in section 151 (ii) and not by authorities of relatively lower rank under section 151 (i) - **Income-tax Officer v. Prakash Pandurang Patil** - [2025] 180 taxmann.com 288 (SC)

SECTION 151A OF THE INCOME-TAX ACT, 1961 - FACELESS ASSESSMENT OF INCOME ESCAPING ASSESSMENT

- 2.21 SC restored SLP against order of High Court that where reopening notice issued under section 148 for assessment year 2018-19 was not under mandatory faceless mechanism as per provisions of section 151A, proceedings initiated under section 148 would not be sustainable and were rendered invalid - **Income-tax Officer v. Prakash Pandurang Patil** - [2025] 180 taxmann.com 288 (SC)

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

- 2.22 SLP dismissed against order of High Court that loose sheets of paper/diaries found during search containing typed entries, not shown to form part of books of account regularly maintained by assessee or his business entities,

did not constitute material evidence and thus, impugned notices issued under section 153C to assessee based on material contained in diaries/loose sheets, were required to be set aside, being void and illegal - **Deputy Commissioner of Income-tax v. Sunil Kumar Sharma - [2025] 180 taxmann.com 293 (SC)**

2.23 SLP dismissed against order of High Court that satisfaction note is required to be recorded under section 153C for each assessment year and, hence, a consolidated satisfaction note recorded for different assessment years, would vitiate entire assessment proceedings - **Deputy Commissioner of Income-tax v. Sunil Kumar Sharma - [2025] 180 taxmann.com 293 (SC)**

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

2.24 SLP dismissed against order of High Court that assessment order under section 158BC is required to be made both on basis of result of search as well as post search enquiry and other proceedings which are in nature of consequences of evidence found as a result of search - **Mange Ram Mittal v. Commissioner of Income-tax - [2025] 180 taxmann.com 285 (SC)**

2.25 SLP dismissed against order of High Court that where during search conducted at residential premises of assessee, incriminating material was found in form of unaccounted sales from liquor vends and salesmen working in those vends stated that assessee was real owner, inference could be drawn that undisclosed income was earned by assessee through ghost and benami companies which were running on properties taken on rent by him - **Mange Ram Mittal v. Commissioner of Income-tax - [2025] 180 taxmann.com 285 (SC)**

SECTION 271D OF THE INCOME-TAX ACT, 1961 - PENALTY - FOR FAILURE TO COMPLY WITH SECTION 269SS

2.26 SLP dismissed against order of High Court that where assessee's premises were searched and block assessment order was passed computing undisclosed income, but, there was no mention in block assessment order regarding initiation of penalty proceedings under section 271D, penalty proceedings would not be sustainable - **Principal Commissioner of Income-tax v. Parivar Television (P.) Ltd. - [2025] 180 taxmann.com 530 (SC)**

3. HIGH COURT

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

3.1 Assessee was entitled to exemption under section 11 as its activity of acting as a bridge between donors and recipients could not be treated as trade or business in view of less than 20% retention of donations - **Give**

Foundation v. Joint Director of Income-tax (Exemption) - [2025] 180 taxmann.com 319 (Gujarat)

SECTION 2(42C) OF THE INCOME-TAX ACT, 1961 - DEFINITIONS.

3.2 Where assessee transferred its entire bottling and marketing business as a going concern for a lump-sum consideration without assigning individual values to assets, transaction constituted a slump sale under section 2(42C), so provisions of section 50B and section 41(2) were not attracted and revenue could not dissect transaction to tax parts under separate heads - **Commissioner of Income-tax v. Spectra Shares and Scrips Ltd. - [2025] 180 taxmann.com 182 (TELANGANA)**

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

3.3 Where Singapore-resident shipping enterprise operated vessels from Indian ports and produced a certificate from Singapore tax authorities confirming Article 8 DTAA relief, denial of exemption based on remittance location and restoring matter to Assessing Officer for further verification was unwarranted since certificate's veracity was affirmed and profits were rightly only taxable under Article 8, not Article 24. - **Atlantic Shipping (P.) Ltd. v. Income-tax Officer (International Taxation) - [2025] 180 taxmann.com 21 (Gujarat)**

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

3.4 Where Form 10B was inadvertently not filed by Chartered Accountant along with return and subsequently, assessee filed belated Form 10B and also filed application for condonation of delay which was rejected, since delay in filing Form 10B was due to inadvertent oversight of CA, same was to be condoned by authority concerned under section 119(2)(b) - **Babubhai C Jariwala Charitable Trust v. Central Board of Direct Taxes (ITA Cell) - [2025] 180 taxmann.com 8 (Gujarat)**

3.5 Where assessee-trust filed Form No. 10 for accumulation under section 11(2) with a delay due to inadvertence of its Chartered Accountant despite trustees having signed and resolved accumulation in paper format, and delay was attributed to newly introduced e-filing requirement, rejection of condonation application under section 119(2)(b) without appreciating reasonable cause or evidence was improper and delay ought to be condoned. - **St. Anne's School v. Commissioner of Income-tax (Exemptions) - [2025] 180 taxmann.com 183 (Bombay)**

3.6 Where assessee-trust had duly filed Form 10 electronically, specifying accumulation purposes by referring to trustees' resolution and explained that Form 10's limited space required details to be set out by reference, such disclosure fulfilled section 11(2) read with Rule 17 and entitled trust to exemption, thus, reassessment notice issued solely on ground of

insufficient specificity in Form 10 amounted to mere change of opinion and was required to be set aside - **Sir Jamsetjee Jejeebhoy Charity Fund v. Income-tax Officer (Exemption)** - [2025] 180 taxmann.com 401 (Bombay)

- 3.7 Where assessee-trust received large grant shortly before year-end and disclosed deemed application of unutilized amount in its audit report and return within prescribed timeline, since Form 9A was not required to be filed for assessment year 2015-16, accumulation benefit could not be denied due to alleged delay in filing Form 9A - **Swasth Foundation v. Commissioner of Income-tax (Exemptions)** - [2025] 180 taxmann.com 557 (Bombay)

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

- 3.8 Where assessee earned exempt dividend income from mutual funds with investments made and liquidated within year resulting in no opening or closing balances, and Assessing Officer made ad hoc disallowance under section 14A at 10 percent of such income without tangible basis, disallowance was to be deleted - **Principal Commissioner of Income-tax v. EYGBS (India) (P.) Ltd** - [2025] 180 taxmann.com 681 (Karnataka)

SECTION 21 OF THE CHARTERED ACCOUNTANTS ACT, 1949 - DISCIPLINARY DIRECTORATE

- 3.9 Where recommendation of Council for removal of name of respondent-CA, from register of members for a period of five years was merely verbatim reproduction of report of Disciplinary Committee and there were absolutely no independent reasons recorded by Council, same was to be set aside and matter was to be remitted back to Council for fresh consideration and disposal - **Council of Institute of Chartered Accountants of India v. S.N. Valera** - [2025] 180 taxmann.com 660 (Gujarat)

SECTION 28 OF THE INCOME-TAX ACT, 1961 - BUSINESS - COMMENCEMENT OF /CARRYING ON OF

- 3.10 Where assessee transferred its entire bottling and marketing undertaking as a going concern with non-compete obligations and termination of existing arrangements, and both appellate authorities found the Licensing Agreement operated on a principal-to-principal basis with no agency relationship, lump-sum consideration received did not fall within scope of section 28(ii)(c) so was not taxable as compensation for termination of agency - **Commissioner of Income-tax v. Spectra Shares and Scrips Ltd.** - [2025] 180 taxmann.com 182 (TELANGANA)

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

- 3.11 Where assessee, a director in company, claimed receipt from company as professional/technical service fee assessable as business income but failed to produce any document evidencing professional or technical services

rendered as a financial expert, such receipt was liable to be treated as salary income. - **Mukesh Gupta v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 188 (Karnataka)

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

- 3.12 Where assessee claimed deduction of interest on amounts borrowed and advanced to company, but failed to substantiate details of professional or technical services to company and did not prove business nexus between borrowing and advancement of funds, claim of interest expenditure as business deduction and plea for commercial expediency or set-off against interest income was not allowable. - **Mukesh Gupta v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 188 (Karnataka)

- 3.13 Where assessee incurred advertisement and dealer incentive expenses for launching new products and provided bank statements and entries though vouchers were not produced after several years, allowance of only 10 percent by Tribunal was not perverse since fact of incurring expenses was undisputed, and in absence of any claim that profit and loss account did not comply with statutory format, rejection of expenditure was unwarranted. - **Commissioner of Income-tax v. India Cements Ltd.** - [2025] 180 taxmann.com 564 (Madras)

SECTION 41(1) OF THE INCOME-TAX ACT, 1961 - REMISSION OR CESSATION OF TRADING LIABILITY

- 3.14 Where assessee assigned its outstanding future liability of sales tax to another company for a consideration being NPV of future liability payable after twelve years, since there was no cessation of liability, section 41(1) would not be attracted - **Commissioner of Income-tax v. India Cements Ltd.** - [2025] 180 taxmann.com 564 (Madras)

SECTION 43 OF THE BLACK MONEY (UNDISCLOSED FOREIGN INCOME AND ASSETS) AND IMPOSITION OF TAX ACT, 2015 - PENALTY FOR FAILURE TO FURNISH IN RETURN OF INCOME, AN INFORMATION OR FURNISH INACCURATE PARTICULARS ABOUT AN ASSET (INCLUDING FINANCIAL INTEREST IN ANY ENTITY) LOCATED OUTSIDE INDIA

- 3.15 Where assessee was only named in investment holding made by her husband for administrative convenience and her husband had declared said investments in Schedule FA along with his return of income, no penalty could be imposed on assessee for non disclosure of foreign investment holding in Schedule FA along with return - **Principal Commissioner of Income-tax v. Aditi Avinash Athavankar** - [2025] 180 taxmann.com 476 (Bombay)

SECTION 44AF OF THE INCOME-TAX ACT, 1961 - RETAIL BUSINESS

- 3.16 Where assessee, a retail dealer in timber, filed a return of income for assessment year 2003-04 claiming refund on basis of section 44AF, in view of facts that assessee fell

within category defined under section 44AF and that section 44AF being a special provision, requirement for compliance under section 139(9) would not arise at all and thus, assessee would be entitled for refund claimed - **Mohd. Amzad v. Income-tax Officer - [2025] 180 taxmann.com 194 (Telangana)**

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

3.17 Where assessee transferred its entire bottling and marketing undertaking as a going concern, resulting in termination of existing contracts, imposition of a non-compete obligation, and required change of name, there was a complete loss and extinguishment of source of income, so consideration received was to be taxed as capital receipt under section 45 and not as revenue receipt under section 28 - **Commissioner of Income-tax v. Spectra Shares and Scrips Ltd. - [2025] 180 taxmann.com 182 (TELANGANA)**

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

3.18 Where assessee-company entered into a MoU with one UI for execution of development of land and thereafter, assessee paid certain sum to UI for termination of agreement, since in original MoU, no condition was stipulated that assessee had to pay any amount, if contract was rescinded, Assessing Officer was justified in disallowing said amount as expenditure under section 48(i) - **Gulf Oil Corporation Ltd. v. Assistant Commissioner of Income-tax - [2025] 179 taxmann.com 691 (Hyderabad)**

3.19 Where assessee-company paid certain amount as commission to a company towards sale of a land and claimed deduction of same under section 48, since assessee had not placed any evidence to show that said company had rendered any services in facilitating execution of sale deed by assessee in favour of buyer, Assessing Officer was justified in disallowing said amount under section 48 - **Gulf Oil Corporation Ltd. v. Assistant Commissioner of Income-tax - [2025] 179 taxmann.com 691 (Hyderabad)**

SECTION 50B OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - SLUMP SALE, COST OF ACQUISITION IN CASE OF

3.20 Where assessee's sale of its Test House Division was treated as slump sale under section 50B and assessment order failed to examine whether transaction should be taxed under section 50B or as short-term capital gains under section 50, exercise of revisionary power under section 263 was justified due to non-adjudication of applicable provisions. - **Sterling Farm Research and Services (P.) Ltd. v. Commissioner of Income-tax - [2025] 180 taxmann.com 15 (Kerala)**

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

3.21 Where assessee sought closure of Capital Gain Account after constructing a house using borrowed funds, since section 54F permits use of borrowed funds but requires proof of actual utilisation and Assessing Officer's satisfaction was essential and his findings at closure stage were only prima facie, rejection of closure request was justified, though assessee may withdraw excess deposit after retaining tax-liable amount - **Mrs. Sainaba Hamza Koya v. Income-tax Officer - [2025] 180 taxmann.com 548 (Kerala)**

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

3.22 Where assessee company received substantial share application money and share premium from identified investors and furnished all requisite documents including statutory filings, bank statements and confirmations proving identity and source of funds of shareholders, addition as unexplained cash credits under section 68 was not justified merely due to non-appearance of directors before AO. - **Principal Commissioner of Income-tax v. Jealous Commercial (P.) Ltd. - [2025] 180 taxmann.com 199 (Calcutta)**

3.23 Where assessee-company had been converted into an LLP and thereby ceased to exist, any reassessment notice issued under section 148 in name of such non-existent entity was invalid, void ab initio, and liable to be quashed. - **Erangal Comtrade and Consultancy LLP v. Assistant Commissioner of Income-tax - [2025] 180 taxmann.com 449 (Bombay)**

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

3.24 Where assessee was subject to reassessment based on information from DGGI intelligence alleging availment of bogus ITC from a copper sale - repurchase transaction, but subsequent closure of main ITC issue by GST department occurred after impugned reassessment order, since closing of proceedings by GST would directly impact reassessment, matter was to be remanded for reconsideration in light of GST order - **Vedanta Ltd. v. Assistant Commissioner of Income-tax Delhi - [2025] 180 taxmann.com 239 (Delhi)**

SECTION 73 OF THE INCOME-TAX ACT, 1961 - LOSSES - IN SPECULATION BUSINESS

3.25 Where assessee-company received shares on conversion of partly convertible debentures by allotment of shares and sold said shares, since shares were 'created' from company's own capital and were not 'transferred' from any other person, Explanation to section 73(1) would not be applicable and, thus, impugned loss incurred on sale of shares could not be treated as speculation loss - **Abhar Holdings (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 508 (Gujarat)**

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

3.26 Where during pendency of Corporate Insolvency Resolution Process (CIRP) of assessee-company, Principal Commissioner did not file any claims and did not make any submissions at time when resolution plan was approved by NCLT, denial of carry forward of losses could not be denied to assessee - ***Amns Gandhidham Ltd. v. Assistant Commissioner of Income tax - [2025] 180 taxmann.com 43 (Bombay)***

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

3.27 Where assessee had entered into an agreement with its AE for rendering advisory services, and Tribunal found, on basis of documentary evidence on record that there was no considerable difference between services actually rendered by AE and those specified in agreement, such factual findings could not be attacked on ground of perversity - ***Principal Commissioner of Income-tax v. Grupo Antolin India Pvt Ltd - [2025] 180 taxmann.com 498 (Bombay)***

3.28 Where assessee, having SEZ unit eligible for section 10AA deduction and engaged in back-office support and data processing, voluntarily offered TP adjustments in returns as per an APA, Assessing Officer could not deny section 10AA exemption on portion of income relating to these TP adjustments, since income was not enhanced by Assessing Officer and conditions of section 92C(4) proviso were not attracted - ***Principal Commissioner of Income-tax v. EYGBS (India) (P.) Ltd - [2025] 180 taxmann.com 681 (Karnataka)***

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

3.29 Where assessee treated VRS and advertisement expenditure as deferred revenue in printed financial statements but claimed entire actual expenditure as deduction for section 115JA purposes with books otherwise prepared in accordance with statutory requirements, assessee was entitled to claim entire actual expenditure for section 115JA even if a different treatment was shown in financial statements for shareholders. - ***Commissioner of Income-tax v. India Cements Ltd. - [2025] 180 taxmann.com 564 (Madras)***

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

3.30 Where proposal for extension of return filing due date for auditable assessee for assessment year 2025-26 remained undecided and delay in e-filing utilities caused hardship, CBDT was to be directed to issue circular extending return filing due date to 30.11.2025 for assessment year 2025-26. - ***Ashwini Kumar v. Central Board of Direct Taxes - [2025] 180 taxmann.com 195 (Punjab & Haryana)***

3.31 Where assessee-society filed return belatedly due to delayed **audit** by Sub-auditor appointed by State, since

filing of report belatedly by sub-auditor could be said to be genuine predicament and would come within purview of CBDT Circular No. 13 of 2023, delay was to be condoned - ***Mahernagar Co-Op. Housing Service Society Ltd. v. Chief Commissioner of Income-tax - [2025] 180 taxmann.com 663 (Gujarat)***

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

3.32 Where IT Department intercepted and took custody of gold jewellery on 12-5-2024, but Panchanama dated 1-6-2024 suggested that search commenced only on that date even though valuation had already been carried out on 17-5-2024, entire action of Department was contrary to law and, thus, impugned Panchanama was to be quashed and said gold jewellery was to be released to assessee - ***H. K. Jewels (P) Ltd v. Assistant Director of Income Tax Investigation - [2025] 180 taxmann.com 664 (Bombay)***

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

3.33 Where assessment notice listed 'Receipts of Trust' as scrutiny issue without limiting scope and documents produced by revenue indicated that proceedings were intended to be commenced as a complete scrutiny and not a limited scrutiny, there was no justifiable reason to treat scrutiny to which assessee was subjected to, as a limited scrutiny and not a complete scrutiny - ***Marymatha Province of Vincentian Congregation v. Additional/Joint/Deputy/Assistant Commissioner of Income-tax/Income-tax Officer, NFAC Delhi - [2025] 179 taxmann.com 683 (Kerala)***

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

3.34 Where assessee filed DRP objections within prescribed time but did not furnish a copy to Assessing Officer and Assessing Officer, having not received objections, passed final assessment order, assessment order was to be set aside and matter remanded for fresh order after DRP considers assessee's objections. - ***American megatrends International India (P.) Ltd. v. Assessment Unit Income-tax Department Ministry of Finance Government of India, New Delhi - [2025] 180 taxmann.com 42 (Madras)***

3.35 Date of uploading DRP order on ITBA Portal is to be considered as date of service to recipient and time for Assessing Officer to pass assessment order starts running from date of receipt of DRP order - ***Commissioner of Income-tax International Taxation v. Hyundai Rotem Company - [2025] 180 taxmann.com 18 (Delhi)***

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

3.36 Where assessee received notice under section 148 from Jurisdictional Assessing Officer rather than Faceless Assessing Officer as mandated under faceless

reassessment procedure, such notice was invalid and liable to be quashed even in cases of central charges and international taxation. - **Shabana Aijaz Khan v. Income-tax Officer, International Tax** - [2025] 180 taxmann.com 192 (Bombay)

3.37 Where assessee, in revenue's appeal before Tribunal, sought to defend Commissioner (Appeals)'s order on ground of invalid reassessment under Rule 27 of ITAT Rules, Tribunal was justified in accepting ground raised by assessee that reassessment was only a change of opinion and hence unsustainable in law; however Tribunal was not justified in upholding finding of Commissioner (Appeals) on merits - **Commissioner of Income-tax v. India Cements Ltd.** - [2025] 180 taxmann.com 564 (Madras)

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

3.38 It is responsibility and liability of jurisdictional Assessing Officer to verify information made available on Insight Portal which suggests that income chargeable to tax has escaped assessment in case of assessee for relevant assessment year and if necessary, Assessing Officer must conduct inquiry with prior approval of specified authority with respect to such information and only after verification of information made available to Assessing Officer, provisions of section 148A(1) shall be invoked - **Vasuki Global Industrial Ltd. v. Principal Chief Commissioner of Income-tax** - [2025] 180 taxmann.com 16 (Gujarat)

3.39 Where assessee-company was admitted to CIRP by NCLT and a moratorium was declared and thereafter, Resolution Plan of one, Z was approved by NCLT, since no claim was filed by revenue during subsistence of CIRP in relation to escapement of income of assessee for relevant assessment year or any other assessment year, all past claims stood extinguished on approval of resolution plan by NCLT, thus, impugned reassessment proceedings initiated against assessee were to be set aside - **Anuradha Real Estate Developers Pvt Ltd v. Office of the Income-tax Officer** - [2025] 180 taxmann.com 509 (Bombay)

SECTION 151A OF THE INCOME-TAX ACT, 1961 - FACELESS ASSESSMENT OF INCOME ESCAPING ASSESSMENT

3.40 When reassessment notices are issued by a jurisdictional Assessing Officer in contravention of section 151A, such notices stand obliterated and all consequential proceedings are liable to be quashed. - **Bunts Pakirappa Narayana Rai v. Income-tax Officer** - [2025] 180 taxmann.com 105 (Karnataka)

3.41 Assessing Officer does not have jurisdiction to issue notice under section 148 in view of section 151A read with Notification No. 18/2022 dated 29.03.2022, which mandates that such notices are to be issued only by Faceless Authority. - **Shankaranarayana Constructions**

(P.) Ltd. v. Assistant Commissioner of Income-tax, Bengaluru - [2025] 180 taxmann.com 122 (Karnataka)

3.42 Reassessment notices under Sections 148A and 148 issued by Jurisdictional Assessing Officer are invalid, as post E-Assessment Scheme, 2022, such proceedings must be conducted only through faceless mechanism by NFAC. - **Smt. Prameela Pasumarthi v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 131 (Andhra Pradesh)

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

3.43 Where competent authority granted approval for multiple draft assessment orders through a single consolidated letter with generic directions to pass orders before limitation and send copies for record, without referring to seized material or assessment records, such approval was not valid - **Principal Commissioner of Income-tax v. Believe Constructions (P.) Ltd.** - [2025] 180 taxmann.com 63 (Delhi)

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

3.44 Where search was conducted at third-party premises and seized materials were handed over to assessee's Assessing Officer on 25-11-2022, same was to be construed as date of initiation of search against assessee, since initiation of search was subsequent to 1-4-2021, provisions of section 153C would not apply and thus, impugned notice issued under section 153C was to be quashed - **Harigovind v. Assistant Commissioner of Income-tax Non-corporate** - [2025] 180 taxmann.com 197 (Madras)

3.45 Where satisfaction note for initiating proceedings under section 153C was recorded nearly four years by Assessing Officer after search and almost two years after assessment of searched person had been completed, it reflected an inordinate delay in initiation of proceedings under section 153C and, hence, impugned notice issued under section 153C was to be quashed and set aside - **Parag Rameshbhai Gathani v. Income-tax Officer, International Taxation** - [2025] 180 taxmann.com 662 (Gujarat)

SECTION 153D OF THE INCOME-TAX ACT, 1961 - PRIOR APPROVAL NECESSARY FOR ASSESSMENT IN CASES OF SEARCH OR REQUISITION

3.46 Where competent authority granted approval for multiple draft assessment orders through a single consolidated letter with generic directions to pass orders before limitation and send copies for record, without referring to seized material or assessment records, such approval was not valid - **Principal Commissioner of Income-tax-7 v. Shivgori Builders (P.) Ltd.** - [2025] 180 taxmann.com 180 (Delhi)

**SECTION 158BD OF THE INCOME-TAX ACT, 1961 -
BLOCK ASSESSMENT IN SEARCH CASES -
UNDISCLOSED INCOME OF ANY OTHER PERSON**

3.47 Where search operation was conducted at premises which were substantially under control of assessee's husband and Assessing Officer based on seized documents made addition on account of unaccounted investment made in school property of a society, since transactions relating to investments were made to society belonging to assessee's family, statutory presumption under section 132(4A) was rightly invoked and additions made were to be upheld - *Smt. B. Renuka v. Joint Commissioner of Income-tax* - [2025] 180 taxmann.com 455 (Telangana)

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

3.48 Where petitioner, wife of deceased partner of a firm, challenged attachment of her joint bank account for recovery of firm's dues, as there was no evidence she inherited any estate from firm's partners, liability under section 159 did not arise and attachment of her account was unjustified and liable to be set aside - *Anita Rani v. Income-tax Officer* - [2025] 180 taxmann.com 562 (Punjab & Haryana)

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

3.49 Where petitioners challenged constitutional validity of proviso to section 194A(3), as inserted by Finance Act, 2020, on ground that same was violative of Article 14 and subjected all their interest income to TDS which was otherwise exempted, since income-based thresholds form a legitimate basis of tax classification and section 80P relief was only a deduction not an exemption from tax, such consequences could not render Central amendment unconstitutional - *VELLANGALLUR PEOPLES WELFARE CO-OPERATIVE SOCIETY LTD. v. UNION OF INDIA* - [2025] 180 taxmann.com 412 (Kerala)

**SECTION 220 OF THE INCOME-TAX ACT, 1961 -
COLLECTION AND RECOVERY OF TAX - WHEN TAX
PAYABLE AND WHEN ASSESSEE DEEMED IN
DEFAULT**

3.50 Where assessee's demand as per assessment was set aside in appeal and refund with interest was paid, earlier notice under section 156 became infructuous and no interest liability survived in respect of that notice, and upon issuance of fresh notice under section 156 after Tribunal's order, interest liability commenced only from expiry of one month from new notice if tax was not paid within specified time. - *Karnal Coop. Sugar Mills Ltd. v. Commissioner of Income-tax* - [2025] 180 taxmann.com 19 (Punjab & Haryana)

**SECTION 222 OF THE INCOME-TAX ACT, 1961 -
COLLECTION AND RECOVERY OF TAX -
CERTIFICATE PROCEEDINGS**

3.51 Where issue attained finality at level of ITAT and entire arrears as per order of ITAT had been paid by assessee, Tax Recovery Officer was bound to lift attachment order passed under section 222 - *K.Rethinam v. Tax Recovery Officer* - [2025] 180 taxmann.com 133 (Madras)

3.52 Once Tribunal's order had attained finality and assessee had paid entire demand, Department could not continue recovery, and Tax Recovery Officer must lift attachment. - *J. Sekar v. Tax Recovery Officer* - [2025] 180 taxmann.com 198 (Madras)

**SECTION 245 OF THE INCOME-TAX ACT, 1961 -
REFUNDS - SETTING OFF AGAINST TAX DUE**

3.53 Where department had not been able to demonstrate that any amount was payable or was due from assessee and further, no specific charging statutory provision was there to sanction recovery of tax, there was no scope for department to hold on amount of refund - *Rajneesh Agarwal v. Income-tax Officer* - [2025] 180 taxmann.com 273 (Calcutta)

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

3.54 High Court, in exercise of its discretion, could entertain writ petition against order under section 148A(d) notwithstanding availability of alternative remedy - *Zyodus Healthcare Ltd v. Assistant Commissioner of Income Tax* - [2025] 180 taxmann.com 207 (SIKKIM)

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

3.55 Where petitioner filed a writ petition seeking to restrain Tribunal from continuing with further proceedings in a matter on ground that matter was being heard by a bench which was allegedly AI driven, since pursuant to order passed by this Court on 19-8-2025, matter was assigned to a different bench by President of Tribunal and petitioner sought to avail of such remedy before appropriate fora, if an order would be passed against him, writ petition was to be disposed of as having become infructuous - *Buckeye Trust v. Registrar* - [2025] 180 taxmann.com 7 (Karnataka)

**SECTION 264 OF THE INCOME-TAX ACT, 1961 -
REVISION - OF OTHER ORDERS**

3.56 Where assessee, an 82-year-old woman suffering from Alzheimer's disease along with hyper tension and diabetes, failed to file her return for relevant assessment year due to default of her accountant and manager who did not inform her about filing requirement, Commissioner, while exercising revisional jurisdiction under section 264, ought to have examined positively in favour of assessee without rejecting her application on technical grounds - *Shushilaben Jayantibhai Patel v. Principal Commissioner of Income-tax* - [2025] 180 taxmann.com 661 (Gujarat)

**SECTION 271D OF THE INCOME-TAX ACT, 1961 -
PENALTY - FOR FAILURE TO COMPLY WITH
SECTION 269SS**

- 3.57 Where assessee's premises were searched and block assessment order was passed computing undisclosed income, but, there was no mention in block assessment order regarding initiation of penalty proceedings under section 271D, penalty proceedings would not be sustainable - **Principal Commissioner of Income-tax v. Parivar Television (P.) Ltd.** - [2025] 180 taxmann.com 109 (Gujarat)

**SECTION 275 OF THE INCOME-TAX ACT, 1961 -
PENALTY - BAR OF LIMITATION FOR IMPOSITION**

- 3.58 Where assessee was levied penalty under section 271(1)(c) during pendency of appeal against quantum assessment before Tribunal, as per section 275 (pre-1 April 2025), penalty order could not be passed while such appeal was pending, resulting in ad-interim relief restraining revenue from acting on penalty order. - **Maharashtra State Electricity Transmission Company Ltd. v. Assessment Unit** - [2025] 180 taxmann.com 186 (Bombay)

**4. INCOME TAX APPELLATE
TRIBUNAL****SECTION 2(14) OF THE INCOME-TAX ACT, 1961 -
CAPITAL GAINS - CAPITAL ASSET**

- 4.1 Where Assessing Officer rejected assessee's claim that land sold was agricultural and treated it as a capital asset, since Assessing Officer had not examined other statutory conditions for agricultural land under section 2(14)(iii), matter was to be remanded for fresh consideration - **Mrs. Snehlata Goel v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 364 (Mumbai - Trib.)
- 4.2 Where assessee, a non-resident individual, received Rs. 15 crores from purchaser of an immovable property for withdrawing her civil suit claiming inheritance rights in that property, since her suit was still pending before High Court and any right in property would have accrued only upon adjudication, she had no existing enforceable right capable of transfer; therefore, withdrawal of suit did not amount to transfer of a capital asset under sections 2(14) and 2(47), and amount received could not be taxed under head 'capital gains' - **Shireen J. Dastur v. Income-tax Officer** - [2025] 180 taxmann.com 478 (Mumbai - Trib.)

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

- 4.3 Where assessee charitable society running hospital applied over 85 per cent of its total receipts, including corpus, to charitable purposes, treating corpus donation as voluntary donation and making addition was unjustified, and as receipts from medical services were not commercial and constituted less than 20 per cent of total receipts, proviso to section 2(15) did not apply, thus

exemption under section 11 could not be denied - **Agrasen Medical Relief & Research Society v. Income-tax Officer (Exemption)** - [2025] 180 taxmann.com 134 (Jaipur - Trib.)

**SECTION 2(22) OF THE INCOME-TAX ACT, 1961 -
DEEMED DIVIDEND**

- 4.4 Where assessee received refundable rental security deposit from tenant in respect of property actually let out, such deposit could not be treated as deemed dividend under section 2(22)(e) and matter was to be examined afresh in light of this factual distinction - **Asha Burman v. ACIT, Circle 46(1)** - [2025] 180 taxmann.com 325 (Delhi - Trib.)

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

- 4.5 Where assessee, an urban improvement authority constituted under State law with mandates of improving urban areas, received income from State grants, land use fees, land auction receipts and interest, it was regarded as an instrumentality of State within meaning of Article 12 and entitled to immunity from Union taxation under Article 289, rendering its income not chargeable under Income-tax Act - **ACIT, Exemption v. Urban Improvement Trust** - [2025] 180 taxmann.com 254 (Jaipur - Trib.)

**SECTION 6 OF THE INCOME-TAX ACT, 1961 -
RESIDENTIAL STATUS**

- 4.6 Where assessee, an individual, left India in 2011 and went to USA for purpose of employment and filed his return of income for assessment years 2015-16 to 2018-19 in status of a Non-Resident, since assessee had stayed in India for less than 182 days during each of relevant years, he was to be treated as a Non-Resident under Explanation 1(a) to section 6(1) and foreign-sourced deposits/expenses could not be taxed - **Assistant Commissioner of Income-tax v. Paul Dhinakaran** - [2025] 180 taxmann.com 391 (Chennai - Trib.)

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

- 4.7 Where assessee, a tax resident of Ireland, leased helicopters to an Indian company, since lease agreements were in nature of operating lease and not financial lease, lease rentals were not taxable in India being covered under Article 8 of India-Ireland DTAA - **Vertical Aviation no. 1 Ltd. v. Assistant Commissioner of Income-tax** - [2025] 180 taxmann.com 111 (Delhi - Trib.)
- 4.8 Where assessee, a US tax resident, received cost-to-cost reimbursements for providing routine IT Application services to its Indian group entities under an agreement with no markup and such receipts did not satisfy 'make available' condition, same were not taxable in India as Fees for Included Services under Article 12 of India-USA DTAA. - **Inveso Holding Company (US) Inc. v. Assistant Commissioner of Income-tax, International Taxation** - [2025] 180 taxmann.com 98 (Delhi - Trib.)

- 4.9** Where assessee received lease rentals from leasing aircraft to Indian airline companies and aircraft was operated in international traffic, lease rental income was covered under Article 8 of India-Ireland DTAA as rental of aircraft in international traffic and was taxable only in Ireland, not in India - **Celestial Aviation Trading 36 Ltd. v. Assistant Commissioner of Income-tax, International Taxation, Circle 1(2)(1) - [2025] 180 taxmann.com 337 (Delhi - Trib.)**
- 4.10** Where assessee, as aircraft lessors, leased Airbus aircraft to Indian airline companies and retained ownership throughout while lessees merely paid lease rentals, such agreements constituted operating leases and not financial leases since no ownership was transferred to lessees at any stage. - **Celestial Aviation Trading 36 Ltd. v. Assistant Commissioner of Income-tax, International Taxation, Circle 1(2)(1) - [2025] 180 taxmann.com 337 (Delhi - Trib.)**
- 4.11** Where assessee, a US-based company, provided Indian customers access to its online journals and databases under agreements executed outside India without transfer of copyright, subscription fees received were not taxable in India as royalty or fees for technical services under Article 12 of India-US DTAA. - **John Wiley and Sons, Inc. v. Assistant Commissioner of Income-tax, International Taxation - [2025] 180 taxmann.com 389 (Delhi - Trib.)**
- 4.12** Where assessee, a UK based company, provided IT support services to its Indian AE, since there was no transfer of any technical knowledge, experience, skill, know-how or process that would enable AE to use them and thus, 'make available' clause was not satisfied, amount received by assessee was not taxable as FTS - **CPPGROUP Services Ltd. v. Assistant Commissioner of Income-tax - [2025] 180 taxmann.com 296 (Delhi - Trib.)**
- 4.13** Where assessee, a UK resident, rendered non-IT support services to its Indian AE and there was no transfer of technical knowledge, skill or process enabling AE to use them and, thus, 'make available' clause under Article 13 of India-UK DTAA was not satisfied, receipts could not be taxed as FTS - **CPPGROUP Services Ltd. v. Assistant Commissioner of Income-tax - [2025] 180 taxmann.com 296 (Delhi - Trib.)**
- 4.14** Where assessee, a USA tax resident, received consideration from licensing of software and support services to RJIL under same agreement and circumstances as prior year, and Tribunal had previously held such receipts to be non-taxable business income in absence of any Permanent Establishment, addition made by Assessing Officer as FTS/FIS was to be deleted - **Enea Software Inc. v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 96 (Delhi - Trib.)**
- 4.15** Where assessee earned export income from Japan and taxes were withheld there, assessee was to be granted

complete credit of foreign taxes paid under section 90 read with India-Japan DTAA even if income was exempt under section 10A or neutralized by brought-forward losses - **Canon India (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 306 (Delhi - Trib.)**

- 4.16** Where assessee, a Mauritius-based investment holding company, claimed capital gains exemption on sale of Indian shares under Article 13(4) of the India-Mauritius DTAA and Assessing Officer denied treaty benefits alleging that company was a mere paper entity, since Tribunal in earlier year on similar facts held that assessee would certainly be entitled to benefit provided under Article 13(4), addition made by Assessing Officer was deleted - **CPI India i Ltd. v. Assistant Commissioner of Income-tax, International Taxation - [2025] 180 taxmann.com 94 (Delhi - Trib.)**
- 4.17** Where assessee, a German company, received management/processing fee from an Indian company linked to an ECB loan and tax authorities treated this as FTS under section 9 and Article 12 of India-Germany DTAA, since, Tribunal in assessee's own case in earlier year held that similar payment towards management fee made by assessee was not taxable, following aforesaid order of Tribunal, impugned addition made by Assessing Officer was to be deleted - **AKA Ausfuhrkredit-Gesellschaft MBH v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 135 (Delhi - Trib.)**
- 4.18** Where assessee, a Belgium-based non-resident, provided centralized support services to Indian group entities under a Functional Service Agreement and received substantial payments, absence of technical, managerial or consultancy element in provided services meant receipts could not be taxed in India as fees for technical services under Article 12(3)(b) of India-Belgium DTAA - **Solvay S. A. v. Deputy Commissioner of Income-tax, International Tax Circle-4(2)(2) - [2025] 180 taxmann.com 14 (Mumbai - Trib.)**
- 4.19** Where assessee, a Singapore-based policy-driven investment platform owned by Temasek, sold its stake in an Indian company claiming capital gains exemption under India-Singapore DTAA, since it was demonstrated not to be a shell or conduit, and no principal purpose of obtaining treaty benefit was established, assessee fulfilled expenditure and Principal Purpose Test requirements and could not be denied treaty capital gains benefit - **Fullerton Financial Holdings Pte. Ltd. v. Assistant Commissioner of Income-tax(International Taxation) - [2025] 180 taxmann.com 241 (Mumbai - Trib.)**
- 4.20** Where assessee, a tax resident of Ireland, was a principal distributor and licensor for software and hardware products and related support services and assessee had appointed one, CIPL in India as its non-exclusive distributor in exchange for payments for distribution activities, since hardware and software procured by it from assessee were sold by entity to its customers on its own

account and not on behalf of assessee, CIPL could not be treated as dependent agent PE of assessee in India - **NCR Global Solutions Ltd. v. Deputy Commissioner of Income-tax, International Taxation** - [2025] 180 taxmann.com 129 (Delhi - Trib.)

4.21 Where assessee, Canadian company, received GIT Infrastructure charges from Indian group entities for use of third-party software, such receipts represented consideration for use of a copyrighted article without any copyrights being granted for its commercial exploitation and thus, did not qualify as royalty or FIS under Article 12 of India-Canada DTAA and were not taxable in India - **SNC Lavalin Inc. v. Assistant Commissioner of Income-tax International Tax 3(1)(2)** - [2025] 180 taxmann.com 141 (Delhi - Trib.)

4.22 Where assessee, a UK tax resident airline, received delivery order charges in connection with transportation of passengers, mail, livestock and goods by air in international traffic, such charges were considered directly connected with operation of aircraft under Article 8(3) of India-UK DTAA and thus, would not be taxable in India - **Virgin Atlantic Airways Ltd. v. Deputy Commissioner of Income-tax, International Taxation** - [2025] 180 taxmann.com 794 (Delhi - Trib.)

4.23 Where assessee, US company, had entered into agreements with Indian companies to provide them non-transferable, non-sub-licensable, non-exclusive limited license to access data of assessee with respect to global subscriber, SIM and connection, MNO financial and operation performance data, MNO network data and qualitative reports and feed, subscription fee received by assessee was not in nature of royalty - **GSMA Ltd. v. Assistant Commissioner of Income-tax, International Taxation** - [2025] 180 taxmann.com 320 (Delhi - Trib.)

4.24 Where assessee, US tax resident, was appointed by mobile industry as a sole Global Decimal Administrator (GDA) and was responsible to coordinate allocation of 'International Mobile Equipment Identifier' (IMEI) to device manufacturers in accordance with specification developed for mobile telecommunications, administration fee received by assessee from mobile industry was not in nature of royalty - **GSMA Ltd. v. Assistant Commissioner of Income-tax, International Taxation** - [2025] 180 taxmann.com 320 (Delhi - Trib.)

4.25 Permanent Establishment - Liaison Office : Where assessee, a foreign company engaged in international trade of petroleum coke, maintained a liaison office in India solely for permitted activities of gathering market information without any authority to conclude contracts or undertake business activities, such liaison office could not be considered as a permanent establishment under Article 5 of India-Netherlands DTAA and thus, no income was attributable or taxable in India - **Oxbow Energy Solutions B.V. v. Deputy Commissioner of Income** - [2025] 180 taxmann.com 357 (Mumbai - Trib.)

SECTION 10(1) OF THE INCOME-TAX ACT, 1961 - AGRICULTURAL INCOME

4.26 Where Assessing Officer had made specific inquiries for agricultural income and agricultural expenses claimed by assessee and moreover agricultural income declared by assessee was exempt from tax under section 10(1) and there was no tangible or quantifiable revenue loss, revision proceedings initiated by PCIT for not issuing a single notice under section 133(6) to assessee were without merit - **Changela Mohanbhai R HUF v. PCIT** - [2025] 180 taxmann.com 57 (Rajkot - Trib.)

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

4.27 Where assessee, a retired employee of SBI bank, claimed exemption of leave encashment under section 10(10AA)(i) by treating himself as Government employee, since limit of leave encashment to be allowed to assessee was revised to Rs. 25 lakhs vide Notification No. 31/2023, dated 24-5-2023, Assessing Officer could not have restricted exemption to Rs. 3 lakhs - **Sudhakar Gundappa Paldewar v. Commissioner of Income-tax (Appeals)** - [2025] 180 taxmann.com 123 (Pune - Trib.)

4.28 Where assessee received leave encashment on retirement, claimed full exemption under section 10(10AA)(ii) but was allowed only partial exemption, since CBDT vide Notification No. 31/2023 had enhanced limit of exemption under section 10(10AA)(ii), matter was remanded for fresh adjudication in light of said notification and related judicial pronouncements. - **Sunil Kumar Bhilare v. Income-tax Officer** - [2025] 180 taxmann.com 184 (Pune - Trib.)

4.29 Where assessee was an employee of Punjab State Electricity Board (PSEB) an undertaking of State Government, he would be entitled to claim exemption under section 10(10AA) in respect of leave encashment relatable to his qualifying service with State Government, however, for period of service under Corporation, he would not be entitled to benefit of section 10(10AA) - **Chander Shekher Saini v. Income-tax Officer** - [2025] 180 taxmann.com 605 (Chandigarh - Trib.)

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

4.30 Where assessee received interest on enhanced compensation for compulsory acquisition of agricultural land and such payment was made under Section 28 of Land Acquisition Act forming part of original consideration, amount received, though in form of interest, was regarded as consideration for agricultural land and exempt from tax under section 10(37) - **Deputy Commissioner of Income-tax v. Ashok Sharma** - [2025] 180 taxmann.com 510 (Jaipur - Trib.)

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

4.31 Where assessee-trust claimed application of income under section 11(1)(a) but audit report in Form No. 10B was furnished after due date specified in section 139(1), since delay in filing of Form No. 10B was directory in nature, claim of application of income was to be allowed - **Bible Fellowship Centre Wagholi v. Income Tax Officer** - [2025] 180 taxmann.com 136 (Pune - Trib.)

4.32 Where assessee-trust claimed deemed application of income under clause 2 to Explanation 2 to sub-section (1) of section 11 and it had exercised option of filing of Form No. 9A belatedly but prior to conclusion of appellate proceedings, delay in filing of Form No. 9A was to be condoned in larger interest of justice and claim was to be allowed - **Bible Fellowship Centre Wagholi v. Income Tax Officer** - [2025] 180 taxmann.com 136 (Pune - Trib.)

4.33 Where assessee, a charitable society, could not place on record registration certificate issued under section 12AA but it had placed on record approval certificate under section 80G, benefit of exemption under section 11 could not be denied to assessee - **Agrasen Medical Relief & Research Society v. Income-tax Officer (Exemption)** - [2025] 180 taxmann.com 134 (Jaipur - Trib.)

4.34 Where audit report was very much available with Assessing Officer when returns of income were processed, denial of exemption solely on ground of delayed filing of audit reports was not justified as it was merely a technical or procedural lapse which could not lead to denial of exemption under sections 11 and 12 - **Saraswati Devi Educational and Social Trust v. CPC/ITO, Exemption** - [2025] 180 taxmann.com 258 (Kolkata - Trib.)

4.35 Where charitable trust received contributions from milk supplying societies on a compulsory basis linked to quantity of milk fat supplied, such receipts, being neither voluntary nor accompanied by specific directions, could not be treated as corpus donations under section 11(1)(d) and were taxable as income. - **Dudhsagar Research and Dement Association v. Deputy Commissioner of Income-tax, Exemption** - [2025] 180 taxmann.com 641 (Ahmedabad - Trib.)

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

4.36 Where delay which occurred in filing of application for final registration due to inadvertent error on part of employee who was in charge of income tax related matters of assessee, was not condoned by CIT(E), since approach while considering application made by assessee for final registration under section 12A needs to be equitable, balanced and judicious, CIT(E) was directed to consider application made by assessee for final registration on merits - **Shamkris Charity Foundation v. Commissioner of Income-tax (Exemptions)** - [2025] 180 taxmann.com 58 (Mumbai - Trib.)

4.37 Where assessee-trust, established before Income-tax Act, 1961, for benefit of Mahyavanshi Samaj, a Scheduled Caste, obtained provisional registration and applied for regular registration, CIT(E) could not invoke section 13(1)(b) to deny registration as said section did not apply to pre-1961 trusts. - **Shree Mahyavanshi Samaj Bombay Trust v. Commissioner of Income-tax Exemption** - [2025] 180 taxmann.com 181 (Mumbai - Trib.)

4.38 Where assessee was running a school without approval of Competent Authority, charging exorbitant fees, earning high profits and carrying non-charitable objects, Commissioner (Exemption) rightly rejected assessee's application for registration under section 12A - **Harmony Educational Foundation v. Commissioner of Income-tax (Exemption)** - [2025] 180 taxmann.com 269 (Pune - Trib.)

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

4.39 Mere existence of an object permitting application of income outside India does not amount to a "specified violation" under Explanation to Section 12AB(4) - **Shamkris Charity Foundation v. Commissioner of Income-tax (Exemptions)** - [2025] 180 taxmann.com 58 (Mumbai - Trib.)

4.40 Where assessee-trust's application for registration under section 12AB was rejected on ground of incomplete application, absence of registration under Rajasthan Public Trust Act, and non-compliance, since dispute required proper adjudication on merits and opportunity of hearing, matter was to be restored to file of Commissioner (Exemption) for fresh adjudication and, in meanwhile, provisional registration shall continue to remain valid till such decision - **Maharishi Markendeya Sushrut Sewa Sansthan v. Commissioner of Income-tax (Exemption)** - [2025] 180 taxmann.com 65 (Jaipur - Trib.)

4.41 Where assessee-trust running educational institutions had its objects and charitable activities undisputed, but registration under section 12A was denied solely due to loans or advances taken from trustees without Charity Commissioner's prior approval, mere procedural lapse in not obtaining such permission did not constitute a legal violation under section 12AB(1)(b)(B), making trust eligible for registration under section 12A read with section 12AB - **Arham Foundation v. Commissioner of Income-tax, Exemption** - [2025] 180 taxmann.com 336 (Pune - Trib.)

4.42 Where assessee-trust, incorporated after 01.04.2021, applied for conversion of provisional to regular registration under amended section 12AB, provisional or regular registration could not be denied at threshold solely on ground of objects targeting a particular community, and proper procedure requires grant of registration if genuineness and objectives are found acceptable. - **Bhavnagar Dashashrami Kantibandh v.**

Commissioner of Income-tax (Exemption) - [2025] 180 taxmann.com 639 (Ahmedabad - Trib.)

4.43 Where assessee-trust holding provisional registration under section 12AB submitted extensive documentary and photographic evidence of welfare and charitable activities, and such evidence was not proved false nor beneficiaries found bogus, rejection of registration application solely on physical enquiry without properly verifying submitted evidences was unjustified - **Radhe Shamka Foundation v. DCIT/ACIT - [2025] 180 taxmann.com 627 (Amritsar - Trib.)**

SECTION 22 OF THE INCOME-TAX ACT, 1961 - INCOME FROM HOUSE PROPERTY - CHARGEABLE AS

4.44 Where assessee owned an office premises for which no rental income was offered by him on ground that premises were used as an office to manage his investments in shares and securities, since there was no material on record to establish that assessee was carrying on any organized business or professional activity in relation to his investment operations, impugned addition made by Assessing Officer was justified - **Mohit Vijaykumar Gupta v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 313 (Ahmedabad - Trib.)**

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

4.45 Where Assessing Officer estimated annual letting value (ALV) of property at Rs. 1.79 crores and brought same to tax ignoring contention of assessee that property was used partly for self-occupation and partly let out, since statement of caretaker of property clearly established fact that assessee was partly letting out of property and partly used for self-occupation, entire issue was to be remanded back to Assessing Officer for determining ALV taking into consideration only that part of building which was let out by assessee - **Asha Burman v. ACIT, Circle 46(1) - [2025] 180 taxmann.com 325 (Delhi - Trib.)**

4.46 Where assessee owned five flats which were intended to be let out but remained vacant during year due to COVID-19 pandemic, intention to let out and bona fide efforts made were sufficient to attract provisions of section 23(1)(c) - **Mohit Vijaykumar Gupta v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 313 (Ahmedabad - Trib.)**

4.47 Where assessee owned four properties, however, he had disclosed only one property as self occupied and other two properties as deemed let-out and determined deemed rent on these properties based on comparable market data, since assessee failed to furnish credible evidence that other two properties were self-occupied or uninhabitable, estimation of fair rental value based on comparable market data could not be faulted - **Lalji bhai Godad bhai Chaudhari v. Income-tax Officer - [2025] 180 taxmann.com 503 (Ahmedabad - Trib.)**

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

4.48 Where Assessing Officer disallowed assessee's claim of deduction of housing loan interest under section 24(b) for want of supporting evidence such as interest certificates and loan details, assessee was to be given one more opportunity to substantiate claim - **Lalji bhai Godad bhai Chaudhari v. Income-tax Officer - [2025] 180 taxmann.com 503 (Ahmedabad - Trib.)**

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

4.49 Where during course of assessment proceedings, assessee had duly replied to specific queries raised by Assessing Officer and had explained that only source of income of assessee was from business, such excess cash and excess stock found during course of survey had to be treated as business income and, therefore, order passed by Assessing Officer could not be held to be erroneous although it might be prejudicial to interest of revenue in opinion of Principal Commissioner on account of not invoking provisions of section 115BBE - **Akashdeep Cloth Centre v. Principal Commissioner of Income-tax - [2025] 180 taxmann.com 323 (Pune - 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

4.50 Where assessee, a captive software development service provider to its AE, received capital assets free of cost on a returnable basis solely for software testing without obtaining ownership, addition made under Section 28(iv) on presumption of benefit without demonstrating any specific benefit arising to assessee from such use was not sustainable and to be deleted. - **AMD India (P.) Ltd. v. DCIT - [2025] 180 taxmann.com 324 (Bangalore - Trib.)**

SECTION 28(v) OF THE INCOME-TAX ACT, 1961 - BUSINESS INCOME - INTEREST, SALARY ETC., RECEIVED BY PARTNER FROM FIRM

4.51 Where assessee-partner, a chartered accountant, received remuneration from a partnership firm and claimed business-related expenses against such salary, such remuneration is to be treated as business income under section 28(v) and any expenditure incurred wholly and exclusively for earning such income, including depreciation, is allowable under sections 32 and 37, especially when consistently allowed in past years. - **Atul Kumar Gupta v. Income-tax Officer - [2025] 180 taxmann.com 120 (Delhi - Trib.)**

SECTION 28(va) OF THE INCOME-TAX ACT, 1961 - BUSINESS INCOME - NON-COMPETE FEES

4.52 Share Transaction : Where assessee sold shares of company, HCL, held by him and received sale consideration, since assessee was merely a shareholder of less than 4 per cent of shares and no consideration was received towards non-compete clause in share purchase

agreement, provisions of section 28(va) would not be applicable to transaction of shares by assessee and thus sale of shares would only give rise to earning of capital gain and not of business receipt - **Ravi Shroff v. Assistant Commissioner of Income-tax - [2025] 180 taxmann.com 392 (Mumbai - Trib.)**

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

4.53 Where assessee paid consideration under a non-compete agreement with promoters of a transferor company and claimed depreciation on non-compete fee as an intangible asset, since non-compete fee does not constitute a depreciable intangible under section 32, depreciation claim on such payment was to be disallowed. - **Akorn India (P.) Ltd. v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 249 (Delhi - Trib.)**

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

4.54 Where assessee-company made donation to a certain institution and claimed deduction under section 35(1)(ii), since Commissioner (Appeals) had passed ex parte order without hearing assessee and without considering evidences already furnished during assessment proceedings, matter was to be remitted back to Commissioner (Appeals) for de-novo adjudication - ***Axiomatic iTech (P.) Ltd. v. Income-tax Officer - [2025]***
180 taxmann.com 355 (Ahmedabad - Trib.)

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

4.55 Where assessee-company, engaged in business of real estate development, had given interest free advances to various companies, since all such advances were given under commercial expediency and assessee had ultimately offered excess interest income against notional interest expenditure claimed, there was no infirmity in order of Commissioner (Appeals) in deleting disallowances made by Assessing Officer under section 36(1)(iii) - **DCIT v. Bright Build tech (P.) Ltd. - [2025] 180 taxmann.com 100 (Delhi - Trib.)**

4.56 Where assessee advanced funds to a wholly owned subsidiary and was found to have both interest free and interest-bearing funds, presumption operated that investments were made from interest free funds when such funds were sufficient, thus, proportionate disallowance of interest under section 36(1)(iii) was not warranted - *Thiruvalluvar Textiles (P.) Ltd. v. ACIT - [2025] 180 taxmann.com 386 (Chennai - Trib.)*

4.57 Where assessee had placed a deposit with one company and Assessing Officer first alleged personal use, however, later made addition on ground that interest bearing funds were mis-utilized by assessee for giving interest free deposit to family concerns of assessee-firm, since Assessing Officer had not made any inquiry to justify addition and no examination was conducted regarding genuineness of submission made by assessee, impugned

addition was based on mere guess work and surmises and same was to be deleted - ***Khandelwal Industries v. Income-tax Officer - [2025] 180 taxmann.com 654 (Raipur - Trib.)***

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

4.58 Where employees' PF/ESI contribution was disallowed under section 36(1)(va) in processing under section 143(1), but assessee had filed a revised Tax Audit Report and challans showing timely deposit which Commissioner (Appeals) failed to consider, order was improper and assessee was entitled to benefit if payments were within time - **Crown Gaskets (P.) Ltd. v. Income-tax Officer - [2025] 180 taxmann.com 448 (Delhi - Trib.)**

4.59 Where payment of employee's contribution to provident fund by assessee was made within stipulated date and same was also debited in its bank account and merely due to technical glitches it was not credited in bank account of EPFO within due date which was beyond control of assessee, disallowance made under section 36(1)(va) was to be deleted - ***FIL India Business & Research Services (P.) Ltd. v. Assessment Unit Income-tax Department - [2025] 180 taxmann.com 596 (Delhi - Trib.)***

4.60 Where assessee had deposited employees' contribution to PF/ESI beyond due date as prescribed under relevant Acts, deduction claimed in respect of same was not allowable - **Ranar Agrochem Ltd. v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 276 (Visakhapatnam - Trib.)

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

4.61 Provision for bad and doubtful debts and advances adjusted from respective assets even when no such deduction was claimed in return, was an allowable deduction - **Deputy Commissioner of Income-tax v. Bajaj Auto Ltd.** - [2025] 180 taxmann.com 45 (Mumbai - Trib.)

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

4.62 Where assessee-bank claimed deduction under section 36(1)(vii-a) for first time in assessment year 2007-08, and though ledger showed provision entry on 13-7-2007, audited financial statements reflected its effect as on 31-3-2007 based on auditor's memorandum, non-routing of provision through Profit and Loss account did not bar claim; deduction was allowable - ***GS Mahanagar Co-operative Bank Ltd. v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 499 (Mumbai - Trib.)***

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

- 4.63** Expenditure incurred by assessee-company for purchase and upgradation of application software was to be allowed as revenue expenditure - **Deputy Commissioner of Income-tax v. Bajaj Auto Ltd. - [2025] 180 taxmann.com 45 (Mumbai - Trib.)**
- 4.64** Expenditure incurred on purchases of dyes and moulds by assessee-company, engaged in business of development, manufacturing and distribution of automobiles, was to be allowed as revenue expenditure - **Deputy Commissioner of Income-tax v. Bajaj Auto Ltd. - [2025] 180 taxmann.com 45 (Mumbai - Trib.)**
- 4.65** Where assessee had claimed deduction in respect of income tax paid in Chile but Assessing Officer did not allow deduction claimed by assessee, since claim was made for first time, same was required to be examined by Assessing Officer in accordance with law, and, accordingly, Assessing Officer was directed to verify details of income tax paid in Chile and decide allowability as per law - **Deputy Commissioner of Income-tax v. Bajaj Auto Ltd. - [2025] 180 taxmann.com 45 (Mumbai - Trib.)**
- 4.66** Where assessee, an automobile manufacturer, claimed deduction of proportionate premium on leasehold land debited to profit and loss account and revenue failed to bring any contrary material to precedents in assessee's own case, deduction of written-off premium on leasehold land was allowable - **Deputy Commissioner of Income-tax v. Bajaj Auto Ltd. - [2025] 180 taxmann.com 45 (Mumbai - Trib.)**
- 4.67** Where assessee-company incurred an expenditure for purchase of jigs and fixtures, since jigs and fixtures were part of machinery in a large automobile factory of assessee, and their wear and tear, as well as changes in design of parts, made their life minimal, expenditure incurred on purchase of jigs and fixtures was to be allowed as revenue expenditure - **Deputy Commissioner of Income-tax v. Bajaj Auto Ltd. - [2025] 180 taxmann.com 45 (Mumbai - Trib.)**
- 4.68** Where assessee-company claimed deduction of ESOP cost for ESOPs issued to its employees by assessee's holding company and Assessing Officer after detailed scrutiny allowed same, since records showed receipts from holding company were merely TDS funding collected centrally by it on behalf of group entities and not ESOP cost recovery, Principal Commissioner's action under section 263 based on alleged reimbursement of ESOP cost was unsustainable and section 263 invocation was unwarranted - **Nuvama Wealth Management Ltd. v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 130 (Mumbai - Trib.)**
- 4.69** Customer acquisition cost incurred by assessee-company with respect to porting charges, data entry charges,

subsidy on handsets, etc. was in nature of revenue expenditure and thus, allowable - **Tata Teleservices Ltd. v. Assistant Commissioner of Income-tax - [2025] 180 taxmann.com 125 (Delhi - Trib.)**

- 4.70** Where assessee-firm engaged in real estate development claimed commission expenses and furnished complete particulars of commission payments, including names and addresses of agents, their PANs, TDS details, and relevant bank statements evidencing payment through banking channels, and Assessing Officer had not rejected books of account or pointed out any specific defects, impugned 10 per cent ad hoc disallowance of commission expenses was unsustainable and liable to be deleted - **Sri Tirumala Estates v. Income-tax Officer - [2025] 180 taxmann.com 261 (Hyderabad - Trib.)**
- 4.71** Where assessee-firm, engaged in real estate development, incurred land development expenses on materials and site-related works, and major portion of such expenditure comprised payments made to regulatory authorities through verifiable banking channels, and Assessing Officer, without rejecting books or identifying any specific non-genuine item, made an ad hoc disallowance of 10 per cent, such ad hoc disallowance could not be upheld - **Sri Tirumala Estates v. Income-tax Officer - [2025] 180 taxmann.com 261 (Hyderabad - Trib.)**
- 4.72** Where Assessing Officer disallowed 10 percent of conveyance, travelling and vehicle maintenance expenses on ad hoc basis without identifying any personal entries and without rejecting books of account, such ad hoc disallowance was not sustainable - **Deputy Commissioner of Income-tax v. Koya and Company Construction Ltd. - [2025] 180 taxmann.com 791 (Delhi - Trib.)**

**SECTION 40 OF THE INCOME-TAX ACT, 1961 -
AMOUNTS NOT DEDUCTIBLE**

- 4.73** Where assessee paid sums to a building contractor and capitalised expenditure without claiming it as deduction, adjustment disallowing part of amount under section 40(a)(ia) for non-deduction of TDS was unwarranted since only revenue expenditures allowable under sections 30 to 38 can be subject to such disallowance. - **Raghav Agritech v. Income-tax Officer - [2025] 180 taxmann.com 93 (Nagpur - Trib.)**

**SECTION 40(a)(i) OF THE INCOME-TAX ACT, 1961 -
BUSINESS DISALLOWANCE - INTEREST, ETC., PAID
TO A NON-RESIDENT WITHOUT DEDUCTION OF TAX
AT SOURCE**

- 4.74** Where Assessing Officer reopened assessment on ground that assessee had not deducted TDS on reimbursement of ticket costs paid to its foreign parent and disallowed such expenses under section 40(a)(i), since neither TPO nor Assessing Officer had raised any objection on this issue during original assessment and no new tangible material was cited in reasons recorded,

reopening beyond four years was unjustified - **Additional Commissioner of Income-tax v. Make My Trip (India) P. Ltd.** - [2025] 180 taxmann.com 390 (Delhi - Trib.)

SECTION 40(a)(ia) OF THE INCOME-TAX ACT, 1961 - BUSINESS DISALLOWANCE - INTEREST, ETC., PAID TO A RESIDENT WITHOUT DEDUCTION OF TAX AT SOURCE

4.75 Where assessee claimed deduction of provision towards tax audit expenses and Assessing Officer disallowed same under section 40(a)(ia) on ground that assessee had not placed on record any material which would substantiate that respective payees had paid corresponding tax on said amount, disallowance made by Assessing Officer was to be upheld - **Ranar Agrochem Ltd. v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 276 (Visakhapatnam - Trib.)

SECTION 41 OF THE INCOME-TAX ACT, 1961 - PROFITS CHARGEABLE TO TAX

4.76 Where assessee engaged in trading and import-export had outstanding liabilities from high-seas transactions due to non-payment by a buyer and supportive evidence for set-off and subsequent write-off was provided, reassessment under section 147 found no cessation of liability, and since Assessing Officer made due enquiry and took a plausible view, PCIT could not invoke section 263 solely on a different opinion in absence of established cessation, making revision order liable to be set aside - **Surbhit Impex (P.) Ltd. v. Principal Commissioner of Income-tax - 8** - [2025] 180 taxmann.com 351 (Mumbai - Trib.)

SECTION 41(1) OF THE INCOME-TAX ACT, 1961 - REMISSION OR CESSATION OF TRADING LIABILITY

4.77 Where disallowance made in earlier years had attained finality as dispute had been settled under VSV Scheme, 2024, reversal of provision for liquidated damages which was not allowed as deduction in earlier assessment years could not be taxed in relevant assessment year 2018-19 in terms of section 41(1) - **Foster Wheeler (G.B.) Ltd. v. DCIT, International Taxation - Circle-1(1)** - [2025] 180 taxmann.com 318 (Chennai - Trib.)

SECTION 44AD OF THE INCOME-TAX ACT, 1961 - PRESUMPTIVE TAXATION

4.78 Where assessee carrying on PR/communication activity as an agency business, filed revised return applying Section 44AD on entire turnover including receipts on which TDS was deducted under Section 194J, such business being expressly excluded by Section 44AD(6)(iii), revised computation under Section 44AD was contrary to Section 139 and liable to rejection. - **Roshan Mohan v. Income-tax Officer** - [2025] 180 taxmann.com 248 (Bangalore - Trib.)

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

4.79 Where assessee sold immovable property and claimed deduction of cost of construction and interiors on both first and second floors, including amounts spent by himself and his brother, determination of whether such expenditures qualify as cost of improvement under section 49(1) depends on evidence regarding ownership and actual enhancement of property, and thus matter warrants thorough reconsideration based on additional evidences submitted. - **Vishnukumar Gokalchand Gupta v. ACIT** - [2025] 180 taxmann.com 40 (Mumbai - Trib.)

4.80 Where assessee inherited a residential property along with his two brothers and sold same during year and computed his 1/3rd share in LTCG and claimed deduction under section 54, since indexed renovation expense of co-owner was accepted, cost of acquisition and cost of improvement for computing 1/3rd LTCG by assessee was to be allowed - **Sanjeev Garg v. A.C.I.T** - [2025] 180 taxmann.com 384 (Delhi - Trib.)

SECTION 50B OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - SLUMP SALE, COST OF ACQUISITION IN CASE OF

4.81 Where assessee acquired an undertaking by slump purchase and allocated excess payment as goodwill, but Assessing Officer without departmental valuation reference, applied section 50C to substitute stamp duty values for land/building and denied depreciation on goodwill, proper approach is to refer valuation to Departmental Valuation Officer and, based on fair market allocation, attribute remaining portion to goodwill and allow depreciation accordingly. - **Akorn India (P.) Ltd. v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 249 (Delhi - Trib.)

SECTION 50C OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - SPECIAL PROVISION FOR COMPUTATION OF FULL VALUE CONSIDERATION

4.82 Where assessee transferred only leasehold rights in land, since transaction involved transfer of lease rights and not land or building or both, provisions of section 50C were not applicable to such a transfer - **Neha Gupta v. Income-tax Officer** - [2025] 179 taxmann.com 567 (Delhi - Trib.)

4.83 Where assessee sold a residential plot and Assessing Officer by applying section 50C adopted stamp-duty value and added difference to income of assessee without recomputing capital gains or allowing cost of acquisition and indexation, since assessee had not submitted documentary evidence and details, matter was to be remitted back to Assessing Officer - **Chhaganbhai Muljibhai Patoliya v. ITO** - [2025] 180 taxmann.com 264 (Rajkot - Trib.)

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

4.84 Where assessee sold two properties and claimed deduction under section 54 for a new residential house purchased jointly with her son-in-law, and her actual

investment in the property was higher, deduction under section 54 could not be restricted to 50 percent merely by reason of joint ownership, and assessee was entitled to deduction to the extent of her investment. - **Income-tax Officer v. Neelam Shamsher Kashyap** - [2025] 180 taxmann.com 39 (Mumbai - Trib.)

4.85 Where assessee sold a property and invested sale proceeds in booking a residential plot with YEIDA in March 2009 and plot was registered in name of assessee after expiry of period of two years from date of sale of property and possession of plot was also delivered after expiry of said period, since failure of assessee to construct a residential property within time prescribed under section 54 was on account of delay on part of YEIDA in registering and delivery of possession of plot of land to assessee, exemption under section 54 could not be denied to assessee - **Sanjeev Garg v. A.C.I.T** - [2025] 180 taxmann.com 384 (Delhi - Trib.)

4.86 Where assessee invested sale proceeds of his house into land purchased in his wife's name and began constructing a new residence, purchasing property in spouse's name and delay in completion would not disqualify section 54 relief - **Hanchipura Channaiah Nandakishore v. Income-tax officer, International Taxation** - [2025] 180 taxmann.com 428 (Bangalore - Trib.)

4.87 Where assessee sold a residential flat in India in October 2013 and invested sale consideration in purchase of a residential property in Australia in March 2014, since amendment to section 54 mandating investment in residential house in India was not applicable for relevant year, assessee would be eligible for deduction under section 54 - **Jagdish Chand Verma v. Income-tax Officer** - [2025] 180 taxmann.com 500 (Delhi - Trib.)

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

4.88 Where assessee disclosed all facts regarding capital gains and investment in new residential house but erred only in calculating deduction under section 54F, penalty for misreporting of income under section 270A(9) was not sustainable as case did not fall within any instances specified in section 270A(9) - **Krunal Sanghvi v. Income Tax Officer** - [2025] 180 taxmann.com 339 (Ahmedabad - Trib.)

4.89 Where assessee's claim for deduction under section 54F was specifically examined and accepted in original assessment and reassessment was initiated solely on same ground using identical material, such reopening amounted to a mere change of opinion, which was impermissible in law - **Hitesh Kumar Prithviraj Kawad v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 399 (Chennai - Trib.)

SECTION 54G OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - EXEMPTION ON TRANSFER OF

ASSET IN CASE OF SHIFTING OF INDUSTRIAL UNDERTAKING FROM URBAN AREAS

4.90 Where assessee sold an industrial unit situated in an urban area and purchased another industrial plot in a non-urban area, though conveyance deed was registered later, plot had been allotted within one year of sale, thus, date of allotment was to be treated as date of purchase and assessee was entitled to deduction under section 54G - **Neha Gupta v. Income-tax Officer** - [2025] 179 taxmann.com 567 (Delhi - Trib.)

SECTION 55 OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - COST OF ACQUISITION

4.91 Where assessee, on sale of two properties, computed LTCG by adopting FMV as on 01.04.2001 per registered valuer's report supported by Stamp Valuation Authority's certificate, and FMV so adopted matched stamp duty value and incorporated sales comparison and justification, adoption of lower ready reckoner rate by Assessing Officer was unjustified and valuation adopted by assessee was to be accepted. - **Income-tax Officer v. Neelam Shamsher Kashyap** - [2025] 180 taxmann.com 39 (Mumbai - Trib.)

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

4.92 Where assessee-company issued shares at premium and valuation for allotment of shares was made as per section 56(2)(viib) on DCF method, it is not legally permissible for Assessing Officer to reject valuation adopted by assessee without pinpointing any specific inaccuracies or shortcomings in DCF valuation report - **Savegenic E-Marketing (P.) Ltd. v. I.T.O. Ward - 4(1) New Delhi** - [2025] 180 taxmann.com 13 (Delhi - Trib.)

4.93 Where assessee-company issued shares at premium and Assessing Officer made addition under section 56(2)(viib) on ground that shares were issued at exorbitant premium, since assessee had furnished necessary details and documentary evidences showing that source of investment was duly explained and shares were issued at fair market value determined by registered valuer under discounted cash flow method, matter was to be restored to file of Commissioner (Appeals) for fresh adjudication - **ACIT, Central Circle v. Sanghvi Beauty and Technologies (P.) Ltd.** - [2025] 180 taxmann.com 316 (Pune - Trib.)

4.94 Where assessee allotted shares at premium and supported valuation with DCF method and CA's certificate, however lower authorities rejected claim on technicalities regarding signatory and land valuation method without examining merits, assessee was to be directed to file revised valuation considering book value of land and Assessing Officer was to be directed to recompute income after considering revised valuation report - **Thiruvalluvar Textiles (P.) Ltd. v. ACIT** - [2025] 180 taxmann.com 386 (Chennai - Trib.)

4.95 Where assessee received gift from his brother-in-law (spouse of his sister) through NRE account, since source of amount being from relative was not in question, amount was not liable to be included in total income of assessee - **Deb Prasanna Choudhury v. ADIT/DCIT (International Taxation)** - [2025] 180 taxmann.com 265 (Kolkata - Trib.)

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

4.96 Where assessee-company had allotted equity shares at a premium to one resident individual and a foreign company, since assessee had submitted details about nature and source of share application money paid by resident individual and had also given details of identity of foreign company, genuineness of transaction and creditworthiness of subscribers, initial onus of assessee was discharged and thus, no addition under section 68 could be made - **Savegenic E-Marketing (P.) Ltd. v. I.T.O. Ward - 4(1) New Delhi** - [2025] 180 taxmann.com 13 (Delhi - Trib.)

4.97 Where assessee's share transactions in specific scrips were alleged as bogus LTCG and added under section 68 but assessee substantiated purchases and sales through contract notes, demat and bank statements, no defect was found in documents, nor any LTCG/STCG claim was made, addition was unsustainable as onus had been prima facie discharged and no cash trail or price rigging was established. - **Deputy Commissioner of Income-tax v. Arihant Suresh Jain** - [2025] 180 taxmann.com 38 (Mumbai - Trib.)

4.98 Where assessee was subjected to reassessment for an alleged unsecured loan treated as accommodation entry but established through records that no fresh loan was received in relevant year and amount was merely a carried forward balance from a registered company creditor, since creditworthiness and genuineness could not be re-examined for a loan already accepted in prior years, addition under section 68 was unjustified. - **Anandmangal Investment & Finance (P.) Ltd. v. Income-tax Officer** - [2025] 180 taxmann.com 37 (Mumbai - Trib.)

4.99 Where Assessing Officer made addition under section 68 for unsecured loan received by assessee and Commissioner (Appeals) rejected additional evidence filed by assessee, since accountant as well as authorized representative had discontinued their services and assessee could not file submissions before Assessing Officer, sufficient cause existed for assessee's inability to produce evidence earlier, additional evidence deserved to be admitted and matter was to be restored for fresh adjudication - **Matrix Automotive v. Income-tax Officer** - [2025] 180 taxmann.com 187 (Mumbai - Trib.)

4.100 Where assessee engaged in trading molasses recorded substantial sales and purchases, maintained proper audited books, and reflected transactions in VAT returns, addition for alleged bogus purchases based solely on

statement of supplier without providing cross-examination and without any incriminating material from search or survey was unsustainable and liable to be deleted for violation of natural justice - **Jatinder Gupta v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 334 (Amritsar - Trib.)

4.101 Where, pursuant to a search under section 132, seized documents showed that gifts recorded therein exceeded gifts disclosed in return, there existed incriminating material; therefore, Assessing Officer had jurisdiction to make additions in assessment framed under section 153A - **Assistant Commissioner of Income-tax v. Paul Dhinakaran** - [2025] 180 taxmann.com 391 (Chennai - Trib.)

4.102 Where assessee-company had taken inter-corporate unsecured loan from a company and had filed every possible detail such as loan agreement, bank statements, confirmation letters, financial statements, etc. to establish identity, creditworthiness and genuineness of loan transaction and also established source of source in hands of lender company, impugned addition under section 68 made on account of said loan was to be deleted - **Income-tax Officer v. Arpitam Builders LLP** - [2025] 180 taxmann.com 397 (Delhi - Trib.)

4.103 Where assessee-company had taken unsecured loans from various parties and had furnished relevant details, including confirmation letters from loan creditors, their ITR copies along with financial statements, which showed details of transactions between assessee-company and loan creditors, and further, bank account statements of loan creditors indicated that entire loan amount had been transferred to assessee-company through proper banking channel, addition made under section 68 in respect of said loans taken by assessee was unjustified - **Deputy Commissioner of Income-tax v. Rathnamma Infratech (P.) Ltd.** - [2025] 180 taxmann.com 441 (Hyderabad - Trib.)

4.104 Where assessee derived agricultural income from sale of mangoes and furnished affidavits from contractors and buyers along with complete buyer details, and Assessing Officer neither rejected nor disproved those affidavits, it could be said that assessee had discharged primary onus cast upon him and, thus addition made under section 68 for alleged excess agricultural income was unsustainable and liable to be deleted. - **Income-tax Officer v. Mohammed Farooq Kanana** - [2025] 180 taxmann.com 479 (Bangalore - Trib.)

4.105 Where assessee traded in shares of three listed companies, since assessee had discharged his onus by submitting all documentary evidences in shape of purchase and sale of equity shares and a certificate from broker regarding confirmation thereby confirming transaction of equity shares through stock exchange, Assessing Officer was not justified in treating gains arising from said share transactions as unexplained

cash credit under section 68 - **Mukesh Vallabhdas Shah v. Income-tax Officer - [2025] 180 taxmann.com 481 (Mumbai - Trib.)**

4.106 Where assessee had received unsecured loans from 48 lenders and had failed to substantiate identity and creditworthiness of 40 lenders along with genuineness of respective loan transactions, authorities below were rightly constrained to treat same as its unexplained cash credits under section 68 - **Ranar Agrochem Ltd. v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 276 (Visakhapatnam - Trib.)**

4.107 Where assessee-firm's partner introduced capital and its source was explained as earlier cash-in-hand which was supported by cash flow and bank statements, but Assessing Officer treated it as unexplained on ground that partner's ITR did not show cash-in-hand, since revenue did not inquire regarding submissions made by assessee, such addition was violative of natural justice and was to be deleted - **Khandelwal Industries v. Income-tax Officer - [2025] 180 taxmann.com 654 (Raipur - Trib.)**

4.108 Where assessee sold shares through stock exchange, paid STT, disclosed transaction in return, held shares in demat account and routed payments through banks, addition of sale proceeds as unexplained cash credit based solely on generalized penny-stock investigation findings without direct nexus to assessee's involvement was arbitrary and liable to be deleted - **Anju Parekh v. Income-tax Officer - [2025] 180 taxmann.com 653 (Raipur - Trib.)**

4.109 Where Assessing Officer made an ad hoc addition for alleged commission on accommodation entry services without any material to show such services were rendered or payments made, such addition was arbitrary and unsustainable in law. - **Anju Parekh v. Income-tax Officer - [2025] 180 taxmann.com 653 (Raipur - Trib.)**

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

4.110 Where assessee, a small gold dealer, deposited cash during demonetization period and offered income at presumptive rate under section 44AD, since CBDT vide Instruction No. 3/2017 dated 21-2-2017 had directed revenue authorities not to make further verification of cash deposits of up to Rs. 2.5 lakhs during demonetization period, no addition could be made in respect of Rs. 2 lakhs out of Rs. 2.5 lakhs deposited by assessee - **Nikita Gupta v. Income-tax Officer - [2025] 180 taxmann.com 458 (Indore - Trib.)**

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

4.111 Where assessee-NBFC, during demonetization, deposited large sums in cash including in SBNs and explained that source was loan repayments from women borrowers with supporting records and Assessing Officer rejected said explanation solely due to withdrawal of legal tender status

of SBNs and treated same as unexplained money, since Assessing Officer had not carried out necessary verifications in line with SOP provided in CBDT Instruction No. 3/2017, dated 21-2-2017, matter was to be remanded to Assessing Officer - **Spandana Sphoorty Financial Ltd. v. Assistant Commissioner of Income-tax - [2025] 180 taxmann.com 253 (Hyderabad - Trib.)**

4.112 Where Assessing Officer made addition under section 69A on ground that assessee had received amount over and above sale value of immovable property shown, since said additions were based on a WhatsApp chat between buyer's son and his accountant containing an Excel sheet with rough value workings, with no mention of assessee or impugned transaction and without corroborative evidence of receipt of extra cash, such addition was based on conjecture and required to be deleted - **Deputy Commissioner of Income-tax v. Niru Dhiren Shah - [2025] 180 taxmann.com 370 (Mumbai - Trib.)**

4.113 Where assessee, engaged in business of contract carriage, had deposited cash in bank account out of cash withdrawals from his own bank account, since assessee had fully explained sources of cash deposits into bank account, Assessing Officer had wrongly treated cash deposits into bank account as undisclosed income of assessee - **Likha Saaya v. Income Tax Officer - [2025] 180 taxmann.com 358 (Guwahati - Trib.)**

4.114 Where assessee had deposited cash of Rs. 75 lakhs in its bank account during demonitization and claimed same to be made out of cash sales, since assessee had maintained proper books of account and cash book justified for making such cash deposits during year, impugned addition made by Assessing Officer under section 69A was to be deleted - **Gupta Subhash & Sons HUF v. Income-tax Officer - [2025] 180 taxmann.com 427 (Delhi - Trib.)**

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

4.115 Where assessee engaged in diamond trading was alleged to have made bogus purchases from two entities based on third party investigation, but furnished all purchase and sales records, payment proofs and export documents correlating purchases with export sales and sales were not doubted, entire purchases could not be disallowed and only profit element relating to disputed purchases could be added to income. - **Arham Star v. Income-tax Officer - [2025] 180 taxmann.com 44 (Mumbai - Trib.)**

4.116 Where assessee had mismatch between purchases in VAT returns and audited accounts due to statutory VAT adjustments regarding input tax credit reversal on returned goods, since assessee provided supplier-wise reconciliation showing difference was due to statutory compliance rather than actual inflation or bogus purchases, and sales figures were otherwise consistent,

disallowance of such difference as unexplained expenditure was unsustainable - **Ankur Fine Products v. Income Tax Officer - [2025] 180 taxmann.com 353 (Ahmedabad - Trib.)**

- 4.117** Where assessee in jewellery business made purchases from entities alleged to be accommodation providers but furnished comprehensive supporting evidence, since sales and closing stock figures were accepted, only profit element embedded in such disputed purchases could be taxed and thus, restricting profit addition to 3 percent of alleged non-genuine purchases was in accordance with law - **DCIT v. Amar Ghanasingh - [2025] 180 taxmann.com 396 (Mumbai - Trib.)**

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

- 4.118** Where assessee trust engaged mainly in charitable activities with only limited religious activities such as imparting religious education, purchase of land and construction of temples, and performance of puja and bhajan, and such activities were not for benefit of any particular religion or caste, conclusion that objects or activities were predominantly religious was not justified and assessee was entitled to approval under section 80G - **Swami Samarth Adhyatmik Sanshodhan Sanstha v. Commissioner of Income-tax (Exemptions) - [2025] 180 taxmann.com 124 (Pune - Trib.)**
- 4.119** Where assessee-trust's application for approval under section 80G was rejected solely for lack of section 12A registration, since Commissioner (Exemption) had already been directed to grant registration under section 12A, read with section 12AB, therefore, Commissioner (Exemption) was to be directed to grant registration under section 80G - **Arham Foundation v. Commissioner of Income-tax, Exemption - [2025] 180 taxmann.com 336 (Pune - Trib.)**
- 4.120** Where order passed by Commissioner (Exemptions) rejecting application of assessee for grant of approval under section 80G was a non-speaking order passed without dealing with objections and documents submitted by assessee and did not record any specific deficiency, contradiction, or violation of section 80G conditions, same was to be set aside and matter restored to file of Commissioner (Exemptions) for de novo consideration on merits - **Indishine Foundation v. Commissioner of Income Tax (Exemption) - [2025] 180 taxmann.com 405 (Hyderabad - Trib.)**

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

- 4.121** Where co-operative society earned interest on fixed deposits made to comply with statutory reserve requirements under RBI guidelines, and such interest was attributable to society's main activities, admissibility of deduction under section 80P required recomputation with

reference to interest earned on such investments - **District Co-operative Sugar Cane Supply Ltd v. Income-tax Officer - [2025] 180 taxmann.com 267 (Lucknow - Trib.)**

- 4.122** Where co-operative society offered only part of commission income from sugar mills to tax and showed balance commission as receivable in balance sheet, since full commission/grant receivable qualified for deduction under section 80P, addition made on unoffered amount was to be deleted - **District Co-operative Sugar Cane Supply Ltd v. Income-tax Officer - [2025] 180 taxmann.com 267 (Lucknow - Trib.)**

- 4.123** Where assessee, a co-operative society, was carrying on business of borrowing and lending with its members and it had not dealt with any other person than its members and it was not alleged that it had transacted with non-members, there was no question of denying benefit of provisions of section 80P(2)(a)(i) to assessee - **Yedapadavu Vyvasaya Sahakara Sangha Niyamitha v. Income-tax Officer - [2025] 180 taxmann.com 332 (Bangalore - Trib.)**

SECTION 92BA OF THE INCOME-TAX ACT, 1961 - TRANSFER PRICING - DOMESTIC TRANSACTION, MEANING OF

- 4.124** Where assessee-company sub-contracted civil works of its section 80-IA eligible project to its AE and retained only 2 per cent of contract value, however, TPO treated said project as tested party and alleged profit manipulation by assessee and its AE based on high profit margin, since assessee had achieved lesser margin with related party transactions and there was no material brought on record to show that assessee was involved in any under billing and had consistently declared 2 per cent margin in this project, TP adjustment proposed by reducing deduction under section 80-IA was to be deleted - **Deputy Commissioner of Income-tax v. Koya and Company Construction Ltd. - [2025] 180 taxmann.com 791 (Delhi - Trib.)**

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

- 4.125** Where assessee engaged in integrated security solutions availed intra-group support services from overseas AE and benchmarked transactions using TNMM with foreign AE as tested party, but failed to substantiate actual receipt of services or provide AE cost base or allocation details, determination of arm's length price at NIL was not justified and proper ALP determination must follow after considering relevant cost and allocation data to be submitted by assessee. - **Ecoenergy Insights Ltd. v. Deputy Commissioner of Income-tax - [2025] 180 taxmann.com 307 (Delhi - Trib.)**

- 4.126** Where assessee imported finished security equipment from AEs for trading and system integration and adopted Resale Price Method, but TPO rejected RPM and applied entity-level TNMM despite international transaction cost being only 4.08 percent of total operating cost and value-added services being independent transactions, application of entity-level TNMM was not justified and benchmarking required reconsideration using method relevant to specific international transactions. - **Ecoenergy Insights Ltd. v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 307 (Delhi - Trib.)
- 4.127** Where assessee providing R&D services, benchmarked its transaction using software development comparables but TPO rejected functional classification and adopted other R&D service provider comparables without sharing basis of search or margin computation, TP assessment was to be redone after proper FAR analysis and disclosure of search workings. - **Ecoenergy Insights Ltd. v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 307 (Delhi - Trib.)
- 4.128** Where assessee transferred specified intangibles and customer contracts to AE relying on independent valuer's projections, arm's length price could not be recomputed by applying actual results in place of projections - **Ecoenergy Insights Ltd. v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 307 (Delhi - Trib.)
- 4.129** A company having turnover of more than Rs. 200 crores cannot be compared with assessee-company having turnover of Rs. 173 crores - **AMD India (P.) Ltd. v. DCIT** - [2025] 180 taxmann.com 324 (Bangalore - Trib.)
- 4.130** Provision for bad and doubtful debts being normal business expenses linked to sales, should be considered as operating in nature and should be treated as part of operating costs - **AMD India (P.) Ltd. v. DCIT** - [2025] 180 taxmann.com 324 (Bangalore - Trib.)
- 4.131** Where assessee, engaged in rendering software development services to its AE, incurred substantially higher depreciation compared to comparable companies, adoption of Cash PLI (excluding depreciation) for benchmarking was appropriate to neutralize differences arising from high depreciation costs as compared to comparables. - **AMD India (P.) Ltd. v. DCIT** - [2025] 180 taxmann.com 324 (Bangalore - Trib.)
- 4.132** Where assessee-company was engaged in business of providing software development services, a company engaged in product development and product design services who had revenue from licensing of software products/IP and had also incurred expenses on R&D, could not be held as comparable to assessee - **AMD India (P.) Ltd. v. DCIT** - [2025] 180 taxmann.com 324 (Bangalore - Trib.)

- 4.133** Where selected company was engaged in diversified business activities, in absence of segmental details, it could not be considered as comparable to assessee-company - **AMD India (P.) Ltd. v. DCIT** - [2025] 180 taxmann.com 324 (Bangalore - Trib.)
- 4.134** Where TPO himself while dealing with objection of assessee with respect to benchmarking of comparables for research support services had adopted turnover filter of Rs. 4 to 5 crores and one of comparables selected by TPO had turnover of Rs. 3.65 crores and thus, failed turnover filter, AO/TPO was to be directed to re-consider comparables after properly applying filters and exclude company which failed turnover filter - **FIL India Business & Research Services (P.) Ltd. v. Assessment Unit Income-tax Department** - [2025] 180 taxmann.com 596 (Delhi - Trib.)
- 4.135** Where a part of ITES transactions of assessee with its UK AEs had been resolved through MAP and Competent Authorities of both countries had agreed upon margin of 18 per cent on operating cost, TPO should conduct FAR analysis and, if factors influencing price were similar, apply 18% MAP margin to non-UK AE transactions - **Bundy India Ltd. v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 49 (Ahmedabad - Trib.)
- 4.136** Where assessee paid management fees to its UK affiliate under a global cost-sharing arrangement and TPO set ALP at nil due to lack of benchmarking and proof of benefits, since under the India-UK MAP 70% of such fees was accepted as arm's length, so same should apply for Assessment Year 2009-10 - **Bundy India Ltd. v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 49 (Ahmedabad - Trib.)
- 4.137** Where assessee, engaged in manufacturing automotive components, faced a transfer pricing (TP) adjustment after TPO rejected some comparables and added new ones, matter was to be remanded to TPO/AO to re-evaluate comparables through a detailed FAR (Functional, Asset, and Risk) analysis and determine proper TP adjustments - **Bundy India Ltd. v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 49 (Ahmedabad - Trib.)

SECTION 115A OF THE INCOME-TAX ACT, 1961 - FOREIGN COMPANIES - TAX ON DIVIDENDS, ROYALTY AND TECHNICAL SERVICES

- 4.138** Where assessee, a Singapore-resident FPI, earned only interest on NCDs on which tax was deducted under section 194LD and did not file returns relying on section 115A(5), but Assessing Officer reopened assessment solely on an NMS non-filing alert without independent verification or proper reasons despite being aware that assessee was a non-resident with only TDS-deducted interest income, such reassessment was void ab initio - **Argos Holdings Pte. Ltd. v. DCIT, Circle Intl.Tax 1(1)(1)** - [2025] 180 taxmann.com 354 (Delhi - Trib.)

**SECTION 115BAB OF THE INCOME-TAX ACT, 1961 -
TAX ON INCOME OF NEW MANUFACTURING
DOMESTIC COMPANIES**

- 4.139** Where assessee, having exercised option under section 115BAB in prior year by filing prescribed form, was subjected to a 30 per cent tax rate by CPC in processing subsequent year's return on alleged non-exercise of option, such denial of concessional rate without opportunity of hearing was contrary to law as continued application of section 115BAB for subsequent years did not require fresh form and debatable factual issues could not be adjusted under section 143(1) processing. - **GFCL EV Products Ltd. v. ACIT** - [2025] 180 taxmann.com 17 (Ahmedabad - Trib.)

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

- 4.140** Assessee was entitled to claim set-off of lower of cumulative brought forward loss or unabsorbed depreciation as per books while computing book profit under section 115JB, notwithstanding that portions of such losses/depreciation were adjusted in earlier years - **Deputy Commissioner of Income-tax v. Triumph International (India) (P.) Ltd.** - [2025] 180 taxmann.com 360 (Chennai - Trib.)

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

- 4.141** Where assessee submitted that credit of pre-paid taxes under head self-assessment tax at Rs. 21,700 deposited on 29-6-2017 had not been given by Assessing Officer, since this issue needed verification, same was to be remanded back to Assessing Officer for necessary verification - **Nikita Gupta v. Income-tax Officer** - [2025] 180 taxmann.com 458 (Indore - Trib.)

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

- 4.142** Where assessee-NBFC changed accounting policy for ancillary borrowing costs and loan processing fees as per binding RBI clarification, causing net reduction in profit, since RBI is statutory regulator for such NBFCs and changes complied with Accounting Standards under accrual system, Assessing Officer could not disregard revised accounting method and addition was to be deleted. - **Spandana Sphoorty Financial Ltd. v. Assistant Commissioner of Income-tax** - [2025] 180 taxmann.com 253 (Hyderabad - Trib.)
- 4.143** Where Assessing Officer raised doubt regarding trading segment loss but he had not expressed any doubt in manufacturing segment, he could not have gone for overall rejection of books of account and thus, rejection of books of account was improper and there was no scope for estimation of gross profit - **R.H. Agro Overseas (P.) Ltd. v. ACIT** - [2025] 180 taxmann.com 92 (Delhi - Trib.)

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

- 4.144** Where PCIT, while granting approval, recorded that in view of reason recorded by Assessing Officer, he was satisfied that this was a fit case for issue of notice under section 148, it could be said that there was no mechanical approach by PCIT in granting approval under section 151(2) and, thus, necessary sanction for issuance of notice under section 148 had been obtained - **Sanjeev Garg v. A.C.I.T** - [2025] 180 taxmann.com 384 (Delhi - Trib.)

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

- 4.145** Where incriminating material relating to assessee was found in search conducted on 'H' Group and satisfaction note was recorded in financial year 2022-23, assessment year 2021-22 fell within six years prior to search triggering applicability of section 153C, so assessment for assessment year 2021-22 required issuance of notice under section 153C and in absence thereof, assessment framed under section 143(3) was without jurisdiction and unsustainable in law - **Bhawna Garg v. Deputy Commissioner of Income-tax, Central** - [2025] 180 taxmann.com 9 (Delhi - Trib.)

**SECTION 158BC OF THE INCOME-TAX ACT, 1961 -
BLOCK ASSESSMENT IN SEARCH CASES -
PROCEDURE FOR**

- 4.146** Where assessee-company, engaged in sale and purchase of shares and securities, filed block return declaring nil undisclosed income and Assessing Officer disallowed losses on sale of shares, since all profit and loss transactions were duly recorded in books and disclosed in returns and no single transaction was undisclosed, Commissioner (Appeals) was justified in deleting addition made by Assessing Officer - **Joint Commissioner of Income-tax (OSD) v. H B Leasing & Finance Company Ltd.** - [2025] 180 taxmann.com 398 (Delhi - Trib.)

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

- 4.147** Where assessee passed away and department was informed about demise of assessee along with copy of death certificate on 23-1-2015, however, reopening notice under section 148 was issued in name of deceased assessee for relevant assessment years and assessment orders were also framed in name of deceased assessee, reopening notice and assessment orders were unjustified - **Lalita Agarwal v. ACIT** - [2025] 180 taxmann.com 350 (Delhi - Trib.)

**SECTION 164 OF THE INCOME-TAX ACT, 1961 -
TRUST/TRUSTEES - CHARGE OF TAX WHERE
SHARE OF BENEFICIARIES UNKNOWN**

- 4.148** Where assessee-trust, assessed as an AOP, had total income exceeding Rs. 5 crores which included dividend income, since assessee opted for new tax regime and fulfilled all conditions laid down in Finance Act, 2023, Assessing Officer was to be directed to levy surcharge at rate 15 per cent instead of 37 per cent on income - **Rose Trust v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 110 (Delhi - Trib.)

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

- 4.149** Where assessee paid External Development Charges to Haryana Urban Development Authority without deducting TDS and was held in default specifically under section 194I, since section 194I was not applicable to such charges and department cannot fasten liability based on provisions not finally invoked, impugned orders were liable to be quashed. - **Cogent Realtors (P.) Ltd. v. Joint Commissioner of Income-tax (OSD), TDS** - [2025] 180 taxmann.com 127 (Delhi - Trib.)

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

- 4.150** Where assessee, a commission agent, offered only commission income while purchasers deducted TDS under sections 194Q and 194A on entire sales value and interest and such TDS was reflected in Form 26AS against assessee's PAN, and entire corresponding income had suffered tax in assessee's hands, assessee was entitled to full credit of TDS as per Form 26AS and not merely proportionate to income offered in return - **Sri Lakshmi General Stores v. Income-tax Officer** - [2025] 180 taxmann.com 260 (Visakhapatnam - Trib.)

- 4.151** Where assessee sold property and declared entire sale consideration to tax in year of transfer, but received part of consideration in a later year on which buyer deducted TDS, since income had been fully taxed earlier and subsequent receipt was only part-settlement, deduction of TDS at time of part settlement was to be allowed to assessee - **Yogesh Gandhi v. ACIT, Circle, International Taxation** - [2025] 180 taxmann.com 540 (Delhi - Trib.)

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

- 4.152** Where assessee sought interest under section 244A on refund arising from allowance of FTC, since there was no excess payment to Indian exchequer by way of advance tax, TDS, or TCS, after taking into account FTC, no interest under section 244A was available to assessee - **Canon India (P.) Ltd. v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 306 (Delhi - Trib.)

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

- 4.153** Appellate authority can entertain a fresh claim made by assessee, even if such a claim is not made in return of income or by way of revised return of income - **Deputy Commissioner of Income-tax v. Bajaj Auto Ltd.** - [2025] 180 taxmann.com 45 (Mumbai - Trib.)

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

- 4.154** Where assessee filed appeal before Appellate Tribunal with a delay of 1370 days claiming lack of remedial advice from its tax consultant, but could not satisfactorily explain full period of delay and cited only general reasons, such an inordinate and unexplained delay could not be condoned for want of sufficient cause under law - **Attivo Protezione (P.) Ltd. v. Income-tax Officer** - [2025] 180 taxmann.com 104 (Mumbai - Trib.)

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

- 4.155** Principal Commissioner had no jurisdiction to revise assessment which was sub judice before Commissioner (Appeals) on same issues at relevant point of time - **Likha Saaya v. Income Tax Officer** - [2025] 180 taxmann.com 358 (Guwahati - Trib.)

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

- 4.156** Where additions forming basis of penalty under section 270A were made on basis of loose sheets and sworn statements of two persons without any corroborative evidence establishing that assessee had engaged in unaccounted purchases and, moreover, assessee was not provided effective opportunity of cross-examination, no penalty under section 270A could be levied - **Sabari Diamonds & Jewels v. Deputy Commissioner of Income-tax** - [2025] 180 taxmann.com 12 (Chennai - Trib.)
- 4.157** Where impugned notice did not delineate which particular limb or clause of section 270A(9) was attracted, penalty levied by Assessing Officer under section 270A was to be deleted - **Deputy Commissioner of Income-tax v. Ethirajulu Vajravel Kumaran** - [2025] 180 taxmann.com 11 (Chennai - Trib.)
- 4.158** Where penalty notice issued under section 270A did not specify relevant limb of section and also did not specify transgression of provisions under section 270A(2) or 270A(9), said penalty would not survive - **Deputy Commissioner of Income-tax v. Ajay Vision Education (P.) Ltd** - [2025] 180 taxmann.com 395 (Delhi - Trib.)

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

4.159 Where assessee, in compliance with notice issued under section 153A, had offered an additional income which had been accepted by Assessing Officer without any variation and that such additional income was not offered on basis of any incriminating material found during course of search conducted at premises of assessee but rather represented a voluntary disclosure by assessee, Commissioner (Appeals) had rightly deleted penalty levied by Assessing Officer under section 271(1)(c) - **Deputy Commissioner of Income-tax v. Ethirajulu Vajravel Kumaran - [2025] 180 taxmann.com 11 (Chennai - Trib.)**

4.160 Where penalty under section 271(1)(c) was levied following reassessment wherein unrecorded cash income was disclosed in return, since assessee voluntarily disclosed income and same was accepted without further investigation, it could not be concluded that there was concealment of income and thus, impugned penalty was to be deleted - **Deputy Commissioner of Income-tax v. Ajay Vision Education (P.) Ltd - [2025] 180 taxmann.com 395 (Delhi - Trib.)**

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

4.161 Where Assessing Officer failed to specify relevant limb of section 271AAB(1A) under which penalty was sought to be levied, penalty order under section 271AAB(1A) being passed on basis of such vague notice was legally unsustainable - **Deputy Commissioner of Income-tax v. Ethirajulu Vajravel Kumaran - [2025] 180 taxmann.com 11 (Chennai - Trib.)**

**SECTION 282A OF THE INCOME-TAX ACT, 1961 -
AUTHENTICATION OF NOTICES AND OTHER
DOCUMENTS**

4.162 Where an assessment order, whether issued electronically or in paper form, was not signed as mandated under section 282A, such unsigned order was invalid and liable to be quashed, since requirement of 'signing' applies irrespective of mode in which order is communicated - **Danieli and C Officine Meccaniche**

SPA v. ACIT - [2025] 180 taxmann.com 403 (Kolkata - Trib.)

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

5.1 Where large sums of old denomination-cash were deposited in a firm's bank account with no business activity and account operators admitted that funds were not theirs and were later transferred to appellant, since there was no evidence of any genuine transaction with benamidar, flow of funds clearly indicated a benami transaction which could not be nullified by subsequent tax assessment or surrender of amount as undisclosed income before Income Tax Authorities - **Smt. Mina Kiranbhai Shah v. Initiating Officer, BPU - [2025] 180 taxmann.com 708 (SAFEMA - New Delhi)**

**SECTION 2(9) OF THE PROHIBITION OF BENAMI
PROPERTY TRANSACTIONS ACT, 1988 -
DEFINITIONS**

5.2 Where proprietor deposited cash and immediately transferred it to company claiming gold sale, but admitted cash was handled for commission without real transaction and company's alleged delivery was not substantiated, such arrangement was found to project unaccounted money as legitimate for beneficiary and not a genuine deal, thus constituting a benami transaction under section 2(9)(A) - **Deputy Commissioner of Income-tax (BPU) v. Jitendra Rameshbhai Patel - [2025] 180 taxmann.com 54 (SAFEMA - New Delhi)**

5.3 Where appellant failed to produce evidence of source of consideration for two property purchases, one involving cash supposedly from agricultural income without proof and other using unexplained cash routed through bank to create false legitimacy, both transactions qualified as benami under section 2(9)(D) and attachment orders were justified - **Lal Mohammad Molla v. Initiating Officer, BPU - [2025] 180 taxmann.com 56 (SAFEMA - New Delhi)**

Intelligent Tax Systems for the Digital Era: How India Can Leverage AI While Protecting Privacy and Ensuring Fairness



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The Dawn of a New Era: Artificial Intelligence and the Transformation of Direct Taxation

The world of income taxation, a labyrinth of complex legislation and compliance, is on the cusp of a revolution. In India, with its expanding tax base and the CBDT processing millions of returns, the need for efficiency and precision is paramount. The sheer volume of data and the challenge of tax evasion have created a landscape ripe for disruption. Enter Artificial Intelligence (AI), a force poised to reshape tax administration.

AI is no longer a futuristic concept but a present-day reality, with applications ranging from automated risk-scoring to intelligent audit selection. This article explores AI's transformative power in Indian Income Tax, its practical applications, the governance frameworks for building trust, and a roadmap for harnessing its potential. We are at the dawn of a new era where data-driven insights will redefine tax compliance, and every tax professional must adapt to this shift.

The Indian Landscape: Challenges and the AI Opportunity

India's direct tax system faces immense challenges of scale. With over 60 million annual assessments, traditional manual audit selection is resource-intensive and reactive. The compliance burden is high due to complex rules and frequent amendments. Detecting sophisticated tax fraud through manual analysis is slow and struggles to keep pace with the digital economy.

AI's potential shines brightest in addressing these challenges. Machine learning can sift through millions of returns in seconds, flagging high-risk cases for review. Unsupervised learning identifies anomalies that may indicate tax evasion. NLP can parse returns, verify consistency, and flag contradictions. The opportunities are immense:

- **Risk Scoring and Predictive Analytics:** AI can prioritise manual review by flagging high-risk returns, leading to more efficient allocation of resources.
- **Anomaly Detection:** Unsupervised learning can identify unusual patterns that may indicate tax evasion, which might be missed by human auditors.
- **Automated Compliance Checks:** NLP can automate the verification of returns, reducing errors and freeing up valuable human resources.
- **Enhanced Taxpayer Services:** AI-driven chatbots and e-services can provide instant support for routine inquiries, improving the taxpayer experience.
- **Data Integration and Matching:** AI can link and cross-reference various income-related documents in near real-time, ensuring greater accuracy and compliance.

Global Perspectives: Learning from International Best Practices

India is not alone in this journey. Tax authorities worldwide are leveraging AI. The Australian Taxation Office (ATO) uses machine learning for fraud detection and risk scoring, emphasising transparency and independent audits. The Canada Revenue Agency (CRA) uses AI to detect suspicious patterns, focusing on bias testing. The US Internal Revenue Service (IRS) is expanding its use of AI in fraud detection and audit selection.

The Indian CBDT has also initiated pilot projects in income analytics and GST fraud detection. There is a growing reliance on data analytics for risk assessment, with an emphasis on a "human-in-the-loop" (HITL) approach. This ensures that while AI provides powerful tools, the final judgment remains with human officers, preserving fairness and the right to appeal.

Practical Applications: AI in Action

The promise of AI translates into powerful applications that are reshaping direct taxation:

A) Fraud Detection and Evasion Risk Scoring: AI models, trained on vast datasets of historical audit outcomes, can now score tax returns based on their likelihood of fraud. These models can identify a wide range of red flags, including high-income returns with minimal tax paid, the use of round-number income or expense patterns, mismatches between reported income and third-party data, and connections to known shell entities. The benefit is twofold: honest taxpayers experience faster processing times, while tax officers can focus their investigative efforts on high-risk cases, leading to a more efficient and effective tax administration.

B) Intelligent Audit Case Selection: The traditional approach of random sampling for audits is being replaced by a far more intelligent and targeted methodology. AI-driven case selection optimises for a variety of factors, including the likely tax recovery, pattern-based risks that are similar to previously detected evasion schemes, sector-specific vulnerabilities, and temporal signals such as new entrants with unusually high incomes or sudden offshore transactions. This results in higher detection rates, better revenue recovery, and a significant reduction in the number of false-positive audits of compliant taxpayers.

C) Automated Compliance and Consistency Checks: NLP-based systems are automating the tedious and error-prone process of manual compliance checks. These systems can validate cross-form consistency, flag missing or contradictory information, and even auto-populate forms using linked documents such as e-TDS certificates, bank statements, and investment proofs. This not only accelerates the processing of returns but also significantly reduces the compliance burden on both practitioners and taxpayers.

D) Real-Time Matching with Third-Party Data: The ability of AI to aggregate and cross-reference a vast array of third-party data in real-time is a game-changer for tax compliance. TDS certificates, investment proofs, income reported to stock exchanges, business registrations, and GST records can all be seamlessly integrated and compared with the information provided in tax returns. These catches misreporting in real-time and acts as a powerful deterrent, thereby improving voluntary compliance.

E) Chatbots and Automated Query Resolution: AI-powered virtual assistants are transforming the taxpayer experience. These chatbots can handle a wide range of routine queries, from providing guidance on ITR forms and deduction eligibility to checking the status of assessments and refunds. This not only reduces the administrative overhead on tax departments but also provides citizens with 24/7 access to information and support, leading to greater satisfaction and a more positive perception of the tax administration.

The Legal and Regulatory Framework: Ensuring Responsible AI

The power of AI brings ethical and legal considerations. India is developing a robust legal and regulatory framework to ensure responsible AI adoption in tax administration.

The Digital Personal Data Protection Act, 2023 (DPDPA) is a cornerstone of this framework. It governs how tax authorities can use taxpayer data in AI systems, enshrining principles such as purpose limitation, data minimisation, security safeguards, and accountability. The DPDPA ensures that tax AI systems are built with privacy-by-design and prohibits the unauthorized use of personal information for profiling or commercial purposes. Taxpayers also have the right to access and correct their data, ensuring transparency and fairness.

The Income Tax Act, 1961, and its associated rules also provide important safeguards. While AI can be a powerful tool for detecting unexplained wealth or assisting in best judgment assessments, the law is clear that AI assists, but does not replace, legal judgment. Assessee retain their fundamental right to appeal and challenge any AI-influenced decisions, ensuring that the principles of natural justice are upheld.

Furthermore, NITI Aayog's National Strategy for Artificial Intelligence provides a comprehensive set of guiding principles for the responsible adoption of AI across all sectors, including taxation. These principles, which include fairness, non-discrimination, explainability, transparency, robustness, and security, provide a clear roadmap for tax administrations to build public trust and ensure that their AI systems can withstand public and judicial scrutiny.

Governance Essentials: Building Trustworthy AI Systems

Trust is the bedrock of any tax system, especially with AI. To build public trust, tax administrations must implement a robust governance framework for their AI systems based on three pillars: Model Risk Management (MRM), Explainability and Auditability, and Human-in-the-Loop (HITL) safeguards.

An MRM framework involves creating a comprehensive inventory of all AI systems used in tax decisions, tiering them by their potential for harm, and subjecting high-risk systems to stricter controls. Regular validation and monitoring are essential to ensure accuracy, detect bias, and refresh models as tax laws and economic conditions change. Clear lines of accountability must be established, with designated model owners and formal sign-off procedures before any AI system is deployed.

Explainability and Auditability are crucial for ensuring transparency and fairness. The use of Explainable AI (XAI) techniques is paramount, allowing both tax officers and taxpayers to understand the reasoning behind an AI-generated flag or recommendation. Detailed audit trails that log all inputs, model versions, decisions, and reasoning are also essential for enabling appeals and retrospective reviews.

Finally, Human-in-the-Loop (HITL) safeguards are non-negotiable. AI should be used to score or flag returns, but the final decision to audit, penalise, or prosecute must always be made by a qualified human officer. For high-stakes decisions, HITL should be mandatory, and clear thresholds should be established where human judgment can override automated recommendations.

Navigating the Hype: How to Spot AI Washing in Tax Technology

The rise of AI has been accompanied by hype and "AI washing." Tax professionals must distinguish between genuine AI solutions and marketing spin. Here are some red flags:

- 1 Vague Terminology: Be wary of vendors who use generic terms like "AI-driven risk assessment" without specifying the underlying algorithms, training data, or validation methods.
- 2 No Performance Evidence: Genuine AI solutions are backed by data. If a vendor is unwilling or

- The best practice is to demand evidence. Reputable vendors will be transparent about their technology and will be able to provide model performance cards, bias audits, and explainability demos.

Integrating AI into India's income tax administration will be a multi-year journey requiring a phased approach.

Phase 2: Expansion (Months 7-18): In the second phase, the use of AI can be expanded. AI-powered risk scoring can be deployed for all returns and integrated into the audit case selection process. An NLP-based compliance checker for ITR validation can be launched. Crucially, HITL checkpoints must be established, and tax officers must be trained on how to interpret AI recommendations and when to use their override authority.

Phase 3: Integration & Optimisation (Months 19-36): The third phase will focus on integration and optimisation. Real-time matching with third-party data sources can be fully integrated. Chatbots and e-services can be expanded to handle a wider range of taxpayer queries. Regular fairness audits should be conducted, and models should be adjusted if any bias is detected. Annual transparency reports on AI usage, outcomes, and redress metrics should be published to maintain public trust.

Phase 4: Advanced Capabilities (Years 3-5): In the final phase, more advanced AI capabilities can be explored. This could include predictive compliance, where AI flags likely violations before they occur, or intelligent interview guidance, where AI recommends questions for tax officers to ask based on a taxpayer's risk profile. The development of sector-specific models, tailored for high-risk industries such as IT, healthcare, and real estate, will also be a key focus. Furthermore, the exploration of privacy-preserving AI techniques, such as federated learning, will allow for the analysis of patterns without the need to centralize sensitive taxpayer data.

The rise of AI evolves the role of the tax professional, making it more strategic and analytical. Tax practitioners must understand AI's capabilities and limitations to help clients navigate the new landscape and act as a check on the system. This includes challenging AI-influenced decisions, advocating for fair practices, and reporting AI washing.

For taxpayers, the message is to maintain clean and consistent records. This is the best defense against being flagged by AI. Taxpayers must also understand their rights under the DPDPA and seek professional advice if flagged. The assumption that "AI is always right" is dangerous.

Conclusion: A Future Forged in Trust and Transparency

AI is not a silver bullet, but it is a powerful tool for tax administrations. The potential for faster processing, better fraud detection, and fairer outcomes is immense. This potential can only be realised if AI systems are accurate, transparent, fair, and accountable. India's legal framework and global best practices in AI governance provide a solid foundation for this journey.

The road ahead has challenges, including capacity building, vendor selection, and building public trust. However, the rewards are worth the effort. By embracing AI responsibly, India can build a more efficient, effective, and equitable tax administration. The future is a partnership between human and artificial intelligence, creating a system fit for the 21st century. The journey has just begun, and it promises to be transformative for India's direct tax professionals.

~ The swiftest way to triple your success is to double your investment in personal development. - Robin Sharma

TDS & TCS Compliance: Key Changes and Implications



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A Comprehensive Analysis of New Correction Limits, Transitional Deadlines, and Their Long-Term Impact

A Detailed Look at New Correction Limits, Transitional Deadlines, and Their Long-Term Effects

The FY 2024-25 has introduced significant changes in Tax Deducted at Source (TDS) and Tax Collected at Source (TCS) compliance. These reforms fall under the Income-tax Act, 2025, and set the stage for a full transition to the new Act, which takes effect on 1 April 2026, replacing the Income-tax Act, 1961.

Previous reforms mainly focused on rates, thresholds, and exemptions. The current changes emphasize compliance, record finality, and the end of indefinite corrections. This signifies a major shift from the past, where TDS/TCS corrections could be submitted years later with few restrictions.

Here's an overview of key changes, their effects, and how taxpayers should respond.

1. Correction-Statement Time Limit Reduced to 2 Years

What Has Changed?

A significant compliance reform was announced through a CBDT advisory in **November 2025**. It establishes a strict two-year limit for filing TDS/TCS correction statements.

Under section 397(3)(f) of the Income-tax Act, 2025:

A correction statement can now be filed only within two years from the end of the relevant financial year.

Why Is This Important?

This is a significant change from the previous system where:

- Deductors could submit corrections many years after the original return.
- TRACES allowed multiple back-dated correction cycles, sometimes even 7 to 8 years later.
- Credit mismatches could be fixed at any time without set deadlines.

Effective Date:

Effective from **1 April 2026**, all returns filed for **FY 2025-26** and beyond will be subject to the new two-year limit.

2. Deadline for Fixing Past Errors - 31 March 2026

Transition Provision for Previous Years

To facilitate a smooth transition to the new law, the department issued a guideline: All correction statements for previous periods must be filed by 31 March 2026.

This includes corrections for:

- FY 2018-19 (Q4)
- FY 2019-20
- FY 2020-21
- FY 2021-22
- FY 2022-23
- FY 2023-24 (Q1–Q3)

What Happens After 31 March 2026?

Starting 1 April 2026, the correction windows for these previous years will close permanently. TRACES will not accept any further correction statements for these periods.

Consequences for Taxpayers & Deductors

- Incorrect PAN entries will result in permanent loss of credit.
- Incorrect amounts or deductee codes will cause refund mismatches.
- Errors in challans will lead to unresolved demands or unclaimed tax.
- Lower TDS deducted due to errors may result in future notices, interest, or penalties.

The deadline creates urgency—if errors are not fixed before 31 March 2026, they may remain uncorrected.

3. Emphasis on Compliance Finality (“Record Locking”)

The main goal of this change is to create “Finality in TDS/TCS reporting.”

Under the old rules:

- Corrections were unlimited and could be made indefinitely.
- Records could be amended even ten years later.
- Delays in corrections led to ongoing mismatches.
- Taxpayers struggled to claim rightful credits due to errors by others.

Under the new rules:

- Reports will be locked once the correction window closes.
- Deductors must ensure accuracy at the time of filing, not years down the line.
- PAN capture, challan matching, and preparation of returns must be error-free.

This aligns with global standards where source-tax reporting is time-bound and final.

4. Practical Implications

To get ready for the new rules, taxpayers and organizations must take immediate action.

a) Conduct a Complete Audit of Past Returns

Cross-check:

- PAN entries
- Challan CIN details
- TDS amounts
- Deductee records
- 26AS/AIS mismatches

b) File All Pending Corrections Before March 2026

Any mismatch, no matter how small, must be fixed now. Delays past March 2026 will lead to permanent credit loss.

c) Update Accounting and Payroll Systems

Make sure software systems enforce:

- PAN validation
- Challan verification
- Correct section codes
- Error-free quarterly returns

d) Communicate with Stakeholders

Businesses should:

- Inform employees, vendors and clients.
- Encourage them to check AIS/26AS.
- Prompt them to report mismatches immediately.

e) Strengthen Documentation and Internal Control

Given stricter deadlines, record-keeping must be clearer:

- Keep challan proofs.
- Maintain PAN declarations.
- Archive Form 16/16A copies.
- Retain vendor onboarding records.
- Document payment approvals.

5. Why Such Strict Changes? Policy Intent & Broader Transition*a) Moving to a Simplified, Finalized System*

The government's plan under the new law emphasizes:

- Simplification
- Certainty in records
- Resolution of long-pending mismatches
- Avoiding repetitive correction cycles.

b) Repeal of the Old Income-tax Act (1961)

With section 536 of the new Act fully repealing the old one starting 1 April 2026, it's essential to:

- Close open items.
- Finalize all pending corrections under the old law.
- Transition to the new law without carrying over prior issues.

c) Faster Processing of Refunds & Assessments

Unlimited corrections in the past led to:

- Delays in resolving mismatches.
- Repeated demands being reopened.
- Legal disputes over credit claims.
- Blocked refunds for taxpayers.

The new system aims to reduce:

- Processing times.
- Legal disputes.
- Manual interventions.
- Confusion in credit allocation.

6. Past Reference: How the System Used to Work*Before these amendments:*

- There were no time limits for corrections.
- Deductors often updated returns years later, causing confusion.
- Refunds were frequently delayed due to TDS mismatches.
- Taxpayers had to deal with deductors' mistakes.
- Historical data corrections even after 6 to 8 years were normal.

After these amendments:

- A clear two-year correction window is now established.
- There is a mandatory deadline for corrections from previous years.
- No further corrections allowed after the cut-off.
- Faster and more accurate AIS/26AS entries.
- Improved timelines for refunds and case closures.

This marks a significant shift from flexibility to discipline.

7. Penal Provisions for Delay in Issuance of TDS Certificates under the Income Tax Act, 1961

Timely issuance of TDS certificates is a statutory obligation of every deductor under the Income-tax Act, 1961. Delay or failure in issuing these certificates attracts penalties and other consequences.

Penalty under Section 272A(2)(g)

If a person **fails to issue TDS certificates** within the prescribed time:

- A penalty of **₹100 per day** of default is leviable
- The penalty cannot exceed the **amount of tax deductible/collected**

This applies to:

- **Form 16** (Salary TDS)
- **Form 16A** (Non-salary TDS)
- **Form 16B / 16C / 16D** (Property, rent, contractors, etc.)

Prosecution under Section 276A (Serious Defaults)

In extreme cases of wilful and persistent failure, prosecution may be initiated, leading to:

- **Rigorous imprisonment up to 3 months**, and/or
- **Fine**

This provision applies only where the failure is deliberate and continuous.

Late Fees vs. Penalty – Important Distinction

Particulars	Late Fee	Penalty
Section	234E	272A(2)(g)
Applies to	Late filing of TDS returns	Delay in issuing TDS certificates
Amount	₹200 per day	₹100 per day
Maximum	TDS amount	TDS amount

Relief from Penalty – Reasonable Cause (Section 273B)

No penalty shall be imposed if the deductor proves that there was a **reasonable cause** for the failure, such as:

- Technical glitches in the TRACES portal
- Natural calamities
- Genuine hardship beyond control

KEY CONCLUSION

The changes introduced are one of the most important updates to TDS/TCS compliance procedures in recent years.

These amendments:

- Set strict timelines (a two-year correction window).
- Create stronger compliance from deductors.
- Ensure finality in TDS/TCS records.
- Prepare India for a new tax law by April 2026.
- Shift the responsibility to deductors to act on time and correctly.
- Protect taxpayers from ongoing mismatch issues.
- Simplify refund and assessment processes.

~ *In this world nothing can be said to be certain, except death and taxes.... Benjamin Franklin*

GST & INDIRECT TAXES

1. STATUTORY UPDATES

- 1.1** GST Registration would be granted within 3 working days; CBIC amends CGST Rules - **NOTIFICATION NO. 18/2025 - CENTRAL TAX [F. NO. CBIC-20013/3/2025-GST], DATED 31-10-2025**

Editorial Note : The CBIC has issued notification to notify CGST (Fourth Amendment) Rules, 2025. Now, GST Registration would be granted within 3 working days from date of submission of application. Also, corresponding changes are made in GST Registration Forms.

- 1.2** GSTN introduces Simplified GST Registration Scheme under Rule 14A to ease compliance for small taxpayers

Editorial Note: The GSTN has implemented a Simplified GST Registration Scheme under Rule 14A of the CGST Rules, 2017, to ease compliance for small taxpayers. Applicants with a monthly output tax liability up to Rs.2.5 lakh on supplies to registered persons (B2B) can opt for this scheme while applying in FORM GST REG-01, with mandatory Aadhaar authentication. The registration will be approved electronically within three working days of ARN generation.

- 1.3** GST revenue rises to Rs.1.96 lakh crore in October 2025: Press Release

Editorial Note: The Government has issued a Press Release announcing that GST collections for October 2025 stood at Rs.1.96 lakh crore, registering a 4.6% year-on-year increase. The rise reflects strong festive demand, higher import activity, and better tax compliance, showcasing the continued resilience of India's economy.

- 1.4** GSTN issues advisory on mandatory furnishing of bank account details under Rule 10A

Editorial Note: The GSTN has issued an advisory requiring taxpayers (other than TCS/TDS/suo-moto registrations) to furnish their bank account details within 30 days of registration or before filing GSTR-1/IFF, whichever is earlier, in accordance of Rule 10A. With upcoming changes on the GST Portal, taxpayers who have not yet provided these details are advised to update them promptly to avoid suspension of their GST registration. Bank account details can be furnished through a non-core amendment on the portal.

2. HIGH COURT

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

- 2.1** Where petitioners challenged a show-cause notice on grounds of parallel proceedings under Section 6(2)(b) at pre-adjudication stage before any order was passed, since periods involved prima facie differed and factual issues required determination, non-interference under writ jurisdiction was justified as it was not a clear case and alternate remedies existed. - **JSW Techno Projects Management Ltd. v. Union of India - [2025] 180 taxmann.com 81 (Bombay)**

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

- 2.2** Where petitioners owning leasehold property paid conversion charges to DDA for freehold conversion with no GST charged as per DDA's notified rates and schemes, and DDA retrospectively demanded GST treating charges as consideration for foregoing future rent, as conversion charges formed part of sale consideration for sale of immovable property, GST was prima facie not leviable on such demands. - **Mala Sahni Seth v. Delhi Development Authority - [2025] 180 taxmann.com 303 (Delhi)**

SECTION 11 OF THE GOODS AND SERVICES TAX (COMPENSATION TO STATES) ACT, 2017 - OTHER PROVISIONS RELATING TO CESS

- 2.3** Where manufacturer-exporter made zero-rated supplies including exports and SEZ sales, paid Compensation Cess on coal used in captive power, and claimed refund of unutilised Cess credit since exports were subject to IGST and not Cess, rejection based on Circulars was erroneous as Cess credit remained unutilised, thus refund of such credit was admissible. - **Atul Ltd. v. Assistant Commissioner, CGST and Central Excise Division VIII - [2025] 180 taxmann.com 591 (Gujarat)**

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

- 2.4** Where assessee filed revised refund applications for excess IGST paid and no deficiency memo was issued within prescribed timeline, but later refund was withheld citing incomplete documents, refund applications had to be disposed of within statutory timelines and decision taken expeditiously, with taxpayer required to appear before department to address deficiencies and refund orders to be passed within one month in accordance with law. - **Gameloft Software (P.) Ltd. v. Assistant Commissioner of Central Tax - [2025] 180 taxmann.com 177 (Delhi)**

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

- 2.5** In cases involving fraudulent availment of ITC, ordinarily, writ jurisdiction would not be exercised as complex transactions are involved which require factual analysis

and consideration of voluminous evidence - **R Gupta Metal Store v. Central Goods and Services Tax Delhi North** - [2025] 180 taxmann.com 178 (Delhi)

2.6 Where petitioner's reply to show cause notice alleging GSTR-3B/GSTR-2A mismatch was not considered and demand was raised by adjudicating authority, same was to be set aside matter was to be remanded for fresh decision after giving proper hearing opportunity - **Anjani Seeds and Fertilizers Depo v. State of Gujarat** - [2025] 180 taxmann.com 348 (Gujarat)

2.7 Where petitioner produced invoices, e-way bills, transport documents and bank statements showing supplier registration was active on supply dates yet ITC was denied solely due to retrospective supplier registration cancellation, appellate authority's non-speaking order was unsustainable since retrospective cancellation cannot by itself justify ITC denial without examining evidence - **Shyamalmay Paul v. Assistant Commissioner SGST** - [2025] 180 taxmann.com 415 (Calcutta)

2.8 Where assessee received ITC from a company and there was only a single transaction between assessee and said company in 2018-19, however for three financial years i.e. 2017-18, 2018-19 and 2019-20 identical DRC-07 were issued with duplicate demand, DRC-07 for 2018-19 was to be upheld whereas other two notices were to be quashed - **Devi Industrial Engineers v. Commissioner of CGST** - [2025] 180 taxmann.com 573 (Delhi)

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

2.9 Where respondents blocked petitioner's Electronic Credit Ledger without pre-decisional hearing or furnishing independent reasons, merely issuing a bare text message without particulars and failing to satisfy statutory pre-requisites, such blocking order was invalid and petitioner was entitled to unblocking of Electronic Credit Ledger - **S.A. Enterprises v. Assistant Commissioner of Central Tax** - [2025] 180 taxmann.com 344 (Karnataka)

2.10 Where petitioner, engaged in manufacture of electronic materials, claimed ITC on insurance policies covering stock, premises and equipment and not vehicles, treating such insurance as motor vehicle insurance for purposes of blocking ITC was contrary to policy terms and untenable - **Arraycom (India) Ltd. v. State of Gujarat** - [2025] 180 taxmann.com 590 (Gujarat)

SECTION 19 OF THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017 - TAX WRONGFULLY COLLECTED AND PAID TO GOVERNMENT

2.11 Where petitioner provided intermediary services to foreign entities, paid IGST treating supplies as inter-State/export, and subsequently discharged CGST+SGST on reassessing said transaction as intra-State, refund of wrongly paid IGST could not be denied on limitation, as constitutional mandate prohibits retention of tax without

authority of law, and principles of restitution and unjust enrichment required refund to petitioner. - **Merck Life Science (P.) Ltd. v. Union of India** - [2025] 180 taxmann.com 593 (Karnataka)

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

2.12 Where assessee's GST registration was cancelled vide a non-speaking order lacking reasons or evidence of application of mind and appeal against cancellation was dismissed as time-barred, since such arbitrary non-speaking order failed to meet Article 14's requirement of reasoned decision-making, cancellation and appellate orders could not sustain in law and were therefore quashed. - **Akshat Travels Solutions v. State of U.P.** - [2025] 180 taxmann.com 29 (Allahabad)

2.13 Where GST registration was cancelled due to non-filing of returns and petitioner subsequently filed all pending returns and paid tax with interest and late fee, officer was empowered under proviso to Rule 22(4) to drop cancellation proceedings and restore registration upon such compliance, thus petitioner was to be permitted to approach authority for restoration as per law - **Divisional Forest Officer v. Union of India** - [2025] 180 taxmann.com 75 (Gauhati)

2.14 Where cancellation of registration was ordered ex parte for non-filing of returns based on a notice that lacked identification of proper officer and forum for appearance, and no opportunity of personal hearing was granted, such cancellation violated principles of natural justice and constitutional guarantees of equality and right to business, rendering order unsustainable. - **Implex Infrastructure (P) Ltd v. State of U.P.** - [2025] 180 taxmann.com 85 (Allahabad)

2.15 Where registration of petitioner was canceled due to its consultant mistakenly applied for cancellation instead of that for a sister concern, since respondents were not clothed with any power to recall order of cancellation, instant court by invoking extra ordinary jurisdiction, directed respondents to restore registration of petitioner - **Pixel Trading & Services v. Superintendent, Central Tax and Central Excise** - [2025] 180 taxmann.com 154 (Kerala)

2.16 Where petitioner's GST registration was cancelled for non-existence of declared business premises and non-conduct of business, supported by forged or inconsistent rental documents and physical verification, inability to prove genuine place of business rendered cancellation justified with no ground to interfere on writ - **M A Enterprises v. Additional Commissioner Appeals 1** - [2025] 180 taxmann.com 340 (Telangana)

2.17 Where petitioner, a works contract concern, had registration cancelled retrospectively only for not furnishing bank account details based on a vague SCN with no effective notice or opportunity to cure, and record did not establish proper service of cancellation order, such cancellation was disproportionate, thus restoration was permitted. - **Gayathri Infra Developers v. Deputy**

State Tax Officer - [2025] 180 taxmann.com 379 (Telangana)

2.18 Where registration was cancelled retrospectively although show-cause notice did not propose retrospective effect for such cancellation, it was settled that order could not cancel registration retrospectively if there was no such contemplation in SCN, however since assessee had filed an appeal, same was to be decided by 15-1-2026 - **Ram Ashish v. Union of India - [2025] 180 taxmann.com 485 (Delhi)**

2.19 Where cancellation of GST registration was done without proper opportunity after show cause notice, and appellate authority dismissed appeal solely on limitation without deciding merits, fresh opportunity was warranted, hence previous cancellation and appeal orders were quashed with direction for fresh adjudication after personal hearing. - **Vipul Kumar Singh v. State of U.P. - [2025] 180 taxmann.com 496 (Allahabad)**

2.20 Where SCN issued for cancellation of GST registration mentioned only that principal place of business was untraceable and did not propose retrospective effect, cancellation of registration with retrospective effect was unsustainable, and cancellation order was set aside - **Stalwart India Alloys Ltd. v. Union of India - [2025] 180 taxmann.com 487 (Delhi)**

2.21 Where petitioner sought cancellation of GST registration while departmental proceedings for fraudulent ITC and misrepresentation were ongoing, and premises were found non-functional with attempted misleading evidence, writ petition for cancellation was not maintainable - **Shiva Enterprises v. Principal Commissioner, Department of Trade and Taxes - [2025] 180 taxmann.com 795 (Delhi)**

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

2.22 Where GST registration was cancelled for non-filing of returns for continuous period of six months, petitioner was to be granted two months' time to approach concerned authority seeking restoration of GST registration by furnishing all pending returns and making full payment of tax dues along with applicable interest and late fee - **Dhirghat Hardware Stores v. Union of India - [2025] 180 taxmann.com 73 (Gauhati)**

2.23 Where petitioner failed to file GST returns for a specified period and registration was cancelled for non-filing, but petitioner computed and deposited entire tax, interest, and late fee in Electronic Cash Ledger and expressed readiness to file pending returns, restoration of registration was permitted. - **Abound It Services v. State of Gujarat - [2025] 180 taxmann.com 246 (Gujarat)**

SECTION 39 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - RETURNS - FURNISHING OF

2.24 Where petitioner submitted GSTR-3B return for March 2024-25 after bid deadline in tender process where stipulation required latest GSTR-3B to be attached with

bid and time was of essence, such belated filing constituted material deviation from bidding conditions that substantially affected bid validity, making petitioner ineligible and validating non-responsive declaration when competing bidders had complied. - **Umed Engineering and Construction v. State of Rajasthan - [2025] 180 taxmann.com 469 (Rajasthan)**

2.25 Where petitioner was declared non-responsive for failing to upload latest GSTR-3B within stipulated tender timeline and appellate authorities upheld rejection due to mandatory compliance, judicial review was limited in absence of mala fides or arbitrariness and no ground for intervention was established, resulting in dismissal of writ petitions with costs. - **Umed Engineering and Construction v. State of Rajasthan - [2025] 180 taxmann.com 469 (Rajasthan)**

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

2.26 Where petitioner disputed interest levy for delay in payment of outward tax disclosed in GSTR-09, interest was to be computed from statutory due dates for GSTR-3B under section 39 up to actual debit date in electronic ledger when tax was paid, and only this period attracted interest - **A.S.R Constructions v. State Tax Officer - [2025] 180 taxmann.com 225 (Madras)**

2.27 Where assessee deposited tax via DRC-03 into cash ledger before GSTR-3B return filing and such deposit was credited to Government account, liability was discharged from deposit date, debit at return filing being a mere accounting entry, hence interest could not be charged for period between deposit and return filing and related recovery was unsustainable. - **Symphony Ltd. v. Union of India - [2025] 180 taxmann.com 298 (Gujarat)**

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

2.28 Where petitioner challenged rejection of refund under section 54(3) on grounds relating to limitation under rule 90(3), without consideration of binding Gujarat and other High Court decisions impacting limitation issue, both rejection and appellate orders were unsustainable and required fresh adjudication - **Mukesh Incense Enterprises (P) Ltd. v. Union of India - [2025] 180 taxmann.com 374 (Bombay)**

2.29 Where GST-registered company deposited amounts during search proceedings and filed refund applications with all required documents, issuance of deficiency memos citing non-appending of enclosures was unwarranted since applications were complete, justifying quashment of deficiency memos and entitlement to consideration of refund claims on merits. - **Gunnam Infra Projects (P.) Ltd. v. Union of India - [2025] 180 taxmann.com 492 (Karnataka)**

2.30 Where petitioner, after being subjected to search, deposited sums aggregating Rs. 3.11 crores prior to any quantification or adjudication and sought refund with proper applications and supporting certificates, such

deposits made without voluntary admission or due process could not be treated as self-ascertainment and were refundable, thus refund could not be denied merely for want of further supporting papers. - **Gunnam Infra Projects (P.) Ltd. v. Union of India** - [2025] 180 *taxmann.com* 492 (Karnataka)

- 2.31 Refund to a 100% EOU was ordered to be restored as unit had made actual zero-rated exports and not deemed exports, rendering CBIC Circular No.172/04/2022-GST dated 06.07.2022 inapplicable, and withdrawal of ITC refund was unjustified, therefore, impugned orders withdrawing refund were to be quashed and authorities were to release refund as claimed - **Shah Paperplast Industries Ltd. v. Union of India** - [2025] 180 *taxmann.com* 582 (Gujarat)

- 2.32 Where petitioner, having sought expeditious refund disposal, had its application rejected by refund authority after due process and then challenged the rejection order in writ stating jurisdictional error, since no jurisdictional error appeared and petitioner had already accepted jurisdiction of refund authority, interference in writ was unjustified - **Century Products v. State of West Bengal** - [2025] 180 *taxmann.com* 572 (Calcutta)

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

- 2.33 Where petitioner, a registered transporter, faced scrutiny for liability mismatch and claimed that show cause notice and hearing opportunity were not provided as documents were not displayed on portal, order passed without affording such opportunity was vitiated for breach of natural justice and therefore set aside. - **Speed Wings Logistics Solutions (P.) Ltd. v. State of Haryana** - [2025] 180 *taxmann.com* 669 (Punjab & Haryana)

SECTION 65 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - AUDIT - BY TAX AUTHORITIES

- 2.34 Where show cause notice was issued before expiry of time granted to assessee to file submissions in pre-show cause notice, same was in violation of principles of natural justice; audit which was not concluded within three months from date of issuance of notice, same was beyond limitation, therefore, matter was to be remanded to pre-SCN stage - **Varian Medical Systems International India (P.) Ltd. v. Union of India** - [2025] 180 *taxmann.com* 168 (Delhi)

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

- 2.35 Where assessee, after an inspection and Order-in-Original, filed a writ challenging earlier inspection citing absence of reasons to believe and lack of authorization, but did so after significant delay and without explaining gap, when appellate remedy was available and limitation period had passed, such belated challenge to inspection could not be entertained by writ jurisdiction. - **Stores Cement v. State of West Bengal** - [2025] 180 *taxmann.com* 297 (Calcutta)

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

- 2.36 Where petitioner involved in fake invoicing and fraudulent GST ITC claims through circular trading, based on documentary and electronic evidence of invoices without movement of goods, in view of fact that petitioner was already in custody for 3 months and further detention was not required as evidence would be documentary and electronic through official witnesses with no scope of tampering with evidence, petitioner was to be released on bail subject to conditions - **Deepak Goyal v. Inspector (Anti-Evasion) CGST Commissionerate, Ludhiana** - [2025] 180 *taxmann.com* 71 (Punjab & Haryana)

- 2.37 Where petitioner was implicated in alleged fake ITC racket through non-existent firms and admitted involvement, but had remained on interim regular bail without misuse, with no other criminal case or evidence of likely absconding or interference with prosecution, further detention as undertrial was unwarranted and regular bail was to be granted - **Mohd. Shamshad Saifi v. State of Haryana** - [2025] 180 *taxmann.com* 147 (Punjab & Haryana)

- 2.38 Where petitioner, accused of operating multiple firms issuing goods-less invoices with wrongful ITC and facing prosecution under Section 132 following completed investigation and predominantly documentary evidence, continued custody pending delayed trial was held to be unjustified and violative of right to speedy trial, warranting grant of regular bail with conditions - **Arun Garg v. State of Haryana** - [2025] 180 *taxmann.com* 424 (Punjab & Haryana)

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

- 2.39 Where petitioners, being traders facing enquiry for alleged fake ITC claims involving M/s Taj Enterprises and M/s Agastya Enterprises, sought protection from coercive action following summons for appearance and evidence by GST authorities, it was directed that no coercive action be taken as long as petitioners cooperated with investigation, and protection would be limited to matters concerning those two firms. - **Harsh Wadhvani v. Additional Director General Directorate General of GST Intelligence, Raipur** - [2025] 180 *taxmann.com* 91 (Chhattisgarh)

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

- 2.40 Where tax determination order was passed without affording personal hearing, as notices sought only written replies and no date, time or venue for hearing was fixed, denial of oral hearing despite statutory requirement violated natural justice, rendering impugned order unsustainable and necessitating fresh adjudication after

fixing opportunity for personal hearing - **A to Z Car Solutions v. State of U.P.** - [2025] 180 taxmann.com 27 (Allahabad)

- 2.41 Where assessee had filed applications under section 161 for rectification of order, knowing fully well that scope of section 161 is limited only to correct errors apparent on face of record, assessee had prolonged litigation; however, since assessee was not heard in person before passing of impugned order, matter was to be readjudicated - **AIMS Engineers v. Deputy State Tax Officer** - [2025] 180 taxmann.com 28 (Madras)
- 2.42 Where a common show cause notice was issued for two assessment periods and multiple assessment orders were passed, same were to be set aside with liberty to respondents to issue fresh notice - **Emmanuel Constructions (P.) Ltd. v. Principal Secretary to the Govt. Finance Department** - [2025] 180 taxmann.com 77 (Karnataka)
- 2.43 Where petitioner failed to reply to show-cause notice under section 73 leading to ex parte confirmation of demand for excess ITC but asserted bona fide reasons and sufficient cause for not responding, ex parte order was to be set aside and matter was to be remitted for reconsideration. - **Jothi Polymers (P.) Ltd. v. Commissioner of Commercial Taxes** - [2025] 180 taxmann.com 80 (Karnataka)
- 2.44 Where petitioner corporate debtor underwent CIRP and a resolution plan was approved, but tax authorities, having failed to file or pursue any claim during CIRP, later issued demand order and SCN for dues of pre-approval period, all such claims stood extinguished under approved plan and no post-approval proceedings for prior dues could be continued, making such demands wholly without jurisdiction and liable to be quashed. - **Srei Equipment Finance Ltd. v. Assistant Commissioner** - [2025] 180 taxmann.com 89 (Bombay)
- 2.45 Where assessee contended that COVID-19 limitation exclusion ordered by Supreme Court did not apply to quasi-judicial demand proceedings under GST, since Supreme Court expressly directed exclusion of period 15.03.2020 to 28.02.2022 for all judicial and quasi-judicial proceedings under any law, such proceedings under GST were also entitled to benefit of said exclusion and plea to the contrary was not sustainable - **Oasys Cybernetics (P.) Ltd v. State Tax Officer** - [2025] 180 taxmann.com 112 (Madras)
- 2.46 Where petitioner engaged in road construction was issued SCN for extended period, replied to notice, participated in adjudication, and later raised objection regarding pre-consultation only in writ without having raised it in SCN reply or initial writ, omission was treated as conscious waiver and such ground could not be entertained subsequently, thus plea of non-observance of pre-consultation did not survive - **Ms K.b. Patrikar v. Union of India** - [2025] 180 taxmann.com 82 (Bombay)
- 2.47 Where petitioner filed annual return declaring supplies as exempt but final demand exceeded amount proposed in show cause notice under section 73, statutory mandate

was breached as order determined higher liability and included penalty not specified in notice, thus assessment and consequential attachments were quashed. - **Golden Cargo Movers v. State of Chhattisgarh** - [2025] 180 taxmann.com 90 (Chhattisgarh)

- 2.48 Where adjudication order was passed without fixing any date for personal hearing and petitioner challenged resultant orders citing denial of hearing, absence of fixed hearing date rendered both adjudication and appellate orders unsustainable, thus matter was to be remitted for fresh decision after granting opportunity of hearing - **Jagjit Enterprises (P.) Ltd. v. State of U.P.** - [2025] 180 taxmann.com 86 (Allahabad)
- 2.49 Where petitioner received only a summary of show cause notice in Form GST DRC-01 and a statement of determination of tax and without a formal prior statutory show cause notice impugned adjudication order was passed, such procedure did not meet statutory requirements, making the resulting adjudication order unsustainable in law and liable to be set aside - **Prolay Dey Sarkar v. State of Assam** - [2025] 180 taxmann.com 156 (Gauhati)
- 2.50 Where show cause notice was issued and reminders for personal hearing was also issued to assessee, however same was not availed, no interference was warranted against order of demand in writ jurisdiction and assessee was to be directed to avail remedy of appeal under section 107 - **ACME India v. Dept of Trade and Taxes (Delhi GST)** - [2025] 180 taxmann.com 174 (Delhi)
- 2.51 Where petitioner challenged assessment order on grounds that DRC-01 notice was uploaded only on portal and went unnoticed, and produced ECL extract claiming recovery of disputed tax, assessment was quashed and remitted for fresh adjudication on merits subject to verification of payment, with petitioner allowed to file reply treating impugned order as addendum to show cause notice. - **VST and Sons v. Assistant Commissioner, Chennai** - [2025] 180 taxmann.com 167 (Madras)
- 2.52 Where assessee missed replying to SCN due to bona fide reasons related to business closure, order under section 73(9) was set aside and matter remanded for fresh consideration. - **SDB Infrastructures v. State of Karnataka** - [2025] 180 taxmann.com 153 (Karnataka)
- 2.53 Where despite unsatisfactory explanation in response to section 61 notice, demand order was passed without issuing mandatory pre-SCN notice under rule 142(1)(A), a requirement applicable to pre-15.10.2020 cases, demand order was to be quashed and matter was to be remanded - **Sri Sanjeeva Sai Flour Mill v. Deputy Assistant Commissioner (ST)** - [2025] 180 taxmann.com 171 (Andhra Pradesh)
- 2.54 Where petitioner challenged a show cause notice alleging ineligible ITC on supplies treated as non-existent, with demands based on material from other States and sought writ remedy at pre-adjudication stage, intervention was declined since only a show cause notice was issued, petitioner had adequate opportunity to present objections before adjudicating authority, making

writ remedy not maintainable at this stage. - **Eeya Metals and Alloys (P) Ltd v. Assistant Commissioner ST - [2025] 180 taxmann.com 95 (Andhra Pradesh)**

2.55 Where petitioner, after receiving scrutiny notice for ITC mismatch, furnished a detailed reply and scrutiny was closed by proper officer via ASMT-12, issuance of subsequent SCN and demand order under Section 73 on same grounds was impermissible. - **Kemexel Ecommerce (P.) Ltd. v. Sales Tax Officer, Avato - [2025] 180 taxmann.com 218 (Delhi)**

2.56 Where registered assessee engaged in solar panel installation was issued SCN alleging return and ITC mismatch and contradictory dates in SCNs for hearing and reply led to confusion resulting in no effective representation, impugned order was to be set aside and a final opportunity was to be granted to assessee to respond from reply stage. - **Cosmopolitan Solar Energizer v. State of West Bengal - [2025] 180 taxmann.com 229 (Calcutta)**

2.57 Where ITC was denied solely due to mismatch between GSTR-3B and GSTR-2A and adjudicating authority failed to apply binding CBIC Circular dated 27.12.2022, though applicable to relevant years and governing pending cases, such action violated principles of natural justice, and both original adjudication and appellate dismissal on limitation were set aside with direction for decision afresh as per circular and law. - **Guru Mahesh Medicals v. Assistant Commissioner of Commercial Taxes Good and Service Tax Office -240 - [2025] 180 taxmann.com 224 (Karnataka)**

2.58 Where department issued show cause notice for wrongful ITC but served it beyond statutory three-month window and on outdated address despite notified address change, plea of technical glitch was untenable, and failure to comply with section 73(2) rendered notice and consequential orders invalid and liable to be quashed. - **C.H. Robinson Worldwide Freight India (P.) Ltd. v. Additional Commissioner, CGST-Delhi-South - [2025] 180 taxmann.com 300 (Delhi)**

2.59 Where show cause notice contemplating adverse action was uploaded only under 'Additional Notices and Orders' tab and not under normal tab, resulting in petitioner not filing reply and ex parte adverse order, such mode of e-service did not amount to due communication under law and petitioner was prevented by sufficient cause, thus ex parte adjudication and appellate dismissal were set aside with direction for fresh adjudication after reasonable hearing. - **Sankar Agarwala v. Joint Commissioner of CGST and Central Excise (Appeal) - [2025] 180 taxmann.com 301 (Calcutta)**

2.60 Where assessee was unable to respond to pre-intimation notice and subsequently to show-cause notice as both notices were sent to email account of assessee which was under junk folder and did not appear in inbox, one more opportunity was to be provided to assessee by setting aside impugned demand order - **Business Aircraft Management Services (P.) Ltd. v. State of Karnataka - [2025] 180 taxmann.com 375 (Karnataka)**

2.61 Where three adjudication orders were passed against assessee for 2020-21 and other adjudication for different period were passed ex-parte, in interest of justice, such orders were to be set aside and matter was to be remitted for fresh consideration - **Habitus HR Solutions (P.) Ltd. v. Union of India - [2025] 180 taxmann.com 382 (Karnataka)**

2.62 Where assessee did not dispute tax liability but challenged invocation of Section 74 instead of Section 73 in non-fraud tax or ITC demands, with tax for earlier periods paid in full and part payment for a subsequent period, matter was remitted for fresh adjudication. - **R. Muruganandam v. State Tax Officer (Inspection - II) - [2025] 180 taxmann.com 465 (Madras)**

2.63 Where corporate debtor undergoing liquidation was sold as going concern on clean slate basis and NCLT confirmed sale, past dues including tax demands for periods prior to sale stood extinguished, thus, recovery could be pursued only under waterfall mechanism of IBC and not by initiating fresh proceedings or issuing demand orders for earlier periods - **Rabirun Vinimay (P.) Ltd. v. Union of India - [2025] 180 taxmann.com 578 (Calcutta)**

2.64 Where show cause notice was issued to petitioner and same was uploaded on additional notices tab on GST portal, following decision in Neelgiri Machinery v. Commissioner Delhi GST [2025] 172 taxmann.com 847/109 GST 507/97 GSTL 345 (Delhi), impugned demand order was to be set aside and assessee was to be permitted to file reply to show cause notice - **Sunita Rani v. Union of India - [2025] 180 taxmann.com 618 (Delhi)**

2.65 Where show cause notice issued to assessee was uploaded on Additional Notices and orders tab on GST portal and impugned order was passed without hearing assessee, following decision in Neelgiri Machinery v. Commissioner Delhi Goods and Service Tax [2025] 172 taxmann.com 847 (Delhi), impugned order was to be set aside and matter was to be remanded - **Chauhan Kirana Trading v. Government of NCT of Delhi - [2025] 180 taxmann.com 620 (Delhi)**

2.66 Where proper opportunity of hearing was not given to petitioner before passing impugned order, same was to be set aside and matter was to be remanded following decision in Sugandha Enterprises v. Commissioner of DGST [2025] 179 taxmann.com 399 (Delhi) subject to payment of Rs. 50000 as cost - **Bird Delhi General Aviation Services (P.) Ltd. v. Sales Tax Officer II Avato - [2025] 180 taxmann.com 691 (Delhi)**

2.67 Where show cause notice issued to petitioner was not checked by CA of petitioner who was operating petitioner firm, since petitioner did not get a proper hearing opportunity, following decision in Sugandha Enterprises v. Commissioner of DGST [2025] 179 taxmann.com 399 (Delhi), matter was to be remanded - **Concept Eateries (P.) Ltd. v. Union of India - [2025] 180 taxmann.com 692 (Delhi)**

2.68 Where show cause notice issued to petitioner and order passed thereafter was not in knowledge of petitioner and petitioner did not get a proper hearing opportunity, following decision in *Sugandha Enterprises v. Commissioner of DGST* [2025] 179 taxmann.com 399 (Delhi), matter was to be remanded subject to payment of Rs. 25000 by petitioner - ***MS Markex Branding Solutions (P.) Ltd. v. Commissioner of Delhi Goods and Services Tax*** - [2025] 180 taxmann.com 748 (Delhi)

2.69 Where petitioner failed to reply to SCN and ex parte order was passed confirming demand, since petitioner cited bona fide reasons such as serious illness of father and inability to check portal, impugned order was to be set aside and matter was to be remitted back to department for reconsideration afresh from stage of assessee submitting reply to impugned show cause notice. - ***Sibu Prasad Praharaj v. Commercial Tax Officer*** - [2025] 180 taxmann.com 750 (Karnataka)

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

2.70 Where periods stated in show cause notice and adjudication order did not match, final order was to be set aside and matter was to be remitted to State Tax Officer to proceed further with show cause notice and pass adjudication order afresh - ***Sai Sitaram Construction v. State Tax Officer*** - [2025] 180 taxmann.com 152 (Orissa)

2.71 Where petitioner, a registered trader in iron scrap, made purchases backed by e-way bills, banking channel payments, and supplier's GSTR-1 and GSTR-3B filings, subsequent cancellation of supplier's registration did not warrant ITC reversal or penalty since authorities failed to verify supplier's existence at transaction time and no fraud or transport irregularity was alleged, orders for reversal and penalty were unsustainable - ***Singhal Iron Traders v. Additional Commissioner*** - [2025] 180 taxmann.com 163 (Allahabad)

2.72 Where petitioner challenged SCN and order alleging fraudulent availment and passing of ITC from non-existent entities based on extensive investigation, premises inspection, and statements, given dispute involved contested factual findings and statutory identification by GSTIN, writ jurisdiction was not ordinarily exercised, and petitioner was directed to pursue available appellate remedy with requisite pre-deposit. - ***High Spirit Commercial Ventures (P.) Ltd. v. Additional Commissioner CGST Delhi West Commissionerate*** - [2025] 180 taxmann.com 216 (Delhi)

2.73 Where petitioner, engaged in supply of Ready Mix Concrete, was subjected to tax demand for alleged suppression of turnover solely based on an assumed cement-sand-pebbles ratio without concrete evidence or proof in returns, such demand could not be sustained and was not justified absent substantiating material for suppression - ***Bharath Ready Mix Concrete v. State***

Tax Officer State Tax Officer (intelligence) Inspection-1, Cuddalore - [2025] 180 taxmann.com 345 (Madras)

2.74 Ex parte order passed by Adjudicating Authority without fixing any date for hearing or issuing any further notice to assessee was not sustainable - ***Ankit Automobiles v. Assistant Commissioner, CGST & Central Excise*** - [2025] 180 taxmann.com 349 (Allahabad)

2.75 Where assessee had made out a prima facie case on merits indicating that there were computational errors in figures adopted for confirming demand, and assessee contended that they were not given an opportunity to explain case in person, matter was to be remitted back to authority for fresh adjudication - ***Hind Aluminium Company v. State Tax Officer*** - [2025] 180 taxmann.com 371 (Madras)

2.76 Where adjudicating authority imposed penalty exceeding tax determined and that proposed in SCN while confirming tax and interest against assessee for alleged fraud, since penalty can only be imposed up to amount specified in SCN and not beyond it or under parallel provisions for same act, such penalty was held illegal and arbitrary - ***Metal N Strips v. Joint Commissioner of Commercial Tax (APPEALS - 3)*** - [2025] 180 taxmann.com 373 (Karnataka)

2.77 Where petitioner company faced tax, interest and penalty on alleged excess production and suppressed stock based on survey and electricity consumption, but record lacked any finding that ITC was availed or tax short paid due to fraud, wilful misstatement or suppression with intent to evade, such fraud-based determination under section 74 was invalid and initiation, demand and partly upheld appellate order were unsustainable in law. - ***S.A. Iron & Alloys (P.) Ltd. v. State of U.P.*** - [2025] 180 taxmann.com 420 (Allahabad)

2.78 Where ex parte order regarding tax or ITC involving fraud was not passed on date fixed for hearing and no notice for a subsequent date was communicated to petitioner, such order suffered from violation of natural justice and was quashed with direction to grant personal hearing and thereafter pass a reasoned order in accordance with law - ***Om Timber Gstin 09advpa8032e2zh v. State of U.P.*** - [2025] 180 taxmann.com 468 (Allahabad)

2.79 Where SCNs and orders under section 74 invoking extended limitation period against assessee did not allege or establish fraud, wilful misstatement or suppression to evade tax, presence of one or all three elements was a sine qua non for taking action under section 74, therefore in absence thereof, impugned notices and orders were to be quashed - ***Neeyamo Enterprise Solutions (P.) Ltd. v. Commercial Tax Officer*** - [2025] 180 taxmann.com 480 (Madras)

2.80 Where department issued a single SCN and passed a composite order covering six tax periods for demand involving alleged fraud, such composite proceedings were invalid as each period required separate SCN, order and summary. - ***Sahiti Agencies v. Assistant***

Commissioner of Central Tax and Central Excise - [2025] 180 taxmann.com 547 (Andhra Pradesh)

- 2.81** Where SCN and OIO for alleged tax/ITC fraud were issued electronically and petitioner challenged absence of physical or digital signature by invoking Rule 26(3), electronic notices/orders with RFN and digital signature indicators met legal requirements, Rule 26(3) applied only to registration matters and not adjudication under sections 73/74, and once assessee acted on such notices, signature defect challenge was not permissible. - **Sahiti Agencies v. Assistant Commissioner of Central Tax and Central Excise - [2025] 180 taxmann.com 547 (Andhra Pradesh)**
- 2.82** Where assessee challenged order confirming demand on ground that SCN was issued for multiple years, issue being settled in *Ambika Traders v. Additional Commissioner* [2025] 177 taxmann.com 134/101 GSTL 64 (Delhi), assessee was to be relegated to appellate remedy - **Devansh Wire and Cables (P.) Ltd. v. Joint Commissioner, CGST Delhi - East - [2025] 180 taxmann.com 622 (Delhi)**
- 2.83** Where a show cause notice under Section 74 of UPGST Act lacked specific allegations or material to indicate fraud, wilful misstatement, or suppression with intent to evade tax, statutory ingredients for invoking Section 74 were absent and assumption of jurisdiction was unsustainable, making such notice liable to be quashed. - **Varanasi Sangam Expressway (P) Ltd v. Commissioner of State Tax - [2025] 180 taxmann.com 796 (Allahabad)**

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

- 2.84** Where SCN, etc. were uploaded on GST portal under wrong tab 'Additional Notices' which went unnoticed and, hence, petitioner did not get a proper opportunity to be heard and no reply to SCN could be filed by petitioner, order was to be set aside and matter was to be re-adjudicated subject to pending Court decisions on extension of limitation period of adjudication - **Aviraj Udyog v. Union of India - [2025] 180 taxmann.com 35 (Delhi)**
- 2.85** Where assessee challenged demand on corporate guarantee to related party contending non-taxability based on binding circulars, absence of consideration and full ITC to recipient, and adjudicating authority failed to consider these defenses or provide a reasoned order, such non-speaking order was set aside as unsustainable and matter remanded for fresh adjudication. - **Amman Try Trading Company (P.) Ltd. v. State Tax Officer - V (RS) - [2025] 180 taxmann.com 30 (Madras)**
- 2.86** Where petitioner road construction contractor challenged OIO denying exemption and rectification rejection citing non-application of mind and breach of natural justice, but was found to have participated and presented representations duly considered, with rectification limited to OIO record and statutory appeal remedy efficacious, writ relief was unwarranted and challenge on natural

justice ground was unsustainable, requiring petitioner to pursue alternate remedy of appeal. - **Ms K.b. Patrikar v. Union of India - [2025] 180 taxmann.com 82 (Bombay)**

- 2.87** Where petitioners, under enquiry for alleged fake ITC related to specified entities, received notice and furnished reply with objections, and sought writ mandamus for expeditious and reasoned disposal, objections were directed to be disposed by a speaking order as early as possible in accordance with law. - **Harsh Wadhvani v. Additional Director General Directorate General of GST Intelligence, Raipur - [2025] 180 taxmann.com 91 (Chhattisgarh)**
- 2.88** Amount of tax, interest and penalty demanded in order shall not be in **excess** of amount specified in notice and no demand shall be confirmed on grounds other than grounds specified in notice - **Prestige Nottinghill Investments v. Union of India - [2025] 180 taxmann.com 155 (Karnataka)**
- 2.89** Where assessee did not get a proper opportunity to be heard and no **reply** to show cause notice was filed by assessee, matter deserved to be remanded back to concerned Adjudicating Authority - **SPMS Abrasive v. Union of India - [2025] 180 taxmann.com 148 (Delhi)**
- 2.90** Where assessee failed to file reply to show cause notice and subsequent order, in view of fact that SCN escaped attention of assessee, matter was to be remanded for fresh adjudication - **Swarn Cosmetic (India) v. Union of India - [2025] 180 taxmann.com 172 (Delhi)**
- 2.91** Where no reply was filed and proper hearing was not given, noting consultant's abrupt disengagement, matter was to be remanded for fresh adjudication subject to pending Court decisions on extension of limitation period of adjudication - **Sanjay Medicos v. Sales Tax Officer/DGST - [2025] 180 taxmann.com 170 (Delhi)**
- 2.92** Where SCN, etc. were uploaded on GST portal on wrong tab 'Additional Notices Tab' which went unnoticed and hence, assessee did not get a proper opportunity to be heard and no reply to impugned SCN had been filed by assessee, matter deserved to be remanded back to concerned Adjudicating Authority and any fresh order would be subject to pending Court decisions on extension of period of adjudication - **Shree Balajee Traders v. Sales Tax Officer - [2025] 180 taxmann.com 176 (Delhi)**
- 2.93** Where petitioner was issued notice of proposed ITC recovery relying on material from other States and was denied access to underlying facts and evidence on grounds of confidentiality, such refusal violated principles of natural justice as person affected is entitled to service of all material used against him for effective rebuttal, making it mandatory to furnish relied material forming basis of demand. - **Eeya Metals and Alloys (P) Ltd v. Assistant Commissioner ST - [2025] 180 taxmann.com 95 (Andhra Pradesh)**
- 2.94** Where petitioner had paid CGST and SGST as admitted in show cause notice and only interest was proposed, but recovery order and bank account attachment demanded

already paid tax, such demand and attachment were unsustainable and only interest component was valid for recovery, requiring attachment to be modified accordingly. - **Tvl.Sri Balaji Sago Products v. State Tax Officer** - [2025] 180 taxmann.com 227 (Madras)

2.95 Where assessee failed to file replies to SCNs due to lack of knowledge and ex parte adjudication orders were passed raising demands without granting proper opportunity of hearing, such orders were set aside and matter was remanded for fresh adjudication - Critique Communication (P.) Ltd. v. Sales Tax Officer Class II Avato - [2025] 180 taxmann.com 230 (Delhi)

2.96 Where petitioner, having taken over an erstwhile concern and obtained fresh registration, did not file replies as show cause notices and orders issued for prior periods escaped notice due to non-access of old GST portal, and ex-parte orders were passed without affording effective hearing, such orders violated principles of natural justice and deserved to be set aside. - **Kalyr Retail (P.) Ltd. v. Commissioner of Goods and Services Tax, Delhi** - [2025] 180 taxmann.com 217 (Delhi)

2.97 Where taxpayer challenged GST portal's design allowing officials to schedule a personal hearing before expiry of reply deadline, GSTN confirmed it would implement technical measures ensuring hearing dates may only be fixed after last date for filing reply, thereby addressing the procedural grievance and requiring no further directions beyond remedial deployment. - **Agarwal Aromas (P.) Ltd. v. Union of India** - [2025] 180 taxmann.com 302 (Allahabad)

2.98 Where petitioner challenged SCN and adjudication order on grounds of ineffective service and denial of personal hearing because SCN and reminders were uploaded only under Additional Notices tab on GST portal and no personal hearing was afforded, resulting order was set aside as petitioner was deprived of proper opportunity to be heard and matter remanded for reply and hearing. - **Raj Udyog v. Goods and Service Tax Officer, Department of Trade and Taxes, Govt. of NCT of Delhi** - [2025] 180 taxmann.com 304 (Delhi)

2.99 Where assessee, engaged in works contracts, was issued SCN for excess ITC and adjudication order was passed without fixing or communicating specific date, time or venue for personal hearing, no effective hearing was afforded, resulting in breach of statutory mandate and principles of natural justice, thus impugned order determining tax, interest and penalty was to be set aside - **Bratin Sikder v. State of West Bengal** - [2025] 180 taxmann.com 346 (Calcutta)

2.100 Where adjudicating authority issued SCN quantifying demand at Rs. 2.35 lakh for tax, interest and penalty but passed order confirming demand of Rs. 6.52 lakh without any reply or hearing from petitioner, such order was unsustainable as demand in adjudication cannot exceed amount specified in notice and must rest strictly on SCN grounds. - **Kisan Brick Field v. State of U.P.** - [2025] 180 taxmann.com 493 (Allahabad)

2.101 Where petitioner company failed to respond to SCN due to non-receipt of notices by its CA and ex parte assessment order was passed without any reply or personal hearing, order was unsustainable as no effective opportunity was given and matter required remand for fresh adjudication after granting adequate opportunity to petitioner. - **Metallicz Media (P.) Ltd. v. Union of India** - [2025] 180 taxmann.com 495 (Delhi)

2.102 Where ex parte demand order was passed against petitioner due to non-filing of reply and non-attendance at hearing owing to consultant's oversight and lack of portal access, effective opportunity of hearing was not afforded and order was liable to be set aside for breach of natural justice. - **Walsons Services (P.) Ltd. v. Sales Tax Officer** - [2025] 180 taxmann.com 619 (Delhi)

2.103 Where show cause notice and reminders were only uploaded under 'Additional Notices' tab on portal and petitioner was unaware, resulting in ex parte order without opportunity to reply or be heard, such proceedings stood vitiated for breach of natural justice and impugned order was set aside. - **Classic International v. Commissioner Delhi goods and services tax** - [2025] 180 taxmann.com 745 (Delhi)

2.104 Where show cause notice issued to assessee did not specify date, time or venue for personal hearing despite statutory requirement, mere reference to the right of personal appearance was insufficient, and since an adverse decision was contemplated, failure to provide a genuine opportunity for hearing rendered order invalid and necessitated restoration of proceedings for lawful adjudication - **Jai Durga Security Force v. Finance Department** - [2025] 180 taxmann.com 746 (Bombay)

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

2.105 Where petitioner, a former director whose personal bank account was attached for recovery of company GST dues, recovery from director's personal assets required prior adjudication of director's liability, so bank attachment notice was to be treated as show cause notice, and attachment was to be lifted pending adjudication upon petitioner's representation - **Subir Ghosh v. Deputy Commissioner (ST) (FAC)** - [2025] 180 taxmann.com 149 (Madras)

2.106 Where supplier reported invoice in GSTR-1 but contract did not fructify and service was not rendered, resulting in subsequent invoice cancellation and mismatch with GSTR-3B, mere unilateral cancellation without corroborating evidence in annual books was insufficient to discharge liability, and recovery proceedings were justified pending substantiated proof, though matter was remitted for allowing proper evidentiary reply. - **Sudhan VFX v. Superintendent** - [2025] 180 taxmann.com 617 (Madras)

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

2.107 Where authorities passed a second provisional attachment order under Section 83 immediately after expiry of first attachment against petitioner, since section 83(2) mandates cessation of provisional attachment after one year and does not confer authority for fresh attachment on same grounds post expiry, subsequent order was illegal and without jurisdiction. - **Heavy Steel Industry v. Deputy Commissioner of Commercial Taxes** - [2025] 180 taxmann.com 215 (Karnataka)

2.108 Where petitioner software company, only linked as witness and not subject of probe, faced freezing of eleven bank accounts for alleged fraudulent ITC of Rs 3.1 crores without receiving opportunity to respond to summons, such attachment without adherence to natural justice could not continue. - **Ebix Technologies Ltd. v. Directorate General of GST Intelligence** - [2025] 180 taxmann.com 377 (Delhi)

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

2.109 Where petitioner filed statutory appeal 594 days after adjudication order and sought condonation of delay beyond statutory limit by invoking Limitation Act, since statute permitted condonation of delay only up to four months from communication, delay beyond statutory cap was not condonable, hence plea for condonation was untenable and writ petition was dismissed - **Ashok Ghosh v. State of West Bengal** - [2025] 180 taxmann.com 240 (Calcutta)

2.110 Where rectification order was passed on 01.08.2024 but not visible on portal, and first actual communication to petitioners was by email on 13.11.2024, limitation period for appeal commenced from 13.11.2024, so appeal filed on 08.01.2025 was within the prescribed period, rendering appellate rejection on limitation unsustainable and requiring fresh decision on merits. - **Keva Fragrances (P.) Ltd. v. State of Gujarat** - [2025] 180 taxmann.com 83 (Gujarat)

2.111 Where petitioner's registration was cancelled for alleged non-filing of returns without identifying proper officer, affording personal hearing, or passing a reasoned order, and statutory appeal was dismissed solely on limitation grounds, writ remedy was maintainable since original order deprived business rights and bar of alternative remedy or merger doctrine did not preclude judicial review; matter required de novo adjudication due to absence of merits in original adjudication. - **Implex Infrastructure (P) Ltd v. State of U.P.** - [2025] 180 taxmann.com 85 (Allahabad)

2.112 Where petitioner, a manufacturer of toilet cleaner and floor cleaner, challenged fresh assessment confirming higher tax demand by writ despite availability of an appellate remedy, writ was not maintainable as there was

an efficacious alternate statutory appeal and classification dispute could not be raised under Article 226 without exhausting such remedy. - **Reckitt Benckiser (India) (P.) Ltd. v. State of Tamil Nadu** - [2025] 180 taxmann.com 151 (Madras)

2.113 Where manufacturer-exporter deposited amount under protest via DRC-03 during investigation, such deposit, if not appropriated yet, could be adjusted towards mandatory 10 percent pre-deposit for filing appeal - **Wintage Engineers & Consultants (P.) Ltd. v. Union of India** - [2025] 180 taxmann.com 164 (Allahabad)

2.114 Where appellant's appeal before Appellate Authority was rejected as time-barred under section 107(4), since section 107(4) timeline for filing appeals is directory and not mandatory and Appellate Authority has power to condone delay on proper explanation, rejection solely on limitation is unsustainable. - **Ashok Ghosh v. State of West Bengal** - [2025] 180 taxmann.com 175 (Calcutta)

2.115 Where petitioner assailed order-in-original in alleged fraudulent ITC matter by writ petition citing non-supply of relied-upon documents and denial of hearing, but had received multiple notices, participated in proceedings, and raised no substantive challenge on merits, mere grievance of non-supply of documents did not justify bypassing statutory appeal remedy under section 107, and petitioner was directed to pursue appeal with required pre-deposit. - **Toshniwal Electricals (P.) Ltd. v. Principal Commissioner of Central Tax Delhi North** - [2025] 180 taxmann.com 166 (Delhi)

2.116 Where adjudication order imposed only interest and penalty with Nil tax demand, in view of fact that provision mandating pre-deposit on interest or penalty only orders was not in existence as on date of appellate order, same could not be imposed and order rejecting appeal on ground of non compliance of pre-deposit was erroneous - **Barjinder Singh Kohli v. Assistant Commissioner of Revenue** - [2025] 180 taxmann.com 228 (Calcutta)

2.117 Where petitioner filed appeal within one month of condonable period after expiry of initial appeal period of three months and same was rejected on ground that no condonation application was filed, whereas records revealed that such application existed, appellate order was to be set aside and matter was to be remanded to appellate authority with liberty to file appropriate condonation application for consideration of delay based on causes shown - **Barjinder Singh Kohli v. Assistant Commissioner of Revenue** - [2025] 180 taxmann.com 228 (Calcutta)

2.118 Where order-in-original was passed on basis of documents seized during inspection and petitioner participated in proceedings without objecting to non-supply of relied-upon documents or making any contemporaneous request for copies, non-supply plea was unsubstantiated and participation without grievance negated claim of natural justice violation, so writ remedy

was not entertained considering existence of statutory appeal and procedural delay. - **Stores Cement v. State of West Bengal** - [2025] 180 taxmann.com 297 (Calcutta)

- 2.119** Where petitioner, having been denied writ relief, expressed intention to file statutory appeal against Order-in-Original and delay occurred due to writ pendency, petitioner was permitted to file appeal within 30 days from receipt of **server** copy with mandated pre-deposit, and appeal was to be heard on merits without dismissal on limitation with no opinion on underlying claims or counter-claims. - **Stores Cement v. State of West Bengal** - [2025] 180 taxmann.com 297 (Calcutta)
- 2.120** Where petitioner deposited disputed tax but maintained objections and was prevented by GST portal from e-filing appeal under section 107 due to auto-populated Nil demand, since right of appeal is statutory and procedural technicalities cannot curtail it, GSTN was required to enable such appeals, and petitioner was permitted to physically file appeal to be decided on merits without limitation objection. - **Agarwal Aromas (P.) Ltd. v. Union of India** - [2025] 180 taxmann.com 302 (Allahabad)
- 2.121** Where petitioner failed to reply to SCN and ex parte order confirmed tax, interest and penalty, and petitioner sought to challenge said order in appeal in so far as imposition of penalty on admitted tax was concerned, petitioner was to be allowed to file appeal and same was to be heard on merits without reference to limitation - **Tvl. Nagaraj Sellappan v. State Tax Officer, Namakkal** - [2025] 180 taxmann.com 341 (Madras)
- 2.122** Where Appellate Authority accepted and registered manual appeal and issued notice of hearing despite non-payment of pre-deposit, omission indicated intent to proceed on merits, and upon subsequent production of proof of pre-deposit, rejection of appeal for non-compliance was unjustified. - **GAEA Engineers and Contractors (P.) Ltd. v. Chief Commissioner of CGST & Central Excise** - [2025] 180 taxmann.com 378 (Orissa)
- 2.123** Where appeal was filed beyond prescribed period of three months but within extendable/condonable period of one-month, appellate authority should be directed to dispose of appeal in accordance with law within two months; amounts already recovered from assessee would be subject to final outcome of appeal - **Giniminds Solutions (P.) Ltd. v. State of Karnataka, Bengaluru** - [2025] 180 taxmann.com 380 (Karnataka)
- 2.124** Where petitioner filed statutory appeals in prescribed forms challenging tax demands and sought adjournment at personal hearing stage but Appellate Commissioner passed orders on merits without granting opportunity of personal hearing, **impugned** orders were to be set aside and fresh orders were to be passed after affording due opportunity of personal hearing to assessee - **Tvl.**

Arokya Enterprises v. Deputy Commissioner (ST) - [2025] 180 taxmann.com 423 (Madras)

- 2.125** Where petitioner, implicated in fraudulent ITC involving non-existent entities and short payment of output tax, challenged demand and penalties via writ petition, since GST fraud matters involve complex facts and evidence, writ jurisdiction is not ordinarily exercised unless fundamental rights or natural justice are breached, petitioner was relegated to remedy by statutory appeal. - **VMG Foods (P.) Ltd. v. Principal Commissioner of Central Tax Delhi North** - [2025] 180 taxmann.com 466 (Delhi)
- 2.126** Where service provider's refund of accumulated ITC on zero-rated exports was denied on grounds of incorrect place of supply and intermediary status without proper scrutiny of agreements, invoices, or recording specific findings, appellate authority's order was vitiated by absence of reasons and non-application of mind, requiring fresh adjudication with reasoned decision after due opportunity to parties - **Commscope India (P.) Ltd. v. Additional Commissioner Appeals** - [2025] 180 taxmann.com 511 (Telangana)
- 2.127** Where assessee assailed order confirming demand and order of provisional attachment of bank account, in view of fact that assessee had already deposited amount with more than required pre-deposit for preferring an appeal, assessee was to be permitted to file appeal under section 107 without any further pre-deposit and order of attachment was to be set aside - **Global Tech Fab v. Government of NCT Delhi** - [2025] 180 taxmann.com 575 (Delhi)
- 2.128** Where appellate order was passed on merit as well as on non-fulfilment of condition precedent, writ petition filed against appellate order on ground of non-fulfilment of condition precedent was not sustainable - **Digambar Road Lines v. Commissioner (Appeals), GST, Central Excise & Customs, Bhubaneswar** - [2025] 180 taxmann.com 574 (Orissa)
- 2.129** Where petitioners challenged appellate dismissal of liability imposed under Section 74 asserting agency status with supporting documents, but appellate authority issued a non-**speaking** two-page order without providing reasons or addressing grounds or evidence, such unreasoned order failed to comply with mandate for reasoned adjudication and was to be set aside - **Indrani Dhar v. State of West Bengal** - [2025] 180 taxmann.com 592 (Calcutta)

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

- 2.130** Where petitioner challenged penalty-only adjudication with no tax demand and sought to adjust DRC-03 payments against mandatory pre-deposit under amended proviso, only 10 percent of penalty was required as pre-deposit within eight weeks, adjustment of DRC-03

payments was not permitted and *liberty* was granted to file appeal in notified window with no coercive action pending Tribunal decision on timely deposit. - ***Annai Infra Developers Ltd. v. Commissioner of Customs and Central Tax* - [2025] 180 taxmann.com 34 (Telangana)**

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

- 2.131** Where assessee reversed proportionate input tax credit relating to slow moving or obsolete inputs and delayed reversal yielded no undue benefit with sufficient credit balance maintained, imposition of penalty for delayed ITC reversal lacked justification and thus was unsustainable. - ***GE T & D India Ltd v. Deputy Commissioner of GST & Central Excise* - [2025] 180 taxmann.com 223 (Madras)**
- 2.132** In case of fake, nonexistent and fraudulent firms, who do not have any real persons as partners or proprietors or even any incorporation, 'taxable person' would be person who has got such firms created and used same for availment of ITC - ***Devender Singh v. Additional Commissioner, Central Goods and Services Tax* - [2025] 180 taxmann.com 490 (Delhi)**

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

- 2.133** Where GST-registered trader's brass scrap consignment with valid documents was detained but no penalty notice or order was issued within statutory time under section 129(3) and confiscation proceedings were initiated after a significant delay citing officer transfer, such non-compliance with limitation period rendered detention illegal and required quashing of detention order with release of goods and conveyance. - ***Khatu Enterprises v. State of Gujarat* - [2025] 180 taxmann.com 247 (Gujarat)**
- 2.134** Confiscation of goods and conveyances could not be sustained where truck driver fell ill and journey could not be completed within validity period of e-way bill and there was no material to show intention to evade tax - ***Kamla Machines v. State of UP* - [2025] 180 taxmann.com 372 (Allahabad)**
- 2.135** Where manufacturer's goods in transit from Kanpur to Varanasi were detained on grounds of alleged reuse of e-way bill and tax invoice, but no enquiry into return trip, vehicle breakdown claim, or verification with dealer was undertaken and allegation of reuse was unsupported by any investigation, such detention and related proceedings were unjustified and orders were accordingly quashed. - ***Deepam Packaging and Food (P) Ltd. v. Additional Commissioner Grade -2* - [2025] 180 taxmann.com 376 (Allahabad)**
- 2.136** Where petitioner, a registered manufacturer, had goods detained during transit solely for non-filling of Part-B of e-way bill due to an undisputed technical glitch, and no finding of intent to evade tax existed, imposition of penalty under section 129(3) was unsustainable. -

***Archana Plasmould v. State of UP* - [2025] 180 taxmann.com 422 (Allahabad)**

- 2.137** Where petitioner's goods were detained and penalty was paid under duress solely to secure release, but no reasoned order confirming penalty was issued despite hearing notice and detailed reply, levy and collection of penalty lacked legal authority and violated constitutional rights, entitling petitioner to full refund of penalty with interest. - ***R. G. Group v. Union of India* - [2025] 180 taxmann.com 419 (TRIPURA)**
- 2.138** Where goods in transit were detained despite being accompanied by e-way bill and tax invoice disclosing all particulars of registered owner, penalty was to be computed only under Section 129(1)(a) based on transaction value, rendering computation under Section 129(1)(b) erroneous and directing release of goods on payment of penalty calculated under Section 129(1)(a). - ***Sen Traders v. State of U.P.* - [2025] 180 taxmann.com 463 (Allahabad)**
- 2.139** Where goods accompanied by genuine import documents were detained after intra-State delivery instructions and inability to generate e-way bill due to uncontroverted server glitch, and intra-State e-way bill was produced before seizure, penalty and detention lacked evidence of intent to evade tax and were not sustainable, thus quashed - ***Singhal Enterprises v. State of U.P.* - [2025] 180 taxmann.com 486 (Allahabad)**
- 2.140** Where petitioner transported goods with valid tax invoice and e-way bill was generated prior to interception, and same was produced reply to SCN, absence of intention to evade tax was established, therefore, penalty and seizure orders under section 129(3) were unsustainable and were to be quashed - ***Om Enterprises v. Additional Commissioner, Grade - 2 (Appeal)* - [2025] 180 taxmann.com 577 (Allahabad)**
- 2.141** Where registered dealer's goods in transit were found fully matching accompanying invoice, e-way bill and mandi documents and e-way bill had expired solely due to city entry restrictions during Shravan Kanwar Yatra, in absence of any material showing intention to evade tax, penalty imposed for expiry of e-way bill was unsustainable and was set aside. - ***Sachin Jain v. State of U.P.* - [2025] 180 taxmann.com 579 (Allahabad)**

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

- 2.142** Where survey at assessee's registered premises revealed stock discrepancies and goods unaccounted for in books, tax liability regarding such excess goods must be determined through adjudication under sections 73 or 74 as mandated by section 35(6), thus initiation of confiscation and penalty proceedings under section 130 was impermissible in such circumstances, rendering impugned orders unsustainable - ***Ganga Brick Field Umraipurwa v. Additional Commissioner* - [2025] 180 taxmann.com 222 (Allahabad)**

2.143 Where petitioner transported brass scrap with valid documents and goods were detained without issuance of statutory notice or order under Section 129(3) within prescribed time, subsequent issuance of confiscation notice under Section 130 in Form GST MOV-10 did not cure illegality of detention, making detention unsustainable, but fresh proceedings under Section 130 could nonetheless continue independently subject to compliance with reply and undertaking to pay fine in lieu of confiscation. - **Khatu Enterprises v. State of Gujarat** - [2025] 180 taxmann.com 247 (Gujarat)

2.144 Where registered persons were found with excess or unaccounted stock during survey and departmental authorities-initiated confiscation and penalty proceedings, since statute specifically provides for tax determination on unaccounted goods through sections 35(6), 73 and 74, recourse to confiscation under section 130 was inapplicable - **State of U.P. v. Additional Commissioner Grade-2** - [2025] 180 taxmann.com 421 (Allahabad)

2.145 Where registered dealer's business premises were inspected and excess or unaccounted stock was found leading to initiation of confiscation proceedings, since statutory scheme specifically required determination of tax under sections 73 or 74 when goods were not recorded in books, invocation of section 130 for confiscation on mere stock discrepancy was impermissible, making the confiscation order unsustainable in law - **Vivek Kumar Gupta Proprietor v. State of UP** - [2025] 180 taxmann.com 489 (Allahabad)

2.146 Where notice regarding penalty and confiscation of goods for breach of accounts and records requirement was issued without prior determination of tax liability as mandated, such confiscation and seizure proceedings lacked jurisdiction, rendering departmental action without authority in law, therefore impugned notices and orders were to be quashed - **Gospell Press v. State of U.P.** - [2025] 180 taxmann.com 576 (Allahabad)

2.147 Where survey at business premises revealed excess or unaccounted stock and authorities invoked section 130 for confiscation solely on basis of excess stock found, as Act specifically provides for assessment and tax determination of unaccounted goods under sections 73 and 74 read with section 35(6), confiscation under section 130 was not permissible - **Vidarthi Dresses v. State of Uttar Pradesh** - [2025] 180 taxmann.com 784 (Allahabad)

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

2.148 Where petitioner was accused of availing and utilizing fraudulent ITC through eight fake firms involving alleged bogus invoices of about Rs 48.92 crores and tax evasion of Rs 7.46 crores, having already remained in custody since 03.07.2025 with no custodial interrogation required and evidence being mainly documentary, continued detention was held unjustified and regular bail was granted subject to conditions, especially as offences were compoundable and claims awaited adjudication. -

Dipanshu Anand v. Principal Commissioner, Central GST, Ludhiana - [2025] 180 taxmann.com 74 (Punjab & Haryana)

2.149 Where petitioner was alleged to have operated multiple bogus GST firms to issue fake invoices and unlawfully pass on ITC causing significant revenue loss, since evidence was primarily documentary and digital, despite seriousness of economic offences, prolonged custody was unjustified under Article 21, therefore, bail was to be granted. - **Gaurav Babu Jain v. State of Haryana** - [2025] 180 taxmann.com 491 (Punjab & Haryana)

2.150 Where applicant accused of GST evasion of Rs 35 crore through fake firms was in custody with no criminal history, investigation having concluded with complaint filed and all evidence being documentary or electronic, further detention was unwarranted as offences were triable by Magistrate, making applicant entitled to bail. - **Siddhant Rana v. Union of India** - [2025] 180 taxmann.com 783 (Allahabad)

SECTION 142 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - TRANSITIONAL PROVISIONS - MISCELLANEOUS

2.151 Where petitioner executed works contracts spanning pre-GST and post-GST periods, applied pre-GST KVAT schedules in post-GST agreements, petitioner is entitled to relief by segregating value of pre- and post-GST works, deducting KVAT/service tax for pre-GST period and applying GST for post-GST work with ITC offset against GST, requiring supplementary agreement and reimbursement of differential tax for pre-GST works paid post-GST. - **Mycon Construction Ltd. v. State of Karnataka** - [2025] 180 taxmann.com 352 (Karnataka)

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

2.152 Amendment dated 15-10-2020 modified mandatory requirement of issuance of notice under rule 142(1A) into a directory requirement; since assessment period in instant case was prior to 15-10-2020, un-amended rule 142(1A) would be applicable and non-issuance of notice under rule 142(1A) would render subsequent order of assessment invalid - **ADI Lakshmi Cement and Steel Traders v. Superintendent of Central Tax** - [2025] 180 taxmann.com 347 (Andhra Pradesh)

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

2.153 Where petitioner filed rectification application against demand order and rejection was made by reproducing statutory provision without granting personal hearing or determining if any error apparent existed, such rejection contravened principles of natural justice, therefore same was to be set aside with direction for de novo proceeding after personal hearing - **Aries Interior v. State Tax Officer** - [2025] 180 taxmann.com 6 (Madras)

2.154 Where petitioners challenged rejection of rectification application under section 161 alleging error in show-

cause notice for ignoring taxes paid and includability of free supplies under circular, since show-cause notice imposed no immediate liability, all valuation issues were disputed questions to be addressed in reply and not rectifiable errors, and absence of pre-decisional hearing caused no prejudice, interference was declined - **JSW Techno Projects Management Ltd. v. Union of India - [2025] 180 taxmann.com 81 (Bombay)**

- 2.155** Where petitioner challenged Section 73 order and denial of rectification for excess ITC demand that was already adjudicated for same period in earlier order, existence of prima *facie* duplication in ITC demand warranted reconsideration under Section 161 upon petitioner's request, and matter was required to be remitted for fresh determination of rectification in accordance with law. - **Nabati Food (India) (P.) Ltd. v. Assistant Commissioner of Central Tax & Central Excise, Chennai - [2025] 180 taxmann.com 467 (Madras)**

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

- 2.156** Where assessee challenged SCN and order passed under section 73 on grounds of limitation, in view of fact that such proceeding was without jurisdiction could not be accepted in view of **exclusion** of period during Covid 19, however matter was to be remanded for fresh orders in view of order passed in Tata Play Ltd. v. UOI [2025] 176 taxmann.com 357 (Madras) - **Dj Constructions v. Assistant Commissioner (ST), Coimbatore - [2025] 180 taxmann.com 3 (Madras)**
- 2.157** Where CBIC Notification No. 56/2023-CT as parallel state notification which extended period of limitation for adjudication were challenged, in view of fact that challenge to those notifications were already pending consideration before Supreme Court and High Court respectively, challenge made by Petitioner would be subject to outcome of **these** Court decisions - **Aviraj Udyog v. Union of India - [2025] 180 taxmann.com 35 (Delhi)**
- 2.158** Where CBIC Notification Nos. 9/2023-Central Tax and 56/2023-CT as also parallel state notifications which extended period of limitation for adjudication were challenged, in view of fact that challenge to those notifications were already pending consideration before Supreme Court and High Court respectively, challenge made by Petitioner would be subject to outcome of these Court decisions - **SPMS Abrasive v. Union of India - [2025] 180 taxmann.com 148 (Delhi)**
- 2.159** Where assessee challenged validity of CBIC Notification Nos. 56/2023- Central Tax dated 28-12-2023 and 9/2023 dated 31-3-2023 but it was noted that validity of impugned notifications were already under challenge before Supreme Court, thus **validity** of said notifications were to be left open subject to outcome of decision of Supreme Court - **ACME India v. Dept of Trade and Taxes (Delhi GST) - [2025] 180 taxmann.com 174 (Delhi)**

- 2.160** Where CBIC Notification Nos. 9/2023-Central Tax and 56/2023-CT as also parallel state notifications which extended period of limitation for adjudication were **challenged**, in view of fact that challenge to those notifications were already pending consideration before Supreme Court and High Court respectively, challenge made by Petitioner would be subject to outcome of these Court decisions - **Swarn Cosmetic (India) v. Union of India - [2025] 180 taxmann.com 172 (Delhi)**
- 2.161** Where CBIC Notification Nos. 9/2023-Central Tax and 56/2023-CT as also parallel state notifications which extended period of limitation for adjudication were challenged, in view of fact that challenge to those **notifications** were already pending consideration before Supreme Court and High Court respectively, challenge made by Petitioner would be subject to outcome of these Court decisions - **Sanjay Medicos v. Sales Tax Officer/DGST - [2025] 180 taxmann.com 170 (Delhi)**
- 2.162** Where petition was filed challenging CBIC Notification Nos. 9/2023-Central Tax, and Notification No. 56/2023-CT as also parallel state notifications which extended period of limitation for adjudication, in view of fact that those notifications were pending consideration before Supreme Court and High Court respectively, challenge made by **assessee** would be subject to outcome of these Court decisions - **Shree Balajee Traders v. Sales Tax Officer - [2025] 180 taxmann.com 176 (Delhi)**
- 2.163** Where assessee challenged validity of CBIC Notification Nos. 56/2023- Central Tax dated 28-12-2023 and 9/2023 - Central Tax, dated 31-3-2023 but it was noted that validity of impugned notifications were already under challenge before Supreme Court, thus validity of said notifications were to be left open subject to outcome of decision of Supreme Court - **Global Tech Fab v. Government of NCT Delhi - [2025] 180 taxmann.com 575 (Delhi)**
- 2.164** Where assessee challenged validity of CBIC Notification Nos. 56/2023- Central Tax dated 28-12-2023 and 9/2023 - Central Tax, dated 31-3-2023 but it was noted that validity of impugned notifications were already under challenge before Supreme Court, thus validity of said notifications were to be left open subject to outcome of decision of Supreme Court - **Sunita Rani v. Union of India - [2025] 180 taxmann.com 618 (Delhi)**
- 2.165** Present petition challenged Notification No. 56/2023- CT issued by CBIC extending period of limitation for adjudication; since matter was pending consideration before Supreme Court, challenge made by Petitioner would be subject to outcome of decision of Supreme Court - **Chauhan Kirana Trading v. Government of NCT of Delhi - [2025] 180 taxmann.com 620 (Delhi)**
- 2.166** Where assessee challenged validity of CBIC Notification Nos. 56/2023- Central Tax dated 28-12-2023 and 9/2023 - Central Tax, dated 31-3-2023 but it was noted that validity of impugned notifications were already under challenge before Supreme Court, thus validity of said notifications were to be left open subject to outcome of decision of Supreme Court - **Bird Delhi General**

Aviation Services (P.) Ltd. v. Sales Tax Officer II Avato - [2025] 180 taxmann.com 691 (Delhi)

2.167 Where assessee challenged validity of CBIC Notification Nos. 56/2023- Central Tax dated 28-12-2023 and Notification No. 9-2023 - Central Tax, Dated 31-3-2023, but it was noted that validity of impugned notifications were already under challenge before Supreme Court, thus validity of said **notifications** were to be left open subject to outcome of decision of Supreme Court - **Concept Eateries (P.) Ltd. v. Union of India - [2025] 180 taxmann.com 692 (Delhi)**

2.168 Where assessee challenged validity of CBIC Notification No. 56/2023- Central Tax dated 28-12-2023, but it was noted that validity of impugned notifications were already under challenge before Supreme Court, thus validity of said notifications were to be left open subject to outcome of decision of Supreme Court - **MS Markex Branding Solutions (P.) Ltd. v. Commissioner of Delhi Goods and Services Tax - [2025] 180 taxmann.com 748 (Delhi)**

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

2.169 Where notices and communications were only uploaded on portal without furnishing original show cause notice and no personal hearing was afforded, despite petitioner's non-response and partial payment, exclusive portal service without exploring alternative statutory modes resulted in denial of opportunity, requiring setting aside of ex parte order. - **Calyx Coronation v. State Tax Officer - [2025] 180 taxmann.com 36 (Madras)**

2.170 Where show cause notice was uploaded on GST portal under 'Additional Notices' tab not visible to petitioner until after change in portal, resulting in non-receipt and lack of opportunity for hearing, such service was defective and ex parte order passed suffered from breach of natural justice, thus was set aside and matter remanded for fresh adjudication - **Ess Dee Industries v. Commissioner of DGST - [2025] 180 taxmann.com 220 (Delhi)**

2.171 Where petitioners, partners of a metal scrap trading firm accused of creating fake entities, bogus invoicing, and wrongful ITC of about Rs. 13 crores, were denied bail despite documentary nature of evidence, ongoing trial, prolonged custody, and no shown risk of tampering or absconding, regular bail was to be granted to petitioners - **Raman Kumar Chaurasia v. Directorate General of GST Intelligence, Ludhiana - [2025] 180 taxmann.com 299 (Punjab & Haryana)**

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

2.172 Where petitioner challenged blocking of input tax credit in electronic credit ledger under Rule 86A in amounts exceeding actual balance on date of blocking order, restricting ITC beyond contemporaneous ECL balance was ultra vires and impermissible, warranting quashing of blocking order. - **Hindustan Steel v. Deputy**

Commissioner of State Tax - [2025] 180 taxmann.com 84 (Bombay)

2.173 Where petitioner's electronic credit ledger was blocked pending investigation into severe allegations about suppliers, and petitioner claimed business was halted and penalized, immediate unblocking was not permitted but expedited adjudication with strict timelines was ordered, with failure to comply resulting in automatic removal of the credit block and restoration of entitlement to use the credit, ensuring confidentiality of supplied material. - **Eeya Metals and Alloys (P) Ltd v. Assistant Commissioner ST - [2025] 180 taxmann.com 95 (Andhra Pradesh)**

2.174 Where petitioner's ITC in electronic credit ledger was blocked based on a generic DGGI alert and a ledger remark 'Supplier found nonfunctioning' without any adjudication order or specific material linking petitioner to alleged bogus transactions and without recording 'reason to believe' in writing as mandated, such blocking was held without jurisdiction. - **Pilcon Infrastructure (P). Ltd. v. State of U.P. - [2025] 180 taxmann.com 342 (Allahabad)**

3. GOODS AND SERVICE TAX APPELLATE AUTHORITY

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

3.1 Where respondent's project 'Ireo Victory Valley' was repeatedly investigated for alleged failure to pass on additional ITC post-GST rollout, evidence showed the project was largely completed pre-GST and subsequent DGAP reports, even after reinvestigations per higher authority directions, consistently found no additional ITC accrual and no breach of anti-profiteering provisions, thus no contravention of Section 171(1) was established. - **DGAP v. IREO Victory Valley (P.) Ltd. - [2025] 180 taxmann.com 673 (GSTAT - NEW DELHI)**

3.2 Where on several occasions investigation was conducted by DGAP under direction of higher authorities and on basis of investigation, DGAP arrived at conclusion that respondent had not contravened any provisions of section 171, report of DGAP deserved to be accepted - **DGAP v. Nirma Ltd. - [2025] 179 taxmann.com 693 (GSTAT - NEW DELHI)**

3.3 Where contractor, after DGAP investigation, was found to have withheld part of incremental ITC benefit from recipient oil PSU in maintenance contract transitioned to GST, but subsequently remitted outstanding amount on quantification, antiprofitteering obligations under Section 171(1) stood fulfilled and no further remedial action was required, affirming DGAP computation. - **DGAP v. Gopal Teknocon (P.) Ltd. - [2025] 180 taxmann.com 250 (GSTAT - NEW DELHI)**

- 3.4 Where anti-profiteering proceedings alleged failure to pass on GST rate reduction on supply of 'ECLAT SERUM 30gm' but respondent could not be traced, records were unavailable, and product-wise supply data was not accessible despite repeated efforts by authorities, in absence of requisite evidence no profiteering could be established and proceedings were dropped. - **DGAP v. Shree Suktam Enterprise** - [2025] 180 taxmann.com 488 (GSTAT - NEW DELHI)

4. APPELLATE AUTHORITY FOR ADVANCE RULING

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

- 4.1 Where respondent installed 66 KV feeder bay and underground cable to factory, capitalized value and claimed ITC on GST paid for wires, cables and electrical equipment, since these were used for electricity transmission to factory and did not amount to construction of immovable property, and all conditions for availing ITC were fulfilled, ITC eligibility could not be denied even if materials were handed over to utility, so departmental appeal was rejected. - **Assistant Commissioner, CGST Excise v. Elixir Industries (P.) Ltd.** - [2025] 180 taxmann.com 76 (AAAR-GUJARAT)
- 4.2 Where a pharmaceutical manufacturer used common inputs and input services both for taxable supplies and for activities relating to investment and redemption of mutual fund units, since mutual fund transactions are classified as securities and included in value of exempt supply under section 17(3), common input tax credit attributable to such investment/redemption activities must be reversed as mandated by section 17(2) and rule 42, and plea against reversal is not tenable. - **Zyduz Lifesciences Ltd., In re v.** - [2025] 180 taxmann.com 233 (AAAR-GUJARAT)

5. AUTHORITY FOR ADVANCE RULING

5.1 CLASSIFICATION OF GOODS

Fusible interlining fabrics of cotton: Fusible interlining fabrics of cotton coated with pulverized plastic powder by dot matrix printing process would fall under Chapter 52 - **Girish Pravinchandra Rathod (Jay Ambe), In re v.** - [2025] 180 taxmann.com 453 (AAR - GUJARAT)

5.2 CLASSIFICATION OF SERVICES

Maintenance charges of flow meters: Maintenance of flow meters is to be treated as a standalone supply of service, falling under Heading 9987 taxable at 18 percent under Notification No. 11/2017-Central Tax (Rate), dated 28.06.2017 as amended - **Greater Visakhapatnam Smart City Corporation Ltd., In re v.** - [2025] 180 taxmann.com 454 (AAR - ANDHRA PRADESH)

SECTION 2(30) OF CENTRAL GOODS AND SERVICES TAX ACT, 2017 - COMPOSITE SUPPLY

- 5.3 Where applicant supplies recycled water to HPCL, maintenance charges collected by applicant for installation of flow meters and automation etc. not being subsumed within consideration for supply of water and being charged independently, cannot be considered as composite supply - **Greater Visakhapatnam Smart City Corporation Ltd., In re v.** - [2025] 180 taxmann.com 454 (AAR - ANDHRA PRADESH)
- 5.4 Where applicant supplies recycled water to HPCL, maintenance charges collected by applicant for installation of flow meters and automation etc. not being subsumed within consideration for supply of water and being charged independently, cannot be considered as composite supply - **Greater Visakhapatnam Smart City Corporation Ltd., In re v.** - [2025] 180 taxmann.com 454 (AAR - ANDHRA PRADESH)

SECTION 2(69) OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 -

- 5.5 Where CPCB, a statutory body constituted for environmental protection under Water, Air and Environment Protection Acts, sought a ruling on its status under GST law, adoption of constitutional and statutory definitions found that CPCB's constitution, public regulatory role, and functions under municipal mandate aligned with Governmental Authority or Local Authority, justifying such classification for GST purposes - **Central Pollution Control Board, In re v.** - [2025] 180 taxmann.com 24 (Delhi)

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

- 5.6 Where applicant procured pre-packaged and labelled rice up to 25 kg at concessional 0.1% rate and sought to export such goods on payment of IGST at 5% to claim refund due to high-rate input services, omission of export restriction by Notification 20/2024-CT now permits export on payment of IGST route, provided packs are pre-packaged and labelled as required, and applicant is liable to pay IGST at 5% under Notification 1/2017-IT(R) with refund route available for such zero-rated supplies - **Olam Agri India (P.) Ltd., In re v.** - [2025] 180 taxmann.com 235 (AAR - GUJARAT)

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

- 5.7 Where a GST-registered exporter supplied made-to-order men's pyjama sets comprising woven tops and bottoms predominantly of cotton, with packing and design as per overseas buyer's instructions and no domestic sales, such goods are classified as men's nightwear under HSN 620721, covering nightshirts and pyjamas of cotton - **Link up Textiles (P.) Ltd., In re v.** - [2025] 180 taxmann.com 25 (AAR - TAMILNADU)
- 5.8 Where applicant exported woven men's pyjama sets packed as two sets per pack with overall pack value

exceeding Rs 1,000 but per-set value being below Rs 1,000 and sets not being sold separately nor domestically, rate for apparel is determined per piece, so GST at 5 percent applies under Notification No. 01/2017 as each pyjama set qualifies for lower rate based on its individual value - **Link up Textiles (P.) Ltd., In re v. - [2025] 180 taxmann.com 25 (AAR - TAMILNADU)**

- 5.9** Where applicant traded cotton seed de-oiled cake HSN 23061020 used as fish meal, classification and exemption status varied by period such that from 22 September 2017 onwards supply was exempt irrespective of end use, so charging GST at 5% or question of ITC on outward supply does not arise for exempt supply during the relevant periods - **Gupta Feed Products (P.) Ltd., In re v. - [2025] 180 taxmann.com 78 (AAR - WEST BENGAL)**
- 5.10** Where applicant traded a product purchased as 'tapioca flour' claimed under Heading 1106, and process details showed it was fibrous 'thippi' residue left after starch extraction from cassava roots, such product was a starch manufacture residue with marketability for animal feed and not cassava flour, thus it falls under Heading 2303 1000 and attracts GST, regardless of common trade nomenclature. - **V.S. Trading Company (Perumal Vasudevan), In re v. - [2025] 180 taxmann.com 33 (AAR - TAMILNADU)**
- 5.11** Where applicant supplies natural gas under contract mandating Minimum Guaranteed Off-take (MGO), collected as deposit and adjusted against actual off-take, MGO charges retained for short-lifting constitutes compensation for breach and not consideration for tolerating an act, hence MGO charges are not liable to GST as they are not object of contract but only incidental money flow - **Oil and Natural Gas Corporation Ltd., In re v. - [2025] 180 taxmann.com 234 (AAR - TAMILNADU)**
- 5.12** Where applicant, a trader in pulses, dals, spices and dry fruits, sold 'Mixed Talimpu Dinusulu' packs comprising Channa dal, Urad dal, Mustard seeds and Jeera, each attracting 5 percent GST under different HSN codes, such a bundle constituted mixed supply, and classification must follow item attracting highest rate - **Srikanth Industries, In re v. - [2025] 180 taxmann.com 438 (AAR - ANDHRA PRADESH)**
- 5.13** Where applicant SPV in e-bus mobility paid liquidated damages to SSL under concessionaire agreement for defaults in bus operations and maintenance, as such damages were genuine pre-estimated loss and not consideration for tolerating an act, following CBIC Circulars, such amounts are not taxable under GST and questions regarding rate, SAC or ITC do not arise. - **JBM Ecolife Mobility Surat (P.) Ltd., In re v. - [2025] 180 taxmann.com 431 (AAR - GUJARAT)**
- 5.14** Where applicant manufactures thermally bonded coir felt/sheets from coir fibre and polyester binder for use as padding in mattresses, furniture and insulation, such goods are not simple coir yarn or cordage products but are classified as padded furnishings under HSN 9404 90 00, and thus attract GST at 12 percent under Schedule II

entry 223. - **Coastal Foam (P.) Ltd., In re v. - [2025] 180 taxmann.com 451 (AAR - ANDHRA PRADESH)**

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

- 5.15** Where applicant supplied pre-packaged and labelled rice up to 25 kg to an exporter's factory within India prior to export, such supply constituted a domestic transaction liable to GST at 5 percent, with applicable tax head determined by whether supply was inter-State or intra-State, and zero-rating applied only to the actual export by the purchaser, not to this leg of supply. - **Olam Agri India (P.) Ltd., In re v. - [2025] 180 taxmann.com 235 (AAR - GUJARAT)**
- 5.16** Where applicant supplies pre-packaged and labelled rice to exporter on bill-to ship-to basis with delivery at customs port for onward export, such pre-export domestic leg is taxable as domestic supply at 5 percent GST or IGST depending on intra-State or inter-State status, and concessional 0.1 percent GST is available for supplies to registered exporter subject to compliance with relevant notification conditions. - **Olam Agri India (P.) Ltd., In re v. - [2025] 180 taxmann.com 235 (AAR - GUJARAT)**

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

- 5.17** Where CPCB collects various statutory fees including licences, consents and sample testing charges while performing regulatory functions under environmental laws through an arrangement with Ministry of Jal Shakti, and such activities are entrusted to municipalities under Article 243W, both conditions of Entry 4 of Notification 12/2017 are satisfied, rendering these services and associated fee collections exempt from GST application as statutory functions discharging public and environmental mandates. - **Central Pollution Control Board, In re v. - [2025] 180 taxmann.com 24 (Delhi)**
- 5.18** Where applicant supplied goods claimed as manioc flour under 1106 2020 and sought exemption, but materials showed goods were 'thippi' residue from starch manufacture and correctly classifiable as animal feed under 2303 1000, exemption under entry 78 was not available, rendering goods taxable, making brand or unit container conditions irrelevant and requiring supplier to discharge GST and obtain registration. - **V.S. Trading Company (Perumal Vasudevan), In re v. - [2025] 180 taxmann.com 33 (AAR - TAMILNADU)**
- 5.19** Where consultancy services were provided by applicant to State Government for preparing plans and estimates for various building projects, only those services linked to functions entrusted to a Panchayat or Municipality under Eleventh/Twelfth Schedules, such as ITIs, schools/hostels, district libraries, animal husbandry centres, and public welfare buildings, are exempt - **Devendra K Patel, In re v. - [2025] 180 taxmann.com 72 (AAR - GUJARAT)**

5.20 Where consultancy services were rendered to State Government departments and only categories with direct nexus to functions entrusted under Articles 243G/243W, such as services related to ITIs, government schools, district libraries, bird sanctuary, rehabilitation homes, fish farms and seed godowns, qualify for exemption as pure services - *Devendra K Patel, In re v.* - [2025] 180 taxmann.com 72 (AAR - GUJARAT)

5.21 Where applicant, a registered person owning tempo van, transports goods for unregistered persons like farmers without issuing consignment notes but only bills, applicant is deemed to provide GTA services and, as per exemption under Notification 12/2017-CT(R), is not liable to GST on such services provided to unregistered recipients, so no tax or rate applies for those transactions - *Janaki Maha Lakshmi Traders, In re v.* - [2025] 180 taxmann.com 430 (AAR - ANDHRA PRADESH)

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

5.22 Where applicant supplies cement and iron with consideration to a related party whose recipient was eligible for full input tax credit, valuation of such supply shall be based on invoice value as per statutory provisions, and invoice value will be deemed as open market value under prescribed valuation rules for related persons - *Janaki Maha Lakshmi Traders, In re v.* - [2025] 180 taxmann.com 430 (AAR - ANDHRA PRADESH)

5.23 Where applicant, registered trader in cement and iron, supplies goods to unrelated wholesale and retail customers for consideration recorded in invoice, statutory scheme mandates transaction value as value of supply in absence of related-party relationship or additional consideration, and hence no alternate valuation method applies, making transaction value the applicable value for such sales - *Janaki Maha Lakshmi Traders, In re v.* - [2025] 180 taxmann.com 430 (AAR - ANDHRA PRADESH)

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

5.24 Where applicant has expanded its industrial plant and laid down cables **from** substation to factory premises at its own cost, applicant is eligible to avail ITC on procurement of capital goods and related services used for such work despite these being installed outside factory - *Alleima India (P.) Ltd., In re v.* - [2025] 180 taxmann.com 31 (AAR - GUJARAT)

5.25 Where applicant imported goods, paid IGST at customs, and availed ITC though payment to overseas supplier was deferred beyond 180 days within FEMA/RBI limits, since tax was already paid to Government and bill of entry is the governing document for ITC on imports, condition of making payment within 180 days does not require ITC reversal on such imports and credit remains admissible. - *Priya Holdings (P.) Ltd., In re v.* - [2025] 180 taxmann.com 236 (AAR - GUJARAT)

5.26 Where applicant took a 50-year industrial land lease with conditions requiring industrial construction and paid GST on rent under reverse charge, use of land for construction renders input tax credit on annual lease rentals blocked under section 17 regardless of whether lease period is before or after construction, as statutory bar applies throughout without regard to timing distinctions. - *Agratas Energy Storage Solutions (P.) Ltd., In re v.* - [2025] 180 taxmann.com 450 (AAR - GUJARAT)

5.27 Where applicant, a GST-registered entity, took a long-term industrial lease from government for constructing a battery cell factory and paid GST on lease rentals under reverse charge, ITC of GST paid on such lease rentals is not admissible since services linked to land used for construction of immovable property constitute blocked credits, and the exemption for upfront premium does not extend to recurring rent. - *Agratas Energy Storage Solutions (P.) Ltd., In re v.* - [2025] 180 taxmann.com 450 (AAR - GUJARAT)

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

5.28 Where GST-registered exporter exports rice in pre-packaged and labelled packs up to 25 kg to foreign buyers, export qualifies as zero-rated supply, and no GST is payable under LUT/bond route with refund of unutilized ITC, while opting to pay IGST attracts 5% IGST per notification with refund eligibility, subject to packs meeting 'pre-packaged & labelled' criteria. - *Olam Agri India (P.) Ltd., In re v.* - [2025] 180 taxmann.com 235 (AAR - GUJARAT)

5.29 Where GST-registered exporter supplied processed frozen shrimps HSN 0306 in pre-packaged and labelled inner pouches/boxes (250 g to 2 kg) further packed in master cartons up to 25 kg for export, such packs meet definition of pre-packaged and labelled goods attracting GST at 5 percent under Notification 06/2022 with no exemption for exports, and are zero-rated for export purposes but taxable, with exporter eligible to export under LUT or with IGST refund route. - *Devi Fisheries Ltd., In re v.* - [2025] 180 taxmann.com 237 (AAR - ANDHRA PRADESH)

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

5.30 Where applicant holding a long-term industrial lease on land for factory paid GST on lease rentals under reverse charge, inclusion of **repairs**, renovation and maintenance within 'construction' by statutory explanation means that ITC on GST paid for lease rentals is blocked even during such activities, and character of lease rental service does not change based on whether work is initial construction or subsequent repair, so statutory bar against availing ITC on lease rentals continues to apply. - *Agratas Energy Storage Solutions (P.) Ltd., In re v.* - [2025] 180 taxmann.com 450 (AAR - GUJARAT)

- 5.31** Where applicant took a long-term industrial lease of land, paying GST on rentals including for vacant portions retained for environmental compliance with no non-industrial use established, lease of entire parcel was for construction of immovable property and blocked credit provisions applied, hence ITC on GST paid for rentals attributable to such vacant area was not admissible. - ***Agratas Energy Storage Solutions (P.) Ltd., In re v. - [2025] 180 taxmann.com 450 (AAR - GUJARAT)***

SECTION 20 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - INPUT TAX CREDIT - CREDIT BY INPUT SERVICE DISTRIBUTOR, MANNER OF DISTRIBUTION OF

- 5.32** Where a manufacturer with regular registration in Tamil Nadu and separate ISD registration for its Head Office received common input service invoices in the name of regular registration and distributed ITC based on Board circular till March 2025, amendments effective 1 April 2025 mandate that such ITC can only be received and distributed through ISD registration, making invoice receipt in regular registration and subsequent credit transfer to ISD impermissible. - ***MRF Ltd., In re v. - [2025] 180 taxmann.com 238 (AAR - TAMILNADU)***

SECTION 22 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - REGISTRATION - PERSONS LIABLE FOR

- 5.33** Where applicant earlier claimed exemption as NIL-rated supplies under 1106 2020 but, after de novo proceedings

and certified process verification, product is classified under 2303 1000 making exemption inapplicable, applicant as trader or dealer is liable to registration if turnover threshold is crossed since liability to pay tax on such taxable supplies arises, and earlier classification does not override subsequent correct classification. - ***V.S. Trading Company (Perumal Vasudevan), In re v. - [2025] 180 taxmann.com 33 (AAR - TAMILNADU)***

SECTION 98 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - ADVANCE RULING - PROCEDURE ON RECEIPT OF APPLICATION

- 5.34** Where applicant works contractor sought advance ruling on classification and exemption for services provided to municipality but departmental proceedings on identical issue regarding taxability and exemption claim were already pending prior to application, statutory bar applied and advance ruling application stood rejected - ***Shanmugavel Thevar Sesappan, In re v. - [2025] 180 taxmann.com 231 (AAR - TAMILNADU)***
- 5.35** Where applicant operating AC buses for DoT on gross cost model sought advance ruling on classification, rate, and ITC, but during its pendency DGGI initiated investigation and issued SCN on same questions, applicant's non-disclosure of such investigation constituted suppression of material facts, statutory bar applied as questions had become sub judice, and application for advance ruling stood rejected. - ***Young Optimistic Transport Solutions (P.) Ltd., In re v. - [2025] 180 taxmann.com 232 (AAR - New Delhi)***

GST Litigation After Income Tax Search: Practical Strategies for CAs & Advocates



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An Income Tax search often triggers parallel action under GST, leading to notices, investigations and litigation. The recent Delhi High Court ruling in *Ms J.M. Jain (Prop. Jeetmal Choraria) v. Union of India* offers important guidance on how GST authorities may use Income Tax material and where the legal boundaries lie.

This article presents a structured, practitioner-oriented strategy for Chartered Accountants and Advocates to manage GST exposure arising from Income Tax search proceedings.

1. Introduction

In today's integrated enforcement environment, an **Income Tax search under Section 132** rarely remains confined to direct tax proceedings. Information gathered during such searches—digital records, slips, stock discrepancies, statements—often flows seamlessly to the **GST intelligence ecosystem**.

As a result, businesses face a second, and often more complex, front: **GST notices, summons, provisional attachment, and show-cause notices (SCNs)**.

As a result, businesses find themselves facing a second and often more complex front: **GST notices, summons, provisional attachment, and show cause notices (SCNs)**.

The challenge lies in coordinating the defense on both sides while ensuring procedural discipline, evidence-based rebuttals, and strategic foresight, which builds trust in your professionalism. The recent **Delhi High Court judgment in J.M. Jain v. Union of India¹** provides timely clarity on how GST officers may rely on Income Tax search material and what safeguards taxpayers enjoy under the GST law.

This article distils these developments into a **practical framework** for CAs and Advocates handling GST consequences post Income Tax search.

2. When One Raid Becomes Two: Why GST Action Follows IT Searches

The Income Tax Department often uncovers:

- parallel books
- unaccounted cash or stock
- WhatsApp chats
- digital ledgers
- handwritten “kachchi parchis”
- server-based accounting systems

In the *J.M. Jain* case, the discovery of a hidden server allegedly recording **₹88 crore of suppressed turnover** triggered immediate sharing of evidence with GST authorities. GST intelligence subsequently issued a detailed SCN alleging suppression of outward supplies and tax evasion.

Such cross-departmental sharing is now routine. For practitioners, the **presumption must always be:**

“Income Tax search = imminent GST action.”

GST exposure may include tax on alleged undisclosed sales, interest, penalty under **Section 74 / 74A**, and in severe cases, provisional attachment or prosecution. Early and thorough preparation is therefore critical to feel confident and in control of your defense.

3. Key Judicial Principles from the J.M. Jain Judgment

The Delhi High Court’s ruling offers four doctrinal principles relevant to practitioners:

3.1 Income Tax Material Can Be Used, But GST Officers Must Independently Evaluate It

The Court held that GST authorities are not barred from using records seized during an Income Tax search, **provided they conduct their own scrutiny** and do not act mechanically.

In *J.M. Jain*, the Court noted that all relied-upon documents (RUDs) had been supplied to the taxpayer, and GST officers had applied their mind before issuing the SCN.

Implication:

Practitioners should challenge the lack of independent evaluation—not the mere origin of the evidence.

3.2 IT Act Presumptions Do Not Apply in GST Proceedings

Legal presumptions under the Income Tax Act—particularly **Sections 132(4A) and 292C**—do not operate automatically in GST.

GST requires **independent proof** of:

- ownership of documents
- truthfulness of entries
- taxable nature of transactions
- correlation with supply under CGST Act

Implication:

Arguments should focus on the absence of GST-specific corroboration rather than disputing the seizure itself.

3.3 Verification of Legal Citations Is Mandatory

A striking feature of the case was that the SCN relied on a **non-existent judicial precedent**, likely generated by an AI. The Court expressed serious concern, observing that fictitious citations undermine the integrity of adjudication.

Implication:

Professionals must verify:

- all case laws cited in the SCN
- all precedents proposed to be relied upon in replies

Unverifiable citations can be used to argue a lack of application of the mind.

3.4 Due Process Must Be Followed: Reply → Hearing → Order → Appeal

The Court declined to entertain a writ petition at the SCN stage, holding that departmental remedies in GST must be exhausted first, except in rare cases.

Implication:

A comprehensive reply and effective participation in a personal hearing form the foundation of later appellate success.

4. Practical Strategies for CAs & Advocates After an Income Tax Search

Below are structured actions for practitioners to adopt immediately after an Income Tax search.

4.1 Obtain and Review All Seized Material

Collect:

- Panchanama
- Seized hard drives and digital dumps
- Recorded statements
- Loose papers and diaries
- Emails and server logs

Understanding the factual landscape is essential to anticipate the GST angle.

4.2 Conduct Reconciliation with GST Returns

Compare:

- reported turnover vs. seized turnover
- stock declared vs. stock found
- cash receipts vs. GST outward supply

This helps estimate actual exposure and prepare voluntary corrections where appropriate.

4.3 Insist on Complete RUDs from GST Authorities

Before drafting the reply, ensure receipt of all documents relied upon in the SCN.

If something is referred to but not annexed, **request inspection or copies immediately**.

4.4 Independently Verify Every Piece of Evidence

Evaluate:

- Whether the stock was valued correctly
- Whether statements were voluntary
- Whether entries represent supply or non-supply items (loan, capital infusion, reimbursement, etc.)
- Whether digital records belong to the taxpayer

Not everything found in an IT raid constitutes outward supply under GST.

4.5 Draft a Point-by-Point, Evidence-Backed Reply

Mirror the SCN structure. For each allegation:

- Admit with explanation (if true)
- Deny with reasoning (if incorrect)
- Clarify where ambiguous

Annex reconciliations, documents, affidavits, and transaction-level explanations.

4.6 Prepare Strategy for Personal Hearing

Plan:

- Key legal and factual issues
- Evidentiary gaps
- Relief to be sought (penalty mitigation, dropping of allegations, etc.)
- Minimum/maximum settlement positions

A focused oral submission often influences adjudication meaningfully.

Rule 96(10) of the CGST Rules: A Restriction Repealed, A Right Restored



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The Foundational Principle of Zero-Rating in GST

The Goods and Services Tax (GST) framework in India rests upon the cornerstone principle that exports are to be treated as zero-rated supplies. Section 16 of the Integrated Goods and Services Tax (IGST) Act, 2017, provides exporters with a statutory choice either to export goods or services under a bond/Letter of Undertaking (LUT) without payment of tax and claim a refund of unutilized input tax credit, or to export on payment of IGST and subsequently claim a refund of the tax paid. However, this seamless flow of credit and refund was significantly disrupted by Rule 96(10) of the Central Goods and Services Tax (CGST) Rules, 2017. Originally introduced via Notification No. 75/2017 – Central Tax dated 29.12.2017, Rule 96(10) was designed to prevent dual benefits by disqualifying exporters from claiming refunds of IGST paid on exports if they had sourced inputs from suppliers availing duty exemption benefits under schemes such as Advance Authorization, EPCG, or EOU schemes.

The Restrictive Framework of Rule 96(10)

The legislative intent behind Rule 96(10) was to curb multiple benefits such as claiming IGST refunds alongside tax exemptions or duty drawback. However, its implementation cast a much wider net than intended. Even exporters who had not directly availed such exemptions were denied refunds because their suppliers had done so. This overreach led to severe compliance issues and unwarranted retrospective recovery actions under the IGST framework. Exporters faced refund denials despite having discharged IGST in accordance with law, solely due to their procurement patterns. The provision thus introduced eligibility conditions not contemplated by the parent statute and came under serious constitutional scrutiny.

Legal and Constitutional Challenges

Rule 96(10) was challenged on multiple grounds across different High Courts. The primary contention was that it was ultra vires Section 16 of the IGST Act, which envisages zero-rating and does not impose procurement-based restrictions on refund eligibility. Additionally, Rule 96(10) was held to be violative of Article 14 of the Constitution as it arbitrarily distinguished between exporters based on their suppliers' tax treatment. The Kerala High Court, in *Sance Laboratories Pvt. Ltd.* [TS-700-HC(KER)-2024-GST], declared Rule 96(10) unconstitutional, finding it to be a case of manifest arbitrariness. The Court relied on precedents such as *Shayara Bano v. Union of India*, applying the doctrine of “manifest arbitrariness” to strike down delegated legislation that is irrational and discriminatory.

Further, it was contended that Rule 96(10) violated Articles 19(1)(g) and 265 of the Constitution, as it imposed conditions not backed by statutory mandate and affected the right to carry on business. By imposing tax conditions through subordinate legislation, the rule encroached upon the legislative domain and offended the constitutional mandate that no tax shall be levied or collected except by authority of law.

Legislative Relief: Omission of Rule 96(10)

In response to widespread litigation and discontent, the Central Government omitted Rule 96(10) through Notification No. 20/2024 – Central Tax dated 08.10.2024. The omission was stated to be prospective but came without a saving clause. This raised an important interpretative issue: whether proceedings initiated under Rule 96(10) before its omission could still be sustained. The absence of a saving clause led to the argument that all such pending proceedings must abate, in line with settled jurisprudence regarding omission of delegated legislation.

The Gujarat High Court's Landmark Ruling

This issue was conclusively settled by the Gujarat High Court in *Addwrap Packaging Pvt. Ltd. v. Union of India* [2025] 175 taxmann.com 592. In its decision dated 13 June 2025, the Court held that once Rule 96(10) was omitted without a saving clause, any ongoing or pending proceedings under it could not survive. The Court emphasized that Rule 96(10) was a procedural restriction, and once deleted, it could not be invoked to deny substantive rights like refunds. The Court quashed all pending show cause notices, appellate proceedings, and writ petitions based on the deleted rule. The Court also invoked the doctrine of pending proceedings, citing that procedural amendments especially those introduced through delegated legislation apply even to pending matters unless otherwise specified. It reinforced the position that legal proceedings cannot be continued on the basis of a provision that no longer exists in the statute book, as that would contravene the principles of fairness, legal certainty, and judicial finality.

Jurisprudence on Repeal and Omission

The Gujarat High Court's approach aligns with the Supreme Court's rulings in *Kolhapur Canesugar Works Ltd. v. Union of India* [(2000) 2 SCC 536] and *Rayala Corporation Pvt. Ltd. v. Director of Enforcement* [(1969) 2 SCC 412], where it was held that omission of a rule extinguishes all pending actions under it unless expressly saved. Section 6 of the General Clauses Act, 1897, which preserves pending actions in the case of a repeal, applies only to enactments and not to rules unless specifically mentioned. Hence, in the absence of any such saving clause in Notification No. 20/2024 – Central Tax, no refund denial or enforcement action under Rule 96(10) can be sustained post-omission.

Practical Implications for Exporters

The implications of this development are significant for exporters. Those who had paid IGST on exports and faced refund denial solely due to Rule 96(10) can now seek redress. Exporters with pending show cause notices can apply for their withdrawal. Where refund rejections have been adjudicated, rectification applications under Rule 161 of the CGST Rules or appeals based on the *Addwrap Packaging* judgment can be filed. Refund applications filed after 08.10.2024 must be processed without any reference to procurement-based disqualifications under the erstwhile Rule 96(10).

Furthermore, the Kerala High Court in *Sance Laboratories* had already declared Rule 96(10) ultra vires and unconstitutional for the period from 23.10.2017 to 08.10.2024. Thus, any action taken under Rule 96(10) during that period is devoid of legal backing and must be quashed. This retrospective invalidation provides exporters with a robust legal foundation to challenge any adverse orders issued under the impugned rule.

Conclusion: Reaffirming the Promise of GST

The omission of Rule 96(10) and its judicial invalidation by High Courts like Kerala and Gujarat signify a return to the basic principles of GST: seamless credit flow, zero-rating of exports, and non-discrimination. These judgments emphasize that delegated legislation cannot curtail substantive statutory rights unless expressly authorized. Unless overturned by the Supreme Court, the Gujarat High Court's judgment serves as binding precedent in Gujarat and persuasive authority elsewhere. For the exporting community and tax professionals, this is not merely an administrative change, but a reaffirmation of constitutional and legislative protections under the GST framework.

~ The strength of fiscal policy lies not only in legislation but in the collective willingness of citizens to participate in nation-building.

Bridging Critical Gaps & Mismatches in GSTR-9 & 9C for FY 2024-25



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As we approach the annual GST compliance cycle for FY 2024-25, taxpayers and professionals must pay special attention to reconciliation-driven mismatches emerging from changes in reporting behavior, system-driven controls on GSTN, and the enhanced scrutiny by both Audit Commissionerate and State jurisdictional authorities. The annual return (GSTR-9) and the optional certification statement (GSTR-9C) continue to serve as the most critical compliance checkpoints for validating the accuracy of a taxpayer's yearly tax position.

Below are the key gaps and reporting hotspots that deserve focused attention this year.

1. Table 6A1 – The New Lens on Input Tax Credit Flow

The introduction of Table 6A1 in GSTR-9 is one of the most significant changes for FY 2024-25. It seeks to capture auto-populated ITC values directly from GSTR-2B, sharpening the degree of reconciliation required.

Key issues to watch:

- Mismatch between ITC availed in books vs. ITC reflected in GSTR-2B.
- ITC reversal under Rule 37, 39, 42, 43, 44.
- Erroneous duplication where ITC was claimed in books but suppliers amended invoices later.
- Ineligible ITC included in auto-populated numbers.

2. Table 7 – Reporting of Reversals: A High-Risk Area

Table 7 remains one of the most litigated reporting blocks. Many taxpayers casually fill it without linking reversals to statutory rules.

Critical reversals needing careful mapping:

- Rule 42/43 reversals due to exempt turnover or common inputs/services.
- Rule 37 reversals for non-payment to vendors within 180 days.
- Rule 86B implications where applicable.
- Reversal due to non-availability of Place of Supply-based IGST input.

3. Table 8A – The Heart of the ITC Mismatch Reconciliation

Table 8A auto-populates ITC as per GSTR-2A, but now GSTN's data quality has improved significantly.

Why Table 8A matters this year:

- Differences between 2A vs. 2B vs. books can easily trigger audit queries.
- ITC not appearing in 8A must be justified through supplier compliance evidence.
- Large gaps indicate supplier non-filing, wrong GSTIN amendments, or duplicate invoices.

4. Why Filing GSTR-9C Voluntarily Makes Sense Even Below ₹5 Crores Turnover

Voluntary filing of GSTR-9C is increasingly recommended for FY 2024-25.

Reasons:

- Enhanced credibility in departmental audits.
- Better defensibility during anti-evasion verifications.
- Identification of hidden risks related to tax rate, RCM, ITC eligibility, and credit notes.
- Useful in bank loans, tenders, certifications.

Conclusion

FY 2024-25 will be a defining year in data-driven GST scrutiny. Professionals should focus on Table 6A1, Table 7 and Table 8A while encouraging voluntary GSTR-9C certification for improved audit preparedness.

~ Transparent tax administration is the bridge between economic growth and public trust.

Integrating AI into Accounting, Taxation & Compliance: **A Practical Roadmap for Professionals**



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Artificial Intelligence is steadily transforming the way financial and tax professionals work. Far from replacing human expertise, AI now acts as a high-efficiency partner, enabling Chartered Accountants and Tax Practitioners to handle larger workloads with greater precision and lower turnaround time. The real advantage lies not in using AI occasionally, but in strategically integrating it into routine accounting, taxation, audit, and compliance functions.

1. AI for Routine Accounting & Bookkeeping

AI systems can automate invoice reading, bank statement extraction, Form 26AS analysis, TDS matching, and GSTR-2B processing within seconds. Exception-based bookkeeping reduces manual work by allowing professionals to focus only on flagged errors such as duplicate entries, GSTIN mismatches, or incorrect classifications.

2. AI in Taxation: From Compliance to Strategic Insights

AI simplifies the preparation of Income Tax Returns by reconciling AIS/TIS, Form 26AS, capital gains, and books of accounts. In GST, AI enables faster GSTR-1 vs Books matching, GSTR-3B vs GSTR-2B reconciliation, and ITC eligibility checks. Predictive risk monitoring helps identify potential scrutiny triggers before notices are issued.

3. AI in Audit & Assurance

AI tools provide continuous analytical review by scanning entire ledgers, detecting anomalies in revenue recognition, identifying related party transactions, and comparing ratios with industry norms. AI also supports auditors by preparing working papers, internal audit reports, CARO checklists, and statutory documentation.

4. AI for Legal Drafting & Litigation Support

AI assists in drafting replies to GST SCNs under Sections 73/74, preparing submissions for hearings, drafting appeals for CIT(A) or NFAC, summarising orders, and building case-law-based legal arguments. Professionals remain the final decision-makers, but AI significantly reduces drafting time.

5. AI in Workflow Management & Client Communication

AI enables automated alerts for GST due dates, TDS deadlines, ROC filings, and advance tax instalments. Dashboards created with AI help clients track sales, ITC, receivables, expense patterns, and cash flows—transforming accountants from compliance agents into strategic advisors.

6. The Human Element

AI can process data quickly but lacks legal interpretation skills, practical judgement, and the ability to build client trust. The future lies in combining human expertise with AI efficiency.

Conclusion

AI is becoming the backbone of modern accounting, taxation, and compliance. When used effectively, AI enhances productivity, accuracy, and advisory value. The winning formula is simple: Use AI to do the work fast. Use human expertise to do the work right.

~ When taxpayers feel informed, they feel empowered—and empowered taxpayers form the backbone of a resilient economy.

COMPANY AND SEBI LAWS UPDATES

1. STATUTORY UPDATES

- 1.1** SEBI and IEPFA organizing "Niveshak Shivir" at Amritsar on 01st November, 2025 - **PRESS RELEASE NO. 67/2025, DATED 31-10-2025**

Editorial Note: SEBI and the Investor Education and Protection Fund Authority (IEPFA) are jointly organizing the third "Niveshak Shivir" at Amritsar on Nov 01, 2025 in collaboration with Market Infrastructure Institutions (MIs) and concerned Registrar and Transfer Agent (RTA). The objective is to facilitate the transfer of unpaid dividends (upto 07 years), Assisting with KYC and nomination updates with the company and resolving pending IEPFA claims of unclaimed and unpaid shares and dividends.

- 1.2** MCA broadens the scope of term "business of financing industrial enterprises" under section 186(11)(a) of Co(s) Act, 2013 - **NOTIFICATION NO.G.S.R. 811(E)/ [F.NO. 1/32/2013-CL-V-PART], DATED 03-11-2025**

Editorial Note: MCA has notified the Companies (Meetings of Board and its Powers) Amendment Rules, 2025. An amendment has been made to Rule 11 relating to 'loans and investments by a company under section 186 of the Companies Act, 2013'. The MCA has now broadened the scope of the term 'business of financing industrial enterprises' under section 186 to include finance companies registered with the IFSCA. Earlier, the term only covered NBFCs registered with the RBI.

- 1.3** SEBI holds outreach in Raipur to boost municipal bond and REIT/InvIT financing for urban infrastructure - **PRESS RELEASE NO. 68/2025, DATED 06-11-2025**

Editorial Note: SEBI organised a Municipal Bond and REIT/InvIT Outreach Programme in Raipur to enhance awareness among Urban Local Bodies and state departments on capital market fundraising for urban infrastructure. The event followed Raipur Municipal Corporation's Rs. 100 crore bond issue and included sessions on market access and asset monetisation.

- 1.4** SEBI urges social media and search platforms to curb online investment scams and protect investors - **PRESS RELEASE NO. 69/2025, DATED 06-11-2025**

Editorial Note: SEBI has urged major social media and search platforms to strengthen measures against online investment scams, in line with IOSCO's global call to action. The regulator called for mandatory advertiser verification and clear labelling of genuine trading apps to prevent misuse. SEBI also advised investors to verify entities and use only authentic, registered platforms and validated UPI handles for secure transactions.

- 1.5** Govt. re-appointed Justice (Retired) Ashok Bhushan as Chairperson, NCLAT - **NOTIFICATION S.O. 5062(E)[F. NO. A-12023/4/2025-AD.IV-MCA], DATED 07-11-2025**

Editorial Note: The Central Government has re-appointed Justice (Retired) Ashok Bhushan, Former Judge of the Supreme Court of India as the Chairperson, NCLAT, in the pay scale of Rs 2,50,000/- (fixed) per month with effect from the date of assumption of charge of the post till attaining the age of 70 years i.e. till July 4, 2026.

- 1.6** SEBI cautions investors against unregulated 'Digital Gold' products operating outside SEBI's purview - **PRESS RELEASE NO. 70/2025, DATED 08-11-2025**

Editorial Note: SEBI has noted that several digital platforms are offering investments in 'Digital Gold' or 'E-Gold'. Investors are cautioned that such products are not recognised as securities nor regulated as commodity derivatives under SEBI's framework. These operate outside SEBI's oversight and may expose investors to counterparty and operational risks. Investor protection measures applicable to SEBI-regulated gold products do not extend to such digital gold investments.

- 1.7** SEBI's High-Level Committee submits its report on conflicts of interest and disclosures concerning members and officials - **PRESS RELEASE NO. 71/2025, DATED 10-11-2025**

Editorial Note: A high-level committee chaired by former Chief Vigilance Commissioner Pratyush Sinha has submitted its report on 'Conflict of Interest', disclosures, and related matters regarding members and officials of SEBI. The terms of reference for the committee were to review the existing policies and frameworks on conflicts of interest and disclosures, and recommend a strong framework to prevent, mitigate, and manage conflicts of interest.

- 1.8** SEBI & IEPFA host third "Niveshak Shivir" at Amritsar to aid investors in reclaiming unpaid dividends and shares - **PRESS RELEASE NO. 72/2025, DATED 11-11-2025**

Editorial Note: SEBI and the Investor Education and Protection Fund Authority (IEPFA) jointly held the third "Niveshak Shivir" at Amritsar to facilitate investor claims for unpaid dividends and unclaimed shares. The initiative, supported by MIs and RTAs, enabled on-the-spot KYC and nomination updates, claim resolutions, and awareness on reclaim processes.

- 1.9** High Level Committee submits report on conflict of interest, disclosures and related matters to SEBI Chairman - **PRESS RELEASE NO. 73/2025, DATED 12-11-2025**

Editorial Note: The High-Level Committee on conflict of interest, disclosures and related matters in respect of Members and Officials of SEBI ("HLC") submitted its report to the SEBI Chairman on November 10, 2025. The report reviews SEBI's existing framework and provides recommendations to enhance transparency, accountability and ethical standards in managing conflicts of interest and disclosures. The report is available on the SEBI website.

- 1.10** Govt. issues Digital Personal Data Protection Rules, 2025 - **NOTIFICATION NO. GSR 846(E), DATED 13-11-2025**

Editorial Note: The Ministry of Electronics and Information Technology has issued Digital Personal Data Protection Rules, 2025. The key provisions cover (a) manner of serving notice by data fiduciary to data principal, (b) norms for registration & obligations of consent manager, (c) processing of personal data by State for certain purposes, (d) norms for processing personal data outside India. Also, head office of Data Protection Board of India (DPBI) must be in NCR and the Board must consist of 4 members.

- 1.11** Government notifies commencement dates for specified provisions of the Digital Personal Data Protection Act, 2023 - **NOTIFICATION NO. G.S.R. 843(E), DATED 13-11-2025**

Editorial Note: The Government has appointed the dates on which different provisions of the DPDP Act, 2023 shall come into force. Certain sections will take effect on the date of publication. Further, the provisions of section 6(9) and clause (d) of section 27(1) shall come into force one year from publication. The remaining notified sections, including sections 3 to 17 and 28 to 44, shall come into force eighteen months from the date of publication.

- 1.12** SEBI brings stock market learning to everyone with 'Bharat Ka Share Bazaar' pavilion at IITF 2025 - **PRESS RELEASE NO. 74, DATED 14-11-2025**

Editorial Note: SEBI inaugurated its special pavilion titled "Bharat Ka Share Bazaar" at the India International Trade Fair (IITF) 2025 on November 14, 2025, to help people understand India's stock market and safe investing with live demo zones. To make learning easy and engaging, SEBI has partnered with major institutions such as BSE, NSE, CDSL, NSDL, AMFI, NISM, NCDEX, MCX, CAMS, and KFin Technologies. The pavilion is open from November 14 to 27, 2025, at Pragati Maidan, New Delhi.

- 1.13** SEBI notifies 'Accredited Investors only fund' under Regulation 2(1) of the Alternative Investment Funds Regulations - **NOTIFICATION F. NO. SEBI/LAD-NRO/GN/2025/274, DATED 18-11-2025**

Editorial Note: SEBI has notified amendments to the AIF Regulations introducing the category of 'Accredited Investors only fund' under Regulation 2(1), with enabling provisions for conversion of existing schemes subject to conditions. Further, accredited investors shall be excluded while computing the number of investors under Regulation 10. In addition, the responsibilities and obligations of the trustee, in the case of an Accredited Investors only fund, shall be carried out by the manager of such fund.

- 1.14** SEBI notifies updated materiality thresholds and enhanced approval requirements for Related Party Transactions - **NOTIFICATION F. NO. SEBI/LAD-NRO/GN/2025/273, DATED 18-11-2025**

Editorial Note: The SEBI has amended Regulation 23 of the LODR Regulations to introduce revised approval requirements for Related Party Transactions, including thresholds linked to consolidated turnover and subsidiary-level criteria. A new Schedule XII has been inserted specifying materiality limits across turnover slabs. The amendments also clarify applicability for

subsidiaries without audited financials and the validity of shareholder omnibus approvals.

- 1.15** Govt. appoints Shri Sandip Pradhan, Director General of Income Tax (Investigation), Pune, as Whole Time Member of the SEBI - **NOTIFICATION NO. S.O. 5284(E) [F. NO. 2/1/2021-RE], DATED 19-11-2025**

Editorial Note: Central Government has appointed Shri Sandip Pradhan, IRS (IT:1990), Director General of Income Tax (Investigation), Pune as Whole Time Member of the Securities and Exchange Board of India. The appointment is being made for a period of 3 years from the date of assumption of charge of the post or until further orders, whichever is earlier.

- 1.16** SEBI cautions investors against unregistered online bond platforms and urges dealing only with registered OBPPs - **PRESS RELEASE NO. 75/2025, DATED 19-11-2025**

Editorial Note: SEBI has observed that certain fintechs and brokers are operating as Online Bond Platform Providers (OBPPs) without required registration. These unregistered platforms function without regulatory oversight and lack investor protection or grievance mechanisms, and their activities may violate the Companies Act and SEBI laws. Investors are advised to avoid such platforms and verify OBPP registration on SEBI, NSE or BSE websites.

- 1.17** IBBI caps IPs to 10 assignments with only 3 over Rs.1,000 Cr and approval is shifted to Adjudicating Authority - **NOTIFICATION F. NO. IBBI/2025-26/GN/REG132, DATED 20-11-2025**

Editorial Note: The IBBI has amended the Insolvency Professionals Regulations to limit IPs to 10 concurrent assignments IRP, RP or Liquidator. Out of these, only 3 assignments can involve claims over ₹1,000 crore. Professionals already exceeding these limits cannot take on new assignments until their workload falls below the cap. Additionally, IPs' assignment must be approved by Adjudicating Authority instead of the Board.

- 1.18** SEBI mandates the appointment of Executive Director, CTO & CISO by every depository - **NOTIFICATION F. NO. SEBI/LAD-NRO/GN/2025/275, DATED 21-11-2025**

Editorial Note: SEBI has notified SEBI (Depositories and Participants) (Third Amendment) Regulations, 2025. New Regulations w.r.t appointment, role, & responsibilities of Executive Director, Chief Technology Officer, & Chief Information Security Officer have been inserted. It states that every depository must appoint two executive directors as KMPs, a Chief Technology Officer to oversee & manage technology-related system design, and a Chief Information Security Officer to identify & mitigate cybersecurity risks

- 1.19** SEBI proposes revisions to Basic Services Demat Account norms, excluding ZCZP bonds and delisted securities - **DRAFT CIRCULAR, DATED 24-11-2025**

Editorial Note: SEBI has proposed a refined framework for the Basic Services Demat Account (BSDA) to strengthen ease of investment and operational clarity. Zero Coupon Zero Principal (ZCZP) bonds and delisted securities will be excluded while determining BSDA eligibility, and illiquid securities will be valued at the last closing price. Eligibility reassessment will shift to a

quarterly cycle, and Beneficial Owners may submit consent for a regular demat account through any authenticated and verifiable mode.

- 1.20** SEBI proposes enhancing the simplified-documentation limit to Rs. 10 lakhs for processing duplicate security requests - **SEBI REPORT, DATED 25-11-2025**

Editorial Note: SEBI has proposed raising the monetary limit for simplified documentation for issuance of duplicate securities from Rs. 5 lakhs to Rs.10 lakhs and prescribing a standard format of the Affidavit-cum-Indemnity to be executed on non-judicial stamp paper as per the claimant's state. It also clarifies that the newspaper advertisement shall be placed by the listed company. The comments/ suggestions should be submitted latest by 16.12.2025.

- 1.21** SEBI prescribes specific timelines for submission of reports/certificates by Issuer to Debenture Trustees - **CIRCULAR NO. HO/17/11/12(3)2025-DDHS-POD1/ I/144/ 2025, DATED 25-11-2025**

Editorial Note: SEBI has prescribed timelines for submission of reports/certificates by Issuer to Debenture Trustees. A statement of value of pledged securities & security cover certificate must be submitted on a quarterly basis within 60 days from the end of each quarter. The net worth certificate of the guarantor must be submitted on a half-yearly basis within 60 days from the end of each half-year. Also, valuation report & title search report to be submitted once in 3 years within 60 days from end of FY.

- 1.22** SEBI specifies the list of purposes for which 'Recovery Expense Fund' can be utilized - **CIRCULAR NO. HO/17/11/12(3)2025-DDHS-POD1/ I/145/2025, DATED 25-11-2025**

Editorial Note: Chapter IV of Master Circular for Debenture Trustees dated August 13, 2025, specifies the provisions relating to Recovery Expense Fund (REF). SEBI has now modified this chapter. It states that, in the event of default, the Debenture Trustee may be reimbursed from the REF for all activities related to enforcement or legal proceedings. This includes obtaining various consents from debenture holders, filing court applications, incurring legal fees, & appointing legal consultants for enforcement.

- 1.23** SEBI amends minimum qualification norms for research analysts, revising degree and certification requirements - **NOTIFICATION F. NO. SEBI/LAD-NRO/GN/2025/277, DATED 25-11-2025**

Editorial Note: SEBI has notified amendment in Regulation 7 of the Research Analyst Regulations, substituting the earlier minimum qualification criteria. The earlier requirement of a finance-related graduate or postgraduate qualification, or completion of the NISM PGP in Research Analysis or a CFA Charter, has been replaced. The amended provision requires either a graduate or equivalent qualification or a CFA Charter together with relevant NISM certification, or a PGP in the Securities Market (RA) from NISM.

- 1.24** SEBI amends minimum qualification norms for investment advisers, revising degree and certification requirements - **NOTIFICATION F. NO. SEBI/LAD-NRO/GN/2025/278, DATED 25-11-2025**

Editorial Note: SEBI has notified amendment in the qualification provisions for investment advisers by expanding the scope to persons associated with investment advice and substituting the earlier criteria. The old requirement of a finance-related graduate or postgraduate qualification, NISM PGP (IA) or CFA Charter has been replaced.

- 1.25** SEBI signs MoU with NFSU for cooperation in research, training, skill development and strengthening forensic capabilities - **PRESS RELEASE NO. 76/2025, DATED 25-11-2025**

Editorial Note: SEBI has entered into an MoU with the National Forensic Sciences University to collaborate in areas such as research, education, training, skill development and strengthening forensic capabilities. The MoU covers capacity building and enhancement of skills of SEBI officers, designing tailored courses, organising training and workshops, use of expertise and facilities, developing forensic infrastructure and specialised collaborations in cyber security, digital forensics and allied sciences.

- 1.26** SEBI lays down terms and conditions for Debenture Trustees to undertake activities beyond its regulatory scope - **CIRCULAR NO. HO/17/11/12(3)2025-DDHS-POD1/ I/146/2025, DATED 25-11-2025**

Editorial Note: Regulation 9C of SEBI (Debenture Trustees) Regulations, 1993, specifies the 'Permitted Activities' that may be undertaken by Debenture Trustees (DTs). It states that a DT can undertake activities within the purview of any financial sector regulator specified by the Board, as well as activities outside the Board's purview. SEBI has now prescribed specific terms and conditions for DTs to undertake activities outside its regulatory scope. The circular shall come into force with immediate effect.

- 1.27** Govt. appoints Shirish Chandra Murmu as SEBI Board Member under Section 4(1)(c) of the SEBI Act - **NOTIFICATION S.O. 5455(E) [F. NO. 2/6/2020-RE], DATED 26-11-2025**

Editorial Note: The Ministry of Finance has appointed Shri Shirish Chandra Murmu, Deputy Governor of RBI, as a Member of the SEBI Board under Section 4(1)(c) of the SEBI Act, 1992. His name replaces the earlier entry at the corresponding serial number.

- 1.28** SEBI introduces additional incentives for MF distributors to boost participation in smaller cities & among women investors - **CIRCULAR NO. HO/(83)2025-IMD-POD-1/I/152/2025, DATED 27-11-2025**

Editorial Note: SEBI has introduced a revised incentive framework, offering additional incentives for mutual fund distributors to boost participation in smaller cities and among women investors. Distributors will be eligible for a commission of 1% on the first application, capped at Rs 2,000 provided that the investor remains invested for a minimum period of one year and 1% of total investment made during the first year subject to a maximum of Rs 2,000. The provisions are effective from 01.02.2026.

- 1.29** Investments made by Mutual Funds & SIFs in REITs to be treated as investments in equity-related instruments:

SEBI - **CIRCULAR NO. HO/24/13/12(1)2025-IMD-POD-2/1/157/2025, DATED 28-11-2025**

Editorial Note: SEBI has reclassified REITs as equity-related instruments for enabling greater participation by Mutual Funds (MFs) and Specialised Investment Funds (SIFs). SEBI has directed that investments made by MFs and SIFs in REITs must be considered as investments in equity-related instruments, effective January 1, 2026. Further, InvITs will continue to be classified as hybrid instruments for the purpose of investments by MFs and SIFs.

- 1.30** SEBI notifies SEBI (Informal Guidance) Scheme, 2025; broadens scope enable market intermediaries to seek guidance - **PRESS RELEASE NO.77/2025, DATED 28-11-2025**

Editorial Note: SEBI has approved the substitution of the existing IG Scheme, 2003 with the SEBI (Informal Guidance) Scheme, 2025. The new scheme broadens the scope of the Scheme and enables stock exchanges, clearing corporations, depositories etc. to seek guidance from the Board with effect from 01 Dec, 2025, the processing of all informal guidance applications shall be governed by the SEBI (Informal Guidance) Scheme, 2025.

- 1.31** Un-pledge and sale of ESOP shares by MD are trades but not contra trades: SEBI's Informal Guidance

Editorial Note: A company sought SEBI's view on whether release of pledge over ESOP shares and subsequent sale by its MD would count as trades or contra trades under PIT Regulations. SEBI confirmed that un-pledge and sale are treated as trades but do not trigger contra trade restrictions since beneficial ownership remains unchanged. These actions remain subject to pre-clearance, absence of UPSI, and compliance with all other provisions of the PIT Regulations.

- 1.32** SEBI proposes expansion of the definition of 'Associated Persons' who are engaged in securities business

Editorial Note: SEBI has released a consultation paper inviting public comments on proposed amendments to the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007. The key proposals include (a) a review or expansion of the definition of 'Associated Persons', (b) the manner of obtaining a certificate and (c) the inclusion of an electronic mode of participation for Continuing Professional Education (CPE) programs. Comments may be submitted by November 27, 2025.

- 1.33** SEBI proposes enabling lock-in of pledged pre-issue shares for smoother IPO compliance

Editorial Note: SEBI has proposed amendments to ICDR Regulations to enable lock-in of pledged pre-issue shares through depository marking and suitable changes in the issuer's AoA. Issuers must notify lenders and disclose the framework in offer documents. Further, SEBI also proposes a revised Offer Document Summary with rationalised disclosures, to be filed and hosted with the draft and final offer documents, and removal of the abridged prospectus to streamline the IPO process.

- 1.34** SEBI proposes to mandate regulated entities to display registered name and number on all social media home pages

Editorial Note: SEBI has proposed that all regulated entities and their agents must display registered name and registration number on the home page of their social media platforms. Further, registered entities and their agents must ensure that social media content published by them does not contain anything prohibited by law. Also, they should be prohibited from referring to past performance unless explicitly permitted by SEBI. The provisions shall come into effect immediately.

2. SUPREME COURT

SECTION 3 OF THE TRIBUNALS REFORMS ACT, 2021 - QUALIFICATIONS, APPOINTMENT, ETC., OF CHAIRPERSON AND MEMBERS OF TRIBUNAL

- 2.1** Provisions of Tribunals Reforms Act, 2021 regarding minimum age, truncated tenure, panel requirements, and civil-service-linked service conditions were struck down as unconstitutional because they merely replicated earlier invalidated provisions, directly contradicted binding judicial directions on tribunal appointments and tenure, and amounted to an impermissible legislative override without curing underlying constitutional defects. - **Madras Bar Association v. Union of India - [2025] 180 taxmann.com 608 (SC)**

SECTION 34 OF THE ARBITRATION AND CONCILIATION ACT, 1996 - APPLICATION FOR SETTING ASIDE ARBITRAL AWARD

- 2.2** Where appellant company filed objections under section 47 of Civil Procedure Code on execution of arbitral award against it contending that officials of appellant in collusion with officials of respondent had fixed price of coal 3 times more than price of US, in view of fact that there was no convincing explanation from appellant to argue that common course of human conduct of conspiring parties would be to lift coal at agreed price, pay amount and share booty, objections filed by appellant under section 47 of CPC were to be dismissed. - **MMTC Ltd. v. Anglo American Metallurgical Coal (P.) Ltd. - [2025] 180 taxmann.com 107 (SC)**

3. HIGH COURT

SECTION 18 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 - REFERENCE TO MICRO AND SMALL ENTERPRISES FACILITATION COUNCIL

- 3.1** Reference filed under section 18(1) or 18(2) of MSME Act cannot be rejected by Council on ground of limitation - **RK Products v. Chairman Himachal Pradesh Micro Small Facilitation Council Shimla - [2025] 180 taxmann.com 256 (Himachal Pradesh)**

SECTION 24A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 - 5[COMPOSITION OF CERTAIN OFFENCES

- 3.2** Where petitioner was accused of having illegally cornered shares of Yes Bank and IDFC in IPO process/system and SEBI by its Circular dated 20-4-2007 issued guidelines for

consent orders and for considering request of composition of offences under SEBI Act, SCRA Act, and Depositories Act, consent Order and payments made by petitioner thereunder towards disgorgement and/or settlement charges did not in any manner whatsoever affect or impact criminal prosecution/proceedings - **Manoj Gokulchand Seksaria v. State of Maharashtra** - [2025] 180 taxmann.com 646 (Bombay)

SECTION 394 OF THE COMPANIES ACT, 1956 - PROVISIONS FOR FACILITATING RECONSTRUCTION AND AMALGAMATION OF COMPANIES

- 3.3 Company Court cannot sit as an appellate authority over scheme of amalgamation placed before it and will not review matter by substituting decision or conclusion arrived at by shareholders/members with views of Company Court - **Buragohain Tea Company Ltd. v. Union of India** - [2025] 180 taxmann.com 50 (Gauhati)

SECTION 434 OF THE COMPANIES ACT, 2013 - TRIBUNAL AND APPELLATE TRIBUNAL - TRANSFER OF CERTAIN PENDING PROCEEDINGS

- 3.4 Where there was an application by secured creditor for transfer of winding-up proceeding of company-in-liquidation to NCLT, since assets of company in liquidation were yet to be put up for sale and at least not sold, winding-up petition along with all connected applications were to be transferred to NCLT forthwith - **M. S. Glass Industries Ltd. v. O/L, HCOS** - [2025] 180 taxmann.com 643 (Calcutta)

4. SECURITY APPELLATE TRIBUNAL

REGULATION 3 OF THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 - SUBSTANTIAL ACQUISITION OF SHARES OR VOTING RIGHTS

- 4.1 Where appellant acquired shares in target company and his shareholding increased to 27.35 per cent but he failed to make an open offer, his claim for exemption under regulation 10(1)(a) of SAST Regulations was not valid; however, penalty of Rs. 25 lakhs imposed on appellant for violation of regulation 3(3) of SAST Regulations was to be reduced to Rs. 10 lakhs considering fact that appellant and his wife held major stake in target company - **Prashant Boorugu v. Securities and Exchange Board of India** - [2025] 180 taxmann.com 277 (SAT - Mumbai)

SECTION 11 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 - FUNCTIONS OF BOARD

- 4.2 Where appellants, despite full awareness of SEBI's August 2023 disclosure circular and subsequent communications from DDP, subscribed to non-transferable convertible warrants in violation of the circular, SEBI rightly held there was no cause beyond appellants' control and properly rejected their Regulation 43B relaxation applications, thus the impugned order required no interference. - **Elara India Opportunities Fund Ltd. v. Securities and Exchange Board of India** - [2025] 179 taxmann.com 586 (SAT - Mumbai)

REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 - FINANCIAL RESULTS

- 4.3 Where BSE imposed fines on appellant for delayed submission of quarterly consolidated financial statement on ground that appellant violated regulation 33(3) of SEBI (LODR) Regulations, 2015, in view of fact that there was ambiguity in interpretation made by BSE, appellant should be given benefit of doubt and, thus, fines imposed on appellant had no basis - **Amit Securities Ltd. v. BSE Ltd.** - [2025] 180 taxmann.com 179 (SAT - Mumbai)

5. NATIONAL COMPANY LAW APPELLATE TRIBUNAL

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

- 5.1 Where appellant, claiming to be a shareholder of 500 shares, filed a Commercial Suit seeking Rs. 3 crores, which was dismissed on 05.10.2021 as barred by limitation however, instead of challenging that order, he filed an appeal under Section 59 before NCLT, which was dismissed as belated and not maintainable, since appellant had voluntarily pursued Commercial Suit and judgment was not challenged, limitation period stands against him, and NCLT rightly dismissed Company Appeal - **Hasmukh Kanubhai Shah v. Aurobindo Pharmaceuticals Ltd.** - [2025] 180 taxmann.com 97 (NCLAT - Chennai)

SECTION 231 OF THE COMPANIES ACT, 2013 - COMPROMISE AND ARRANGEMENT - POWER OF TRIBUNAL TO ENFORCE

- 5.2 Where NCLT rejected application of successful scheme proponent seeking extension of time for purposes of making deposit of balance amount due to be paid for execution of scheme of arrangement, since looking into time constraints, delayed filing with ROC and other contributing factors resulting to delayed payment, it was a fit case where Tribunal could exercise its discretion of extension of time and, therefore, impugned order was to be quashed and further 60 days time was to be granted to successful scheme proponent to make full and final payment - **C Ganesh v. Ashok Seshadri** - [2025] 180 taxmann.com 106 (NCLAT - Chennai)

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

- 5.3 Where NCLT's impleadment order was challenged by appellant in Company Appeal in which appeal was heard and dismissed on merits by NCLAT, since NCLT's order had merged with appellate order, mere fact that appellant filed an appeal in Supreme Court which was withdrawn has no effect on that merger - **Uday Ved v. Union of India** - [2025] 180 taxmann.com 559 (NCLAT - New Delhi)

6. NATIONAL COMPANY LAW TRIBUNAL

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

- 6.1 Where petitioner company had complied with all requirements under section 66, it was allowed to reduce its share capital to set off accumulated losses as provided in application - **Goldcoin Health Foods Ltd., In re v.** - [2025] 180 taxmann.com 52 (NCLT - Ahd.)

SECTION 67 OF THE COMPANIES ACT, 2013 - SHARES - RESTRICTION ON PURCHASE BY COMPANY OR GIVING OF LOANS BY IT FOR PURCHASE OF ITS

- 6.2 Where petitioner company violated provisions of section 67(3) of 1956 Act by allotting shares to more than 49 allottees, in view of fact that said contravention was technical in nature, free from mala fides, and that petitioner company had demonstrated bona fide conduct and willingness to remedy lapse and no wrongful gain had accrued to company, nor any loss or prejudice been caused to stakeholders, offence was fit for compounding - **Amrut Dredging and Shipping Ltd. v. Registrar of Companies** - [2025] 180 taxmann.com 602 (NCLT - Ahd.)

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

- 6.3 Where due process of law had been followed in effecting removal of petitioner's wife from position of Whole-time Director to Non-Executive Director vide resolution passed in Board Meeting, petition alleging oppression and mismanagement was devoid of merit - **Chinthaginjala Sudhakara Rao v. Suneetha Polymers (P.) Ltd.** - [2025] 179 taxmann.com 584 (NCLT - Amaravati)
- 6.4 Where entire shareholding in hands of petitioners was transferred to respondent shareholder and as on date of

filing of present company petition, petitioners had no shareholding in company at all, petition filed under sections 241-242 was not maintainable - **Shankar Subramanya Bhat v. Canara Star Communications (P.) Ltd.** - [2025] 180 taxmann.com 259 (NCLT - Bang.)

- 6.5 Where minority shareholders of a dormant private company alleged undervalued asset sale, diversion of funds, dual financial statements, and procedural lapses, but evidence showed proceeds used transparently for legitimate loan repayments and statutory dues, with no proof of personal siphoning or prejudice, petition lacked elements of oppression, public prejudice, or majority misuse and was dismissed as a fallout of internal disputes rather than actionable mismanagement. - **Tarun Chandrakant Parikh v. Krishna Barrels Pvt Ltd** - [2025] 180 taxmann.com 558 (NCLT - Ahd.)

SECTION 244 OF THE COMPANIES ACT, 2013 - OPPRESSION AND MISMANAGEMENT - RIGHT TO APPLY

- 6.6 Declaration in form BEN 1 did not bestow a beneficial owner with rights of a registered owner; a beneficial owner in a holding company cannot don hat of a registered owner in a subsidiary to invoke provisions of Companies Act or allege oppression and mismanagement - **Jaikaali Tracom (P.) Ltd. v. Sanjeev Jhunhunwala** - [2025] 180 taxmann.com 400 (NCLT - Kolkata)

SECTION 252 OF THE COMPANIES ACT, 2013 - REMOVAL OF NAME FROM REGISTER

- 6.7 Where applicant company was struck off due to admitted non-filing of annual returns and financial statements but furnished documentary proof of ongoing business operations, assets, and intent to resume its activities, restoration of company's name to register of companies was found just and equitable subject to fulfilment of detailed compliance conditions - **Aman Ashiyana Makers (P.) Ltd. v. Registrar of Companies, Gwalior MP** - [2025] 180 taxmann.com 601 (NCLT - Indore)

FEMA BANKING AND INSURANCE LAWS

1. STATUTORY UPDATES

- 1.1** IFSCA expands V-CIP framework to allows group entities and KRAs to conduct video KYC under New guidelines - **CIRCULAR F. NO. IFSCA-DAC/7/2024-AMLCFT, DATED 31-10-2025**

Editorial Note: IFSCA has amended its 2022 AML, CFT, and KYC Guidelines, allowing officials from financial group entities supervised by regulators or KYC Registration Agencies (KRAs) to conduct Video-based Customer Identification (V-CIP). The updated rules mandate secure, encrypted systems with AI-based verification. V-CIP for NRIs is allowed only from 11 specified countries under a four-month pilot, with account activation after first overseas credit.

- 1.2** IFSCA seeks public input on new pension fund regulations to boost GIFT-IFSC as global hub - **PRESS RELEASE, DATED 04-11-2025**

Editorial Note: IFSCA invites public feedback on the proposed IFSCA (Pension Fund) Regulations, 2025, aimed at developing a strong pension system in GIFT-IFSC for NRIs, PIOs, and foreign expatriates. The framework seeks to make IFSC a global pension hub with voluntary participation, flexible contributions, diverse investment options, and integration with health insurance. Feedback is open on the IFSCA website until November 25, 2025

- 1.3** IFSCA directs IBUs to report foreign currency Vostro balances of overseas banks in fortnightly BAL statement - **CIRCULAR E. FILE NO. IFSCA-FMPP0BR/13/2023-BANKING, DATED 11-11-2025**

Editorial Note: IFSC Authority has issued directions to all IFSC Banking Units (IBUs) to include balances in foreign currency accounts of overseas banks, maintained under Vostro accounts, in their fortnightly Banking Asset Liability (BAL) statement submitted through the BoP portal. The revised format applies from the second fortnight of November 2025. Failure on the part of the IBUs to furnish the mandated information accurately and in a timely manner will be viewed seriously by IFSCA.

- 1.4** RBI allows Municipal Debt Securities as eligible collateral for repo and reverse repo transactions - **MASTER DIRECTION NO. FMRD.DIRD.04/14.03.038/2025-26, DATED 11-11-2025**

Editorial Note: RBI has issued the Master Direction - Reserve Bank of India (Repurchase Transactions (Repo)) Directions, 2025, updating the framework to include Municipal Debt Securities as eligible securities for repo and reverse repo transactions. These Directions shall be applicable with immediate effect.

- 1.5** RBI extends the time period for realization & repatriation of full export value of goods/software/services from 9 to 15 months - **NOTIFICATION F. NO. FEMA 23(R)/(7)/2025-RB, DATED 13-11-2025**

Editorial Note: RBI has notified the Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2025. As per the amended norms, RBI has now increased the period for realisation and repatriation of the full export value of goods/software/services exported from India from 9 months to 15 months from the date of export. Also, RBI has allowed an increase in the time period for shipment of goods from 1 to 3 years from date of receipt of advance payment.

- 1.6** RBI extends the maximum credit period for pre-shipment and post-shipment export credit from one year to 450 days - **CIRCULAR NO. DOR.STR.REC.60/21.04.048/2025-26, DATED 14-11-2025**

Editorial Note: RBI has released the Trade Relief Measures Directions, 2025. Some of the key measures include: (a) granting a moratorium on payment of all instalments by REs, (b) extending the credit period from one year to 450 days for pre-shipment and post-shipment export credit disbursed till March 31, 2026, (c) classifying assets as per the norms applicable to the respective REs, and (d) making a general provision of not less than 5% of the total outstanding in respect of borrower accounts.

- 1.7** IFSCA mandates AML/CFT certification for Designated Directors and Principal Officers - **CIRCULAR F. NO. IFSCA-DAC/8/2024-AMLCFT, DATED 17-11-2025**

Editorial Note: IFSCA has mandated that all Designated Directors and Principal Officers under the IFSCA (AML, CFT and KYC) Guidelines shall undergo the "NISM-IFSCA-01" certification on AML/CFT. The course has been developed by NISM with the IFSCA Academy and will be available from 18 November 2025. The certification must be completed within four months from the launch date or from the date of appointment.

- 1.8** RBI and ECB enter into the implementation phase to link UPI with TIPS for faster cross-border remittances - **PRESS RELEASE NO. 2025-26/1549, DATED 21-11-2025**

Editorial Note: The RBI and NPCI International Payments Ltd., in coordination with the European Central Bank, have agreed to move into the implementation phase for linking India's UPI with the Euro Area's TARGET Instant Payment Settlement (TIPS) system, with the objective of enabling faster, cheaper and more transparent cross-border remittances between India and the Euro Area.

- 1.9** RBI modifies FEMA compounding directions and updates bank account details for receiving fees and compounding amounts - **A.P. (DIR SERIES 2025-26) CIRCULAR. NO 15/2025-26, DATED 24-11-2025**

Editorial Note: RBI has amended the Master Directions on compounding of contraventions under FEMA, 1999, to streamline receipt of the compounding

application fee and the compounding amount. The designated account details for payments made through NEFT and RTGS have been revised and incorporated in Annexure I of the Master Directions. Authorised Persons have been advised to bring these revised guidelines to the notice of their constituents.

- 1.10** IFSC Authority mandates display of key global access risks, including market, currency and custody risks, at every login - **CIRCULAR NO. EF.NO. IFSCA-DSI/12/2025-CAPITAL MARKET, DATED 26-11-2025**

Editorial Note: IFSC Authority has directed that key risks from Annexure I of this circular, such as market and interest-rate risks, currency movements, custody and settlement risks, technology and cyber-attack concerns, and regulatory or taxation risks, must be shown to clients at every login. Global Access Providers and Introducing Brokers shall display these disclosures in the manner prescribed under Clause 39 and ensure compliance by December 31, 2025.

- 1.11** IFSCA clarifies that IFSC Insurance Office may raise invoices in currency of underlying reinsurance contract, including INR - **CIRCULAR NO. EF.NO. 103/IFSCA/INS/CIRC/1/2021, DATED 27-11-2025**

Editorial Note: IFSCA has issued a clarification on the raising of an Invoice by IFSC Insurance Offices. IFSCA has clarified that an IFSC Insurance Office transacting reinsurance business may raise an invoice on Indian insurers, foreign insurers, and reinsurers in the currency of the underlying reinsurance contract, including INR. However, the realisation of the amount against such an invoice in the bank account of the IIO, maintained with any IBU, must be in the specified foreign currencies.

- 1.12** RBI releases final Directions on 'Digital Banking Channels Authorisation' - **PR NO. 2025-2026/1589, DATED 28-11-2025**

Editorial Note: RBI has released final Digital Banking Channels Authorisation Directions, 2025. The master directions cover (a) eligibility criteria for providing a view-only banking facility, (b) eligibility criteria for providing a transactional banking facility, (c) guidelines on technological issues in digital banking, (d) general guidelines, (e) customer conduct & other instructions. The provisions of these directions apply to all banks authorised to operate in India (commercial & cooperative banks).

- 1.13** RBI revises KYC norms; ensures entity-specific compliance and strengthened KYC oversight - **A.P. (DIR SERIES) CIRCULAR NO. 16, DATED 28-11-2025**

Editorial Note: RBI has aligned KYC requirements for Authorised Persons (APs) with the new entity-wise regulatory framework. APs regulated by the Department of Regulation must follow their respective KYC directions, while non-regulated APs must comply with the RBI (NBFC-KYC) Directions, 2025. APs must also ensure compliance by their agents and franchisees. Related Master Directions stand modified, and the instructions take immediate effect.

- 1.14** RBI repeals the KYC Master Direction, 2016 with immediate effect - **CO.DPSS.POLC.NO. S-955/02-30-010/2025-26, DATED 28-11-2025**

Editorial Note: RBI has withdrawn the Master Direction - KYC, 2016 along with all its updates, with immediate effect. Following this repeal, any reference to the 2016 Master Direction in existing instructions applicable to Payment System Providers and Payment System Participants must be interpreted as a reference to the Reserve Bank of India (Commercial Banks - Know Your Customer) Directions, 2025. RBI has also provided an Annex detailing the modifications made across various circulars in this regard.

- 1.15** RBI withdraws 9,445 circulars following consolidation into 244 Master Directions - **DOR.RRC.REC.302/33-01-010/2025-26, DATED 28-11-2025**

Editorial Note: RBI has released 244 consolidated Master Directions covering all instructions issued by the Department of Regulation and the departments merged into it. Instructions that were obsolete have been excluded from the consolidated Directions. 9,445 circulars listed in the Annex have been withdrawn, as they are either merged into the new Master Directions or have become redundant. However, any action taken or initiated under the repealed circulars will continue to be governed by earlier provisions.

2. SUPREME COURT

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

- 2.1** SLP dismissed against order of High Court that where petitioner filed discharge petition on ground that he had no involvement in banking transaction and had only assisted A1, co-accused in filling out account opening forms but, had been wrongly implicated in criminal case, since petitioner had indirectly assisted co-accused in matter of filling up account form and cheque leafs and knowingly a party in activity connected with proceeds of crime, Trial Court was justified in rejecting discharge petition - **K. Murali Krishna v. Deputy Director, Directorate of enforcement - [2025] 180 taxmann.com 459 (SC)**

- 2.2** Where petitioner filed discharge petition on ground that he had no involvement in banking transaction and had only assisted A1, co-accused in filling out account opening forms but, had been wrongly implicated in criminal case, since petitioner had indirectly assisted co-accused in matter of filling up account form and cheque leafs and knowingly a party in activity connected with proceeds of crime, Trial Court was justified in rejecting discharge petition - **K. Murali Krishna v. Deputy Director, Directorate of Enforcement - [2025] 180 taxmann.com 462 (SC)**

3. HIGH COURT

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

- 3.1 Where petitioner filed discharge petition on ground that he had no involvement in banking transaction and had only assisted A1, co-accused in filling out account opening forms but, had been wrongly implicated in criminal case, since petitioner had indirectly assisted co-accused in matter of filling up account form and cheque leafs and knowingly a party in activity connected with proceeds of crime, Trial Court was justified in rejecting discharge petition - **K. Murali Krishna v. Deputy Director, Directorate of enforcement** - [2025] 180 taxmann.com 413 (Madras)

SECTION 17 OF THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 - [APPLICATION AGAINST MEASURES TO RECOVER SECURED DEBTS.]

- 3.2 Provisions of Limitation Act, 1963 apply to proceedings under section 17 of SARFAESI Act; delay in filing an application under section 17(1) can be condoned by DRT by invoking provisions of Limitation Act, 1963 - **Ramesh Pal v. IDFC First Bank Ltd.** - [2025] 180 taxmann.com 191 (Madhya Pradesh)

SECTION 26 OF THE RECOVERY OF DEBTS AND BANKRUPTCY ACT, 1993 - VALIDITY OF CERTIFICATE AND AMENDMENT THEREOF

- 3.3 Where Recovery Certificate issued against default in repayment of loan became final and was not a subject matter of challenge before any competent Court, Recovery Officer could not go beyond Recovery Certificate and was bound to proceed in accordance with same - **Maharaji Educational Trust v. Housing and Urban Development Corporation Ltd. HUDCO** - [2025] 180 taxmann.com 64 (Delhi)

SECTION 26 OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 - APPEALS TO APPELLATE TRIBUNAL

- 3.4 Where petitioner filed writ petitions challenging provisional attachment order passed by Adjudicating Authority under section 5 of PMLA, said petition was not maintainable in view of availability of alternate and equally efficacious remedy of appeal in terms of section 26 of PMLA - **Krrish Realtech (P.) Ltd. v. Union of India** - [2025] 180 taxmann.com 271 (Delhi)

SECTION 66 OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 - DISCLOSURE OF INFORMATION

- 3.5 Compliance of Section 66(2) is not a condition precedent for issuance of Provisional Attachment Order (PAO) and said provision does not contemplate that any omission or

delay in sharing such information would attract adverse consequences thereby invalidating PAO or rendering any subsequent proceedings void - **Directorate of Enforcement v. Prakash Industries Ltd.** - [2025] 180 taxmann.com 189 (Delhi)

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

- 3.6 Where cheque issued by accused to complainant was dishonoured and accused had not produced any evidence to rebut presumption that cheque was issued in favour of complainant in discharge of liability/debt, Courts below had rightly held accused guilty of commission of an offence punishable under section 138 - **Ajay Chauhan v. C.D. Co-operative Credit Society Gohar** - [2025] 180 taxmann.com 41 (Himachal Pradesh)
- 3.7 Where accused entered into an agreement with complainant to sell land and received advance from complainant and issued a cheque to complainant to refund advance amount, however, cheque was dishonoured, accused was rightly convicted for offence under section 138 of Negotiable Instruments Act as he failed to rebut presumption that cheque was issued for consideration and in discharge of his liability. - **Sanjay Sen v. Hira Lal** - [2025] 180 taxmann.com 121 (Himachal Pradesh)
- 3.8 Initiation of proceedings under IBC will only bar continuation of proceedings under section 138 of Negotiable Instruments Act against juristic person and not against natural person - **Ram Hari Motors (P.) Ltd. v. State Bank of India** - [2025] 180 taxmann.com 132 (Himachal Pradesh)
- 3.9 Where accused had failed to rebut presumption that cheque was issued in **discharge** of liability for consideration, he was to be convicted of commission of an offence punishable under section 138 - **Nand Lal Thakur v. Mukhtyar Singh** - [2025] 180 taxmann.com 128 (Himachal Pradesh)
- 3.10 Where accused had executed a receipt of Rs. 12 lakhs in lieu of loan taken from complainant and had issued a cheque which was **dishonoured**, accused was liable for offence under section 138 of Negotiable Instruments Act even if cheque was issued as security - **Sunil Kumar v. Surinder Garg** - [2025] 180 taxmann.com 385 (Himachal Pradesh)
- 3.11 Where **cheque** issued by accused to complainant was dishonoured and accused had not produced any evidence to rebut presumption that cheque was issued in favour of complainant in discharge of liability/debt, impugned order of Appellate Court acquitting accused of commission of an offence punishable under Section 138 was to be set aside and order of Trial Court convicting accused was to be restored - **Mam Raj Ramesh Chand**

Aggarwal v. State of Himachal Pradesh - [2025] 180 taxmann.com 644 (Himachal Pradesh)

4. APPELLATE TRIBUNAL SAFEMA

SECTION 3 OF THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 - DEALING IN FOREIGN EXCHANGE, ETC

4.1 Where transfer of money could not take place on account of intervention of Enforcement Directorate, a case for contravention of section 3(1)(d) was not made out - **Ravi Goenka v. Directorate of Enforcement, Mumbai - [2025] 180 taxmann.com 69 (SAFEMA - New Delhi)**

4.2 Where DRI conducted search in case of appellant and recovered incriminating documents from electronic devices and laptop of appellant which was in use of appellant, requirement of section 39 of FEMA was met and, therefore, impugned order imposing penalties on appellant for contravention of FEMA was to be upheld - **Dr. C. Manoharan v. Special Director, Directorate of Enforcement, Chennai - [2025] 180 taxmann.com 512 (SAFEMA - New Delhi)**

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

4.3 ED cannot arrive at different conclusion qua predicate offence, while conducting investigation for PMLA, as it is not a supervisory investigating agency qua predicate offence - **P. Senthil Kumar v. Deputy Director Directorate of Enforcement, Chennai - [2025] 180 taxmann.com 67 (SAFEMA - New Delhi)**

4.4 Where on basis of FIR lodged against appellants for illicit quarrying of granites, ED formed reasonable belief that appellants committed scheduled offences and caused wrongful loss to Government exchequer and corresponding wrongful gain to themselves and pecuniary benefits obtained by appellants were reinvested in acquisition of immovable properties, properties of appellants which were involved in money laundering were rightly confirmed for attachment - **P. Senthil Kumar v. Deputy Director Directorate of Enforcement, Chennai - [2025] 180 taxmann.com 67 (SAFEMA - New Delhi)**

4.5 Where Provisional attachment order in case of appellant was confirmed by Adjudicating Authority vide impugned order dated 29.03.2019 and prosecution complaint had been filed within extended period of limitation, confirmation of attachment order was justified - **Karti P.**

Chidambaram v. Deputy Director, Directorate of Enforcement, New Delhi - [2025] 180 taxmann.com 55 (SAFEMA - New Delhi)

4.6 Where ED provisionally attached properties involved in money laundering and appellants sought substitution of attached properties with bank guarantees or FDRs during pendency of their appeals, since there was no specific statutory power vested in Appellate Tribunal to permit such substitution and moreover entire property was prima-facie involved in money laundering, offering fixed deposits for part value was impermissible - **Sanjeev Tyagi v. Deputy Director Directorate of Enforcement, Delhi - [2025] 180 taxmann.com 393 (SAFEMA - New Delhi)**

SECTION 8 OF THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 - REALISATION AND REPATRIATION OF FOREIGN EXCHANGE

4.7 Where appellant company had exported goods but had not realised proceeds of exports within prescribed period and had also failed to obtain approval for write-off from RBI, penalty imposed upon appellant company and its directors was justified; however amount of penalty being on higher side to be reduced - **Ralson Industries Ltd. v. Joint Director Directorate of Enforcement - [2025] 180 taxmann.com 545 (SAFEMA - New Delhi)**

4.8 Where appellant was paid commission for services rendered in form of discounts by foreign suppliers, but he had not obtained any permission from RBI for adjusting commission payable to him by discounting value of supplies made to him, penalty was rightly imposed on appellant for contravention of section 8 of FEMA - **M. Lakshmi Chand Jain v. Joint Director, Directorate of Enforcement, Bangalore - [2025] 180 taxmann.com 534 (SAFEMA - New Delhi)**

SECTION 10 OF THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 - AUTHORISED PERSON

4.9 Where appellant firm imported copper wire scrap from Sierra Leone, however, no import took place yet amount was remitted by appellant firm to consignor, since appellant failed to exercise due diligence in entering transaction, penalty for contravention of section 10(6) read with regulation 6 of FEM (Realisation, Repatriation and Surrender of Foreign Exchange) Regulations, 2000 was justified; however, penalty amount of Rs. 30 lakhs were to be reduced to Rs.22.5 lakhs - **G. Tex Inc. v. Special Director Directorate of Enforcement, Mumbai - [2025] 180 taxmann.com 514 (SAFEMA - New Delhi)**

INSOLVENCY AND BANKRUPTCY CODE

1. STATUTORY UPDATES

- 1.1** IBBI introduces a standard undertaking format to speed up the recovery of ED-attached assets under PMLA - **CIRCULAR NO. IBBI/CIRP/87/2025, DATED 04-11-2025**

Editorial Note: IBBI advises Insolvency Professionals to take proactive steps in cases where assets of corporate debtors are attached by the Enforcement Directorate under the Prevention of Money Laundering Act, 2002 and introduced a standard undertaking to be submitted with applications to Special Courts to speed up asset restitution.

- 1.2** IBBI directs RPs to strengthen Section 29A due diligence and place a detailed compliance note before the CoC - **CIRCULAR NO. IBBI/CIRP/88/2025, DATED 18-11-2025**

Editorial Note: IBBI has directed Resolution Professionals (RPs) to strengthen due diligence with respect to Section 29A and to place a detailed note on Section 29A compliance before the Committee of Creditors (CoC) when resolution plans are considered. Further, RPs must ensure that the deliberations and observations of the CoC on eligibility are properly recorded in the minutes. Due diligence is essential as it upholds process integrity by ensuring credible applicants and reducing post-approval challenges.

- 1.3** IBBI floats draft guidelines for conducting valuation under the IBC, 2016; seeks public comments - **PRESS RELEASE, DATED 19-11-2025**

Editorial Note: Insolvency and Bankruptcy Board of India (IBBI) in continuation to the Discussion Paper issued on Strengthening the Valuation Process under the Insolvency and Bankruptcy Code, 2016 has now issued the draft guidelines for conducting valuation under the IBC, 2016. These guidelines are bifurcated into two parts. Part 1 sets out the general requirements and Part II contains the asset-specific formats for the valuation report. The Comments may be submitted electronically by 10th Dec 2025

- 1.4** IBBI mandates timely and accurate filing of all Forms by RPs with Rs. 500 monthly delay fee under new regulation 23 - **NOTIFICATION F. NO. IBBI/2025-26/GN/REG131, DATED 20-11-2025**

Editorial Note: IBBI amends regulations for Personal Guarantors, inserting new regulation 23 relating to 'filing of forms' mandating RPs to file IBBI-notified e-Forms with complete and accurate information within prescribed timelines on the Board's portal. Any delayed filing, including corrections or updates, will attract a fee of Rs. 500 per Form per calendar month of delay. Non-filing, inaccurate/incomplete filing, or delayed filing may lead to regulatory action, including refusal to issue or renew AFA.

- 1.5** IBBI issues discussion paper on template for declaration of beneficial ownership and Section 32A affidavit

Editorial Note: The IBBI has issued a discussion paper on standardised templates for declaration of beneficial ownership and affidavit under Section 32A of the Insolvency and Bankruptcy Code, 2016. The proposal seeks to enhance transparency by mandating uniform disclosures from prospective resolution applicants regarding ultimate ownership and eligibility under Section 32A. Public comments are invited by 16 November 2025.

- 1.6** IBBI notifies a discussion paper on empowering IPE directors and partners through minimum shareholding norms

Editorial Note: IBBI has notified a discussion paper seeking views on empowering members appointed as directors or partners in an Insolvency Professional Entity by prescribing minimum shareholding or capital contribution. The discussion paper highlights variations in ownership structures, concerns of nominal participation, and issues of fairness and accountability, and proposes a minimum threshold to strengthen governance and align responsibilities within IPEs.

- 1.7** IBBI proposes mandatory recording of reasons by CoC for recommending liquidation

Editorial Note: IBBI has released a discussion paper outlining targeted measures to enhance procedural clarity and transparency in the CIRP framework. The paper proposes disclosure of allottees in the Information Memorandum and their treatment in the Resolution Plan, disclosure of receivables and information on assets under attachment in the Information Memorandum, and mandatory recording of reasons by the CoC for recommending liquidation. Comments on the paper may be submitted by December 8, 2025.

- 1.8** IBBI issues second guidelines for panel and appointment of IPs as IRP, RP, Liquidator and BT for Jan-Jun 2026

Editorial Note: IBBI issues second guidelines for a common six-monthly panel of IPs/IPEs for NCLT/DRT appointments as IRP, RP, Liquidator and BT for 1-1-2026 to 30-6-2026; eligible IPs must have no pending disciplinary case or recent conviction, hold a valid 'Authorisation for Assignment (AFA)', and file Form A (unconditional consent). Panel inclusion is deemed consent; unjustified refusal leads to six-month removal. NCLT/DRT retain discretion; earlier 27-5-2025 guidelines repealed.

2. SUPREME COURT

SECTION 7 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - INITIATION BY FINANCIAL CREDITOR

- 2.1** Mere filing of a defective affidavit in support of an application under section 7 would not render very

application non est and liable to be rejected on that ground as it is neither an incurable nor a fundamental defect - *Livein Aqua Solutions (P.) Ltd. v. HDFC Bank Ltd.* - [2025] 180 taxmann.com 696 (SC)

SECTION 60 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE PERSON'S ADJUDICATING AUTHORITIES - ADJUDICATING AUTHORITY

- 2.2 Where Company proposed a rights issue to increase its share capital while corporate debtor (CD), holding 25.41% shares, was under CIRP, however, CD's shareholder sought to restrain Company from conducting EGM and altering CD's shareholding, since Company acted within its rights, application seeking to restrain company from convening its extraordinary general meeting or altering CD's shareholding was to be dismissed - *Glas Trust Company LLC v. Shailendra Ajmera* - [2025] 180 taxmann.com 524 (SC)

3. NATIONAL COMPANY LAW APPELLATE TRIBUNAL

SECTION 5(21) OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - OPERATIONAL DEBT

- 3.1 Where appellant, engaged by corporate debtor for legal consultancy on a fixed retainer, filed claims for unpaid invoices during CIRP, but RP could not verify claims due to absence of accepted bills, credit balance, or invoices in debtor's books, despite making diligent efforts to collate evidence, thus impugned order passed by NCLT rejecting appellant's claim was justified - *Juristical Legal Services LLP v. Three C Universal Developers (P.) Ltd.* - [2025] 180 taxmann.com 329 (NCLAT- New Delhi)

SECTION 7 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - INITIATION BY FINANCIAL CREDITOR

- 3.2 Where corporate debtors had failed to fulfil their obligations in completing real estate project, CIRP application filed by allottees was to be admitted - *Ashok Kumar v. Col Gautam Mullick* - [2025] 180 taxmann.com 103 (NCLAT- New Delhi)

SECTION 24 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - COMMITTEE OF CREDITORS- MEETING OF

- 3.3 Where CoC in its commercial wisdom had already disregarded valuation report of first set of valuers, ex-director of corporate debtor could not substitute his own perception with commercial wisdom of CoC and seek disclosure of said valuation reports - *Manish Bagrodia, Director (Suspended Powers) of Winsome Yarns Ltd. v. Anil Kohli, Resolution Professional of Winsome*

Yards Ltd. - [2025] 180 taxmann.com 20 (NCLAT- New Delhi)

SECTION 25 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - RESOLUTION PROFESSIONAL- DUTIES OF

- 3.4 Where there were various infirmities in CIRP of corporate debtor and six years had lapsed since initiation of CIRP but no steps had been taken by SRA to complete project as per schedule contemplated in resolution plan, fresh Form G was to be issued and entire process including consideration of resolution plan was to be completed within a period of three months - *IFCI Ltd. v. Raju Palanikunnathil Kesavan* - [2025] 180 taxmann.com 362 (NCLAT- New Delhi)

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

- 3.5 Where pursuant to approval of resolution plan, respondents banks, despite having received entire payment, breached resolution plan by not releasing properties of corporate debtor, respondents were directed to release secured assets of corporate debtor within a week - *Puro Natural Sugars JV v. Shree Warana Sahakari Bank Ltd.* - [2025] 180 taxmann.com 567 (NCLAT- New Delhi)

- 3.6 Where appellant was one of shortlisted prospective resolution applicant (PRA) by RP, however, till plan of SRA was opened and approved, appellant did not make any attempt to submit its plan, thus, appellant had no locus standi to challenge decision of CoC to approve only resolution plan before it and since appellant had unnecessarily interfered with resolution process and halted it, a cost of Rs.15 lakhs was to be slapped on it - *Astral Agro Ventures v. Vakati Balasubramanyam Reddy* - [2025] 180 taxmann.com 604 (NCLAT- New Delhi)

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

- 3.7 Where process document was prepared in a manner that other prospective bidders were not able to meet timelines for submission of eligibility documents and make earnest money deposit (EMD) thus preventing prospective bidders to participate in right earnest, private sale had to be set aside - *Orissa Alloy Steel (P.) Ltd. v. S M Steels and Power Ltd.* - [2025] 180 taxmann.com 278 (NCLAT- New Delhi)

SECTION 53 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - ASSETS, DISTRIBUTION OF

- 3.8 Where Gujarat State Tax Department had attached corporate debtor's property prior to CIRP

commencement, it possessed a secured right over such property and, as resolution professional had earmarked funds pending adjudication, Adjudicating Authority was correct in treating State Tax Department as secured creditor - **Cosmos CO. OP. Bank Ltd. v. Kailash T. Shah** - [2025] 180 taxmann.com 429 (NCLAT- New Delhi)

SECTION 60 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE PERSON'S ADJUDICATING AUTHORITIES - ADJUDICATING AUTHORITY

- 3.9 Where NCLT dismissed contempt petition filed against RP on ground that there was no deliberate or intentional contempt, since order which had been challenged by invoking section 19 of Contempt of Courts Act, 1971, was not an order of punishment, appeal against said order as prescribed under section 19 would not be maintainable - **Srinivas Kalluri v. Birendra Kumar Agarwal** - [2025] 179 taxmann.com 576 (NCLAT - Chennai)

SECTION 66 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE PERSON'S ADJUDICATING AUTHORITIES - FRAUDULENT OR WRONGFUL TRADING

- 3.10 Where a KMP/director of corporate debtor sold shares of a related party to himself at a substantial loss, resulting in fraudulent depletion of corporate debtor's assets, section 66(1) was independently applicable to such related-party transactions without any look-back limitation, making order directing director to contribute amount of loss with interest to corporate debtor legally sustainable. - **Swapan Kumar Saha v. Ashok Kumar Agarwal** - [2025] 180 taxmann.com 262 (NCLAT- New Delhi)

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

- 3.11 Where corporate debtor's balance sheets contained clear and unequivocal acknowledgment of debt towards appellant bank. such acknowledgments validly extended limitation against personal guarantor and, thus, application filed by appellant- financial creditor under section 95 was well within limitation period. - **State Bank of India v. Bernard John** - [2025] 179 taxmann.com 583 (NCLAT- New Delhi)

SECTION 115 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - INDIVIDUAL/FIRM'S INSOLVENCY RESOLUTION PROCESS - REPAYMENT PLAN- EFFECT OF ORDER OF ADJUDICATING AUTHORITY ON

- 3.12 Where pursuant to admission of application under section 95 against personal guarantors, repayment plan submitted by personal guarantors under section 105 was rejected by NCLT on ground that despite of assurance extended, modified repayment plan was never submitted by personal guarantors, rejection of repayment plan without availing an opportunity of its revision in light of

provision contained under section 115 did not suffer from any apparent error calling for interference - **Reena Paul v. CA Francis Mathew** - [2025] 180 taxmann.com 70 (NCLAT - Chennai)

4. NATIONAL COMPANY LAW TRIBUNAL

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

- 4.1 Where applicant service provider to corporate debtor agreed to accept transfer of 10 flats in lieu of part payment of outstanding dues, since there was no disbursement of monies by applicant to corporate debtor, applicant was not a financial creditor under section 5(8)(f) - **Capacite Infraprojects Ltd. v. Jayesh Natvarlal Sanghrajka** - [2025] 180 taxmann.com 361 (NCLT - Mum.)

SECTION 5(21) OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - OPERATIONAL DEBT

- 4.2 Where operational creditor had failed to establish, by valid documentary evidence, existence of an undisputed operational debt exceeding prescribed threshold limit under Section 4 due and payable by Corporate Debtor and moreover there was a record of dispute in information utility, section 9 application filed by operational creditor against corporate debtor was to be rejected - **Bhagya Enterprises v. BLV Infinity Project Solutions (P.) Ltd.** - [2025] 180 taxmann.com 196 (NCLT - Mum.)

SECTION 21 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - COMMITTEE OF CREDITORS

- 4.3 Where applicants, being homebuyer associations of two ongoing projects, challenged reconstitution of CoC after approval of their project-wise plans, once homebuyers' resolution plans were approved, they ceased or lost their interest in corporate debtor and resolution process, thus, restoration of CoC to its original status as prayed by applicant homebuyers' association was impermissible. - **Samson and Sons Builders and Developers (P.) Ltd. v. K. Parameshwaran Nair** - [2025] 180 taxmann.com 442 (NCLT - Kochi)

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

- 4.4 Where application for approval of resolution plan had been filed duly following provisions of section 31 and resolution plan was also in conformity with settled position of law, application was to be allowed. - **Induskleed Exports (P.) Ltd. v. Pala Decor (P.) Ltd.** - [2025] 180 taxmann.com 312 (NCLT-Chd.)

ACCOUNT AND AUDIT UPDATES

1. STATUTORY UPDATES

- 1.1** NFRA publishes an 'Audit Practice Toolkit' to enhance audit quality in India

Editorial Note: The NFRA has commenced issuing audit practice toolkits with a focus on supporting small and medium-sized practitioners engaged in audits. This initiative is a part of NFRA's ongoing effort to enhance the overall quality of auditing practices in India. The NFRA has issued this audit practice toolkit regarding fundamental and critical aspects of the audit, specifically the development and documentation of an audit strategy commensurate with the risk profile of the auditee entity.

- 1.2** Enhanced disclosure requirements under Ind AS 7 for supplier finance arrangements

Editorial Note: Supplier Finance Arrangements allow an entity to offer its suppliers the option of early payment through a third-party financier. These arrangements assist the entity in managing the working capital. However, the user of financial statement has raised a concern over the limited disclosures made regarding these arrangements. Considering, which the amendment has been made in Ind AS 7. Read to understand the impact of amendment over supplier finance arrangement.

- 1.3** Enhancing Audit Quality: Key Insights from the NFRA Staff Series on Overall Audit Strategy

Editorial Note: NFRA has commenced publishing NFRA Staff Series, wherein they provide insights, analysis, and practical guidance on critical aspects of accounting and auditing. Under its staff series, NFRA has recently published an audit strategy memorandum which is an audit practice toolkit. This memorandum provides the guidance to the auditor about the practical aspects of audit strategy in accordance with SA 300. Read to understand the analysis of the sample memorandum issued by NFRA.

- 1.4** Decoding the concept of Control under Ind AS 115: The Core Principle of Revenue Recognition

Editorial Note: The story explains the concept of control under Ind AS 115, marking a shift from the earlier "risk-and-reward" model to a "control-based" approach for revenue recognition. It discusses key indicators for determining transfer of control and illustrates their application through examples such as license agreements and bill-and-hold arrangements. It also discusses the importance of evaluating contract terms and conditions to ensure revenue is recognized when control actually passes to the customer.

- 1.5** NFRA 2 filing deadline and key compliance requirements

Editorial Note: The NFRA-2 annual return, mandated under Rule 5 of the NFRA Rules, 2018, is a key

compliance requirement introduced by the NFRA to enhance audit quality in India's financial reporting landscape. Auditors of NFRA regulated entities including listed companies, large unlisted public companies, entities governed by sector-specific laws, government-interest companies & qualifying foreign subsidiaries or associates must report comprehensive details on their audit engagement. Read to know about NFRA-2

- 1.6** Classification and accounting treatment of incentives received through the Structured Package of Assistance: Ind AS 20

Editorial Note: Determining the true nature of a government incentive is not always straightforward—especially when it is labelled a capital subsidy but earned year after year through multiple operational conditions. This case explores whether such a Structured Package of Assistance, linked to investment, employment, and continuous operations, aligns more closely with a capital grant or a revenue grant under Ind AS 20.

- 1.7** Ind AS 12 analyses of deferred tax arising from Parent's loan and deemed investment in a Subsidiary

Editorial Note: An interest-free loan from a parent to its subsidiary is recorded at fair value, which results in a discounted loan balance and a deemed investment, while tax laws continue to treat the loan at its full amount. This creates temporary differences between the carrying amount and tax base of both the loan and the deemed investment under Ind AS 12. The discussion focuses on how deferred tax should be evaluated given the differing accounting and tax treatments arising from the same transaction.

- 1.8** NFRA launches Webinar Series 2025-26 to strengthen India's financial reporting ecosystem

Editorial Note: NFRA has launched its Webinar Series 2025-26 under the initiative "Creating a Better Financial Reporting Ecosystem," aimed to strengthen India's financial reporting ecosystem. The series begins on 26 November 2025 with a session on Impairment of Assets under Ind AS 36 and will support stakeholders in areas involving significant judgments and professional scepticism. More webinars on topics like revenue recognition over time and expected credit losses will follow in the coming months.

- 1.9** Accounting treatment of dry dock expenditure on dredgers beyond their useful life: Ind AS 16

Editorial Note: A company incurred significant dry dock expenditure on four dredgers that continued to operate even after completing their original useful lives. While the company capitalised these costs as major inspection components, the CAG questioned the appropriateness of this treatment. This document examines whether such expenditure can be capitalised under Ind AS 16 in these circumstances.

Mobile Mera Hai... Ya Phir Main Mobile Ka Hoon?



CA Mohan Lal Gupta
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1. “Mobile mera hai... ya phir main mobile ka hoon?”

This arresting question encapsulates the core of modern digital dependency, where a device meant to assist human life increasingly begins to shape human habits, behaviour, and thinking patterns.

2. Involuntary Attraction to Smartphones

Even without a specific need, the mere presence of a smartphone draws attention, weakening self-control and diminishing the quality of personal, academic, and professional engagement.

3. Smartphones as an Indicator of Social Status

In contemporary society, not owning a smartphone is often viewed as a sign of backwardness. This compels individuals across age groups to remain constantly digitally engaged.

4. Impact on Students and Future Generations

Excessive mobile exposure has reduced concentration among students, increased distraction, and adversely affected behavioural development. Their academic growth is increasingly influenced by screen habits rather than disciplined study.

5. Implications for Professionals in Accounts, Tax, Law, Finance, and AI

Smartphones erode the depth of concentration required for audit, analysis, drafting, compliance monitoring, and financial interpretation. Interruptions undermine precision and professional judgement.

6. Declining Analytical Power Due to AI-Assisted Smart Replies

Modern smartphones include AI-based auto-suggestions, predictive replies, smart summaries, and automated reasoning tools.

These features gradually weaken human analytical capacity.

Dependence on ready-made responses discourages critical thinking.

The human brain becomes underutilized, affecting creativity, memory, and reasoning.

It must be clearly understood that human intellect has no substitute, and technology cannot replace natural cognitive depth.

7. Universal Principle: “As You Sow, So Shall You Reap”

The way we use technology determines the impact it has on our lives. If overuse becomes habitual, stress, dependency, and reduced mental strength follow. Therefore, society must consciously inculcate good habits and use technology in a balanced and limited manner.

8. Health Concerns Emerging from Smartphone Overuse

- a) Eye strain from prolonged screen time;
- b) Sleep disturbance due to blue-light exposure;
- c) Anxiety from constant notifications;
- d) Reduced capacity for deep thinking;
- e) Psychological dependence on continuous connectivity;

9. Smartphones Replacing Essential Human Tools and Experiences

Smartphones have replaced:

- a) clocks and watches;
- b) cameras and photo albums;
- c) calculators and diaries;
- d) television and radios;
- e) cinemas and entertainment halls; and
- f) newspapers, books, and learning materials.

While convenient, this replacement centralises all functions into a single device, increasing dependency and reducing the brain's natural engagement with varied tasks.

10. Digital Influence on Social and Family Interactions

Meaningful conversations have been replaced by digital communication. Family time, cultural participation, and emotional bonding decline as screen time increases.

11. Economic Costs of Smartphone Overuse

- a) Lower productivity due to frequent distractions;
- b) Errors in tax filings, audits, finance, and legal documents;
- c) Impulsive expenditure triggered by digital marketing; and
- d) Increased vulnerability to cyber theft and fraud

12. Benefits of Smartphones Acknowledged

Smartphones support UPI, Aadhaar/PAN-based services, GST/TDS filing, legal databases, and AI-enabled productivity tools. Yet the benefits cannot overshadow the behavioural and cognitive risks associated with excessive use.

13. Need for Responsible Digital Discipline

The objective is not to reject technology but to regulate its consumption. Self-discipline ensures smartphones remain an aid rather than a controlling force.

14. Establishment of “No-Phone Zones”

Dining areas, bedrooms, prayer spaces, and focused work zones should be designated as phone-free to improve mental clarity and interpersonal connection.

15. Limiting Non-Essential Notifications

Disabling unnecessary alerts preserves attention and supports effective work habits.

16. Adopting Fixed Time Slots for Digital Communication

Structured timings for WhatsApp, emails, or social media prevent constant interruptions and increase work efficiency.

17. Using Larger Devices for Professional Work

Professional tasks such as drafting, analysis, and computations are best conducted on computers, reducing exposure to mobile distractions.

18. Promoting Offline Activities for Personal Development

Printed books, handwritten notes, in-person discussions, and outdoor activities strengthen the mind and reduce reliance on digital assistance.

19. Digital Supervision for Children

Regular monitoring, time limits, and meaningful offline engagement help shape healthy behavioural patterns among children and adolescents.

20. Adoption of Digital Detox Practices

Short daily or weekly breaks from devices promote mental calm, healthy sleep, and balanced lifestyle habits.

21. Role of Government as a Public Health Imperative

Smartphone dependency is an emerging public concern requiring thoughtful policies, awareness programmes, and behavioural guidelines.

22. Need for a National “Responsible Digital Use” Initiative

Awareness programmes—similar to campaigns on road safety, hygiene, and financial literacy—are essential to educate citizens on balanced digital usage.

23. School-Level Regulations and Reforms

Limiting phone use in schools, introducing digital wellness modules, and encouraging offline learning can protect young minds from early dependency.

24. Workplace Standards for Digital Hygiene

Advisory guidelines encouraging structured communication, discouraging late-night messaging, and promoting uninterrupted work hours can restore professional productivity.

25. Age-Appropriate Restrictions for Minors

Global best practices on content limits, parental controls, and restrictions on addictive app designs may be considered by policymakers.

26. Regulation of Addictive Digital Architecture

Features designed to hold attention—endless scrolling, push notifications, and behavioural triggers—require ethical oversight and regulation.

27. Promotion of Ethical AI Use

AI tools should enhance productivity rather than replace human thinking or encourage excessive screen engagement.

28. Collective Social Responsibility

Parents, teachers, professionals, and policymakers must collaborate to ensure that smartphones are used positively without endangering mental health or societal structure.

29. Professional Associations as Role Models

Bodies dealing with taxation, accounts, finance, law, and AI must promote digital discipline and awareness among members, students, and society.

30. Ensuring Technology Remains a Tool, Not a Master

Human intelligence is unmatched; technology must remain subordinate to human judgement, not the reverse.

Conclusion: Reclaiming Control of Our Digital Lives

The concluding reminder remains emphatic:

“Mobile mera hai... ya phir main mobile ka hoon?”

Responsible behaviour, balanced technology use, and mindful habits—supported by policy intervention—can ensure that smartphones remain a boon rather than a silent threat to the cognitive, emotional, and social fabric of society and the ANSWER to the arresting question:

“Mobile mera hai... ya phir main mobile ka hoon? The reply is....

MOBILE MERA HAI

~ Technology can simplify taxation, but only ethics can dignify it.

Understanding Categories of Equity Mutual Funds & the Rise of New Fund Offers (NFOs)



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Mutual Funds have rapidly become one of the most preferred investment avenues for Indian investors seeking long-term wealth creation. With rising financial awareness, simplified digital platforms, and strong regulatory oversight by SEBI, participation in equity funds has grown significantly. For beginners and even seasoned investors, understanding the major categories of Equity Mutual Funds is essential before allocating capital. An additional trend gaining attention is the steady launch of New Fund Offers (NFOs), which often create curiosity but also demand careful evaluation.

1. Large Cap Equity Funds

Large Cap Funds invest primarily in the top 100 companies ranked by market capitalisation.

Key Features:

- High stability and relatively lower volatility
- Suitable for long-term, conservative equity investors
- Ideal for building the core of a portfolio

2. Mid Cap Equity Funds

Mid Cap Funds invest in companies ranked 101–250 by market cap.

Key Features:

- Higher growth potential compared to large caps
- Higher volatility
- Suitable for investors with a 5–7 year horizon

3. Small Cap Equity Funds

These funds invest in companies ranked 251 and below.

Key Features:

- Highest wealth-creation potential
- Highest risk and volatility
- Require patience and long-term discipline

4. Flexi Cap Funds

Flexi Cap Funds can invest across large, mid and small caps, giving the fund manager the freedom to adjust allocation.

Key Features:

- Balanced diversification
- Suitable for uncertain or changing market cycles
- Great for investors who prefer flexibility

5. Multi Cap Funds

SEBI mandates Multi Cap Funds to allocate 25% each to large, mid and small caps.

Key Features:

- More structured and rule-based than Flexi Cap
- Ensures broad diversification
- Higher volatility due to compulsory small-cap exposure

6. Sectoral & Thematic Funds

These funds invest in specific sectors such as Banking, Pharma, Technology, Infrastructure, Consumption or in themes like ESG, Innovation, EV, etc.

Key Features:

- Very high risk
- Performance depends on the sector cycle
- Suitable as satellite holdings

7. ELSS – Equity Linked Savings Scheme

ELSS is the only equity mutual fund eligible for tax deduction under Section 80C, with a 3-year lock-in period.

Understanding New Fund Offers (NFOs)

NFOs are newly launched mutual funds offered to investors for the first time. They often attract attention due to new themes or low face value, but require careful evaluation.

When NFOs may be considered:

- When they offer a new category or strategy
- When the theme fills a gap in the investor's portfolio
- When launched by an AMC with strong track record

When NFOs should be avoided:

- When established funds already exist in the same category
- When the strategy is too niche or untested
- When investors chase low NAV without understanding value

What to evaluate before investing in an NFO:

- AMC and fund manager track record
- Category risk
- Theme durability
- Expense ratio
- Fit with personal financial goals

Conclusion

Equity Mutual Funds offer diverse opportunities for every type of investor. Understanding each category helps build a balanced portfolio. While NFOs may offer unique opportunities, they should be evaluated on merit, not marketing. A disciplined SIP approach, proper asset allocation, and periodic review remain essential for long-term wealth creation.

~ A fair tax system does more than collect revenue; it nurtures a culture of responsibility and equity.

NEW LABOUR CODES**(November 21, 2025)**

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In a historic decision, the Government of India has announced the four Labour Codes (new), while expanding protections, ensuring safety, social security and reducing the regulatory.

1) Code on Wages, 2019:

- a) Consolidates 4 laws: Minimum Wages Act, Payment of Wages Act, Equal Remuneration Act Payment of Bonus Act
- b) Uniform definitions of wages, universal minimum wage, and timely payment.

2) Industrial Relations Code, 2020:

- a) Consolidates 3 laws: Trade Unions Act, Industrial Employment Act, Industrial Disputes Act
- b) Simplifies dispute resolution, promotes industrial harmony, and improves the business environment.

3) Social Security Code, 2020:

- a) Consolidates 9 laws including EPF, ESI, Gratuity, Maternity Benefit, Unorganised workers' social security
- b) Extends social security to unorganised workers and gig/platform workers.

4) OSH & Working Conditions Code, 2020

- a) Consolidates 18 laws governing workplace safety and working conditions.
- b) Single registration, common licence, and uniform health & safety standards across sectors.

OVERVIEW

Existing Labour Acts		New Labour Codes
Sections	1228	480
Rules	29 Laws with 1436 Rules	4 codes with 351 Rules
Registrations	8	1
Licenses	4	1
Forms	181	73
Registers	84	8
Returns	31	1
De-Criminalisation	87 (Sections with imprisonment)	22
Improvement Notice	--	New Provision
Compounding	--	New Provision

Labour Reforms – Pre & Post Comparative

S. No	Pre Labour Reforms	Post Labour Reforms
Formalization of Employment	No mandatory appointment letters.	Mandatory appointment letters to all workers. Written proof will ensure transparency, job security, and formal employment.
Social Security Coverage	Limited Social Security coverage	Under Code on Social Security 2020, all workers including gig & platform workers to get social security coverage.
Minimum Wages	Minimum wages applied only to scheduled industries/employments; large sections of workers remained uncovered.	Under the Code on Wages, 2019, all workers to receive a statutory right of minimum wages payment. • Concept of “ Floor Wage ” introduced, reducing wage disparity across states and promoting standard of living.

Preventive Healthcare	No legal requirement for employers to provide free annual health check-ups to workers.	Employers must provide all workers with a free annual health check-up. • Promoting timely preventive healthcare culture
Timely Wages	No compliance for timely payment of wages.	Mandatory for employers to provide timely wages. Provide financial stability, reducing work stress and boosting overall morale of the workers.
Women Workforce Participation	Female employment in night shifts in certain occupations was prohibited	Women are permitted to work at night and in all types of work across all establishments subject to their consent and safety measures. • Women will get equal opportunities to earn higher incomes- in high paying job roles.
ESIC Coverage	ESIC coverage was limited to notified areas and specific industries; and establishments with fewer than 10 employees were excluded & hazardous process units did not have mandatory ESIC coverage across India.	ESIC coverage and benefits are extended Pan-India - voluntary for establishments with less than 10 employees, and mandatory for establishments with even one employee engaged in hazardous processes. • Social protection coverage will be expanded to all workers.
Compliance Burden	Multiple registrations, licenses and returns across various labour laws.	Single registration, PAN-India single license and single return. Simplified processes and reduction in Compliance Burden

Benefits of Labour Codes

Overview of Benefits- Ease of Doing Business

- **Uniform Definitions:** Wages, Employee, Worker etc.
- **Leveraging technology:** Electronic forms, registers and returns
- **Transparency in enforcement**
 - Inspector-cum-Facilitator in place of Inspector
 - Randomized Web-based Inspection System
- **Higher female labour force participation**
 - Right to work in all roles; work at night with consent
 - Crèche facility in establishments having 50 or more employees
- **Flexibility in fixing working & overtime hours** to Appropriate Government

Code on Wages

Benefits to Employees

- **Statutory right** for minimum wage extended to all employees.
- **Timely payment of wages** including via **electronic transfer**.
- **Prohibits discrimination** on ground of gender in matter relating to wages and recruitment.
- **Statutory Floor Wage** introduced.
- **Allowances exceeding 50%** made **part of Wage**
- **Enhanced maternity benefits, gratuity, EPF, EPS contribution, etc.**

Code on Social Security

Benefits to Employees

- **Universalization of Social Security**
 - Gig and Platform workers
 - Unorganized workers
 - ESIC coverage to all establishments
- **Provisions for increased participation of Women Workers**
 - **Work-from-home option** after maternity leave.
 - **Mandatory Crèche Facility** for establishments with 50 or more employees.

Benefits to Employers

- **Ease of compliance under Employees' Provident Fund (EPF)**
 - Limitation period of 5 years for inquiry in past cases.
 - Assessment orders within 2 years.
 - Power to reopen cases on suo-moto basis abolished.
- **EPF Appeals**
 - Appeal deposit amount reduced from 75% to 25% of assessed liability.

Occupational Safety, Health & Working Conditions Code**Benefits to Employers**

- **Higher Thresholds**
 - Contract labour: 20 → 50 workers
 - Factories with power: 10 → 20 workers
 - Factories without power: 20 → 40 workers
- **Simplified Compliance**
 - Single All-India License valid for 5 Years
 - Deemed approval & renewal of licenses
- **Third-Party Certification for start-ups and class of establishments.**

Benefits to Employees

- **Formalization** through appointment letters
- **Free annual health check-ups**
- **Inter-State Migrant Worker** includes directly employed or through contractor
- **Universal Occupational Safety & Health**
 - National standards for health & safety
 - Welfare facilities: canteen, medical, etc.

Industrial Relations Code**Benefits to Employees**

- **Fixed Term Employment (FTE)**
 - No limits on sectors, periods, tenures & employees.
 - Workers get same benefits as permanent employees.
- **Raised Threshold for Retrenchment/Lay-off/Closure**
 - 100 to 300 workers in factories, mines & plantations.
- **Statutory Negotiating Union/Council**
- **Faster Adjudication of Disputes:** Two-Member Tribunal
- **Re-skilling fund for retrenched workers.**

Benefits to Employers• **Fixed Term Employment (FTE)**

No limits on sectors, periods, tenures & employees.

Workers get same benefits as permanent employees.

• **Raised Threshold for Retrenchment/Lay-off/Closure**

100 to 300 workers in factories, mines & plantations.

• **Statutory Negotiating Union/Council**• **Faster Adjudication of Disputes: Two-Member Tribunal**• **Mandatory 14 days Strike notice.****NEW LABOUR CODES : How Your Salary, PF & Gratuity Will Change!**

(Important update for all employees & employers)

The new labour codes have completely redefined 'wages', which will directly impact your gratuity, PF, take-home salary, and other benefits. Here's the simple breakdown:

1. What's the new definition of 'Wages'?

Under the new labour codes, wages means the summation of the following:-

✓ Basic Pay

✓ DA (Dearness Allowance)

✓ Retaining Allowance

This must be at least 50% of your CTC.

Excluded components: HRA, overtime, bonus, PF contribution, commission, etc.

-> This means allowances cannot be inflated to reduce PF or gratuity obligations.

2. Will Gratuity & PF Increase?

YES. Since the wage base is now higher (50% of CTC), both gratuity & PF contributions will increase.

Earlier, gratuity was calculated only on basic + DA, which many companies kept low.

Now, payouts will rise significantly:

Govt employees: up to ₹20 lakh

Private sector: up to ₹25 lakh

Mandatory PF = 12% of wages (which now means higher employer & employee contribution).

3. Who is Eligible for Gratuity?

Gratuity eligibility reduced from 5 years to 1 year for fixed-term employees.

Permanent employees still need 5 years.

Repeated fixed-term contracts may also qualify (awaiting clarity).

4. Will Take-Home Salary Reduce?

Yes, because PF & gratuity contributions will raise due to the new wage structure (50% Rule), take-home salary is expected to drop.

But long-term benefits like PF corpus & gratuity will significantly increase.

5. Are These Changes Effective Now?

Not yet. The updated Codes are notified but will become effective only when the government announces the enforcement date.

Conclusion:

Your in-hand salary may reduce, but your retirement benefits, PF & gratuity will increase sharply, making your long-term financial security stronger.

~ True reform is achieved not by changing rules alone, but by transforming the relationship between the taxpayer and the tax authority.

Beyond Numbers: Unlocking New Avenues for CAs Through Business Coaching



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The "Just One Quick Question" Trap

We've all been there. You are sitting across from a client to sign their annual returns. You have finished the compliance work, the bill is ready, and you are putting your laptop away.

The client then leans in and asks, "Can I ask you one quick question about my business before you leave?"

That "quick question" often turns into a 45-minute-deep dive. They talk about how worried they are about their cash flow, how hard it is to deal with a lazy sales team, or how unsure they are about whether to open a new branch. You pay attention. You think about it. You give them a strategic roadmap based on your work with many other companies.

They feel better and more focused after the meeting. You leave the meeting and send them a bill for... filing the return.

This was my "lightbulb moment" a long time ago.

I realized that I was selling the side dish (compliance) and giving away the main course (strategy) for free. I was jotting down last year's events like a historian when my client wanted a navigator for the next year. That inspired me to become a business coach. It wasn't about switching jobs; it was about getting paid for the work I was already doing.

Today, I want to talk about why Business Coaching is the best next step for a CA and how you can stop giving away your knowledge and start making money.

Why CAs Are "Accidental" Coaches

Let's be honest: You are likely already coaching.

CAs are great business coaches because we have the one thing that every coach wants: the truth.

It can take business coaches weeks to figure out if a company is doing well. We don't have to guess because we have access to their accounting software. The numbers tell the story without any extra information.

But to make the change, you need to stop seeing the numbers as "results" and start seeing them as "symptoms."

- **The Symptom:** High interest cost on the P&L.
- **The Compliance View:** "Let's ensure this is capitalized correctly under the Accounting Standards."
- **The Coaching View:** "Why is your working capital cycle broken? Let's look at your inventory management and fix the leak so you don't need this loan."

When you bridge that gap, you stop being a cost center (necessary for tax compliance) and become a profit center (essential for growth).

The Market Shift: Compliance is a Commodity

We're experiencing rapid automation. Software now sorts costs, matches bank statements, and writes returns. If your only selling point is "I can file your taxes correctly," you're losing against faster and cheaper algorithms.

But algorithms cannot provide **wisdom**.

Today's clients need help desperately. Business is fragile after the pandemic. Business entrepreneurs are lonely and stressed. They need more than just a scorekeeper; they need a coach to keep them on track.

The Opportunity: A compliance customer may pay you annually. A coaching client pays you monthly to achieve their goals. Revenue differs greatly and is steady.

New Avenues & Revenue Models

What does this really look like? You don't have to stop practicing. You add coaching services on top of it instead. Here are three different paths you can take right away:

1. The "Financial Health" Coach

This is the easiest transition. Instead of just sending the P&L via email, you schedule a monthly "Strategy Review."

- **The Service:** You don't just report the profit; you analyze the drivers. You help the client set financial KPIs and hold them accountable next month.
- **The Revenue:** A monthly advisory retainer.

2. The Systems & Process Architect

CAs have logical, structured minds. Most entrepreneurs are chaotic visionaries.

- **The Service:** Coaching the client on setting up internal controls, Standard Operating Procedures (SOPs), and delegation hierarchies. You aren't doing the work; you are coaching *them* on how to build a business that runs without them.
- **The Revenue:** Project-based fees or implementation retainers.

3. The Strategic Growth Partner

This is high-level intervention.

- **The Service:** Helping with succession planning, mergers, or pivoting the business model. This involves deep questioning and guiding them through big decisions.
- **The Revenue:** High-ticket consulting fees and potentially a percentage of growth/savings.

Practical Steps: How to Start (Without a Certification)

You don't need a fancy coaching certificate to start. You have the "CA" prefix, which is authority enough. Here is how you can pivot your next client meeting to a paid engagement:

Step 1: Change the Conversation Next time you meet a client, don't start with, "Here is your tax liability."

Start with, "What is the biggest bottleneck in your business right now?"

Step 2: The "Why" Ladder When they give you an answer (e.g., "Sales are down"), don't jump to advice.

Ask "Why?" three times.

- "Why are sales down?" -> *Because the team isn't closing.*
- "Why aren't they closing?" -> *Because they don't follow up.*
- "Why don't they follow up?" -> *Because we have no CRM system.*

Now, you aren't fixing sales, you are coaching them on implementing a system. That is value.

Step 3: Charge for Your Brain, Not Your Hands Propose a 3-month pilot. "Let's meet for 90 minutes every month to fix this CRM issue and monitor cash flow. I will charge [X amount] for this advisory block." You will be surprised how many clients say yes immediately.

A Tale of Two Clients: A Real-Life Illustration

To make this concrete, let's look at two scenarios involving a manufacturing client, "ABC Pvt Ltd."

The Traditional CA Approach: The CA notices ABC Pvt Ltd has high raw material costs. He sends an email:

"Dear Client, your material cost has gone up by 4% this quarter. Please note for audit purposes."

- **Outcome:** The client reads it, feels stressed, and files the email. The fee remains standard.

The Business Coach CA Approach: The CA calls a meeting. He sits the director down.

- **CA:** "I noticed margins slipped 4%. That's ₹20 Lakhs in lost profit. What changed on the shop floor?"
- **Client:** "We had high wastage because the new workers aren't trained."
- **CA:** "Okay. If we don't fix this, you lose ₹80 Lakhs this year. Let's set a goal: Reduce wastage by 50% in 3 months. I want you to draft a training roster by next Friday. Can you do that?"
- **Client:** "Yes. I needed that push."
- **Outcome:** The client saves money, sees CA as a saviour, and happily pays a premium for the monthly accountability calls.

The Ecosystem Mindset: You Don't Have to Do It All

As CAs, we excel at financial, operational, and structural business. Coaching typically uncovers underlying issues like toxic workplaces, poor leadership, and family business disputes.

This is where a lot of CAs get stuck. They say to themselves, "I can fix the balance sheet, but I can't change the CEO's mind." It's optional.

The finest Business Coaches build ecosystems. They handle money and plan, but transformation coaches do the deeper behavioral work.

If a customer needs leadership transformation or soft-skills training, refer them to a specialist. This doesn't make you look weak; it makes you look like a "General Practitioner" who knows when to call a "Surgeon." Working with expert coaches ensures outcomes, saves time, and strengthens your position as a trusted counsel who can fix any problem, even if you don't do it yourself.

Conclusion

End of "number cruncher" era. The "Strategic Partner" era has begun.

Your customers are seeking answers. They trust you. They respect you. They want you to quit counting their money and help them make more.

You know how to do it. You have the information. You only need to accept the role.

Call to Action

The transition from CA to Business Coach can start today.

1. Start Coaching: Find three "A-Category" clients. Instead of asking them about their taxes, ask them about their vision for the next three years. Give them a paid review every three months to help them get there.

2. Build Your Network: If your clients have major leadership or behavioral difficulties outside your comfort zone, don't ignore them. Contact a people-focused transformation coach.

~ Sustainable development demands financial discipline; taxation is the silent architecture that supports this discipline.

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(Registered under Societies Registration Act, 1961. Registration No. 5/60583 of 1988-89)

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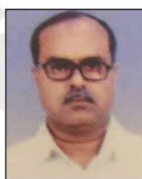
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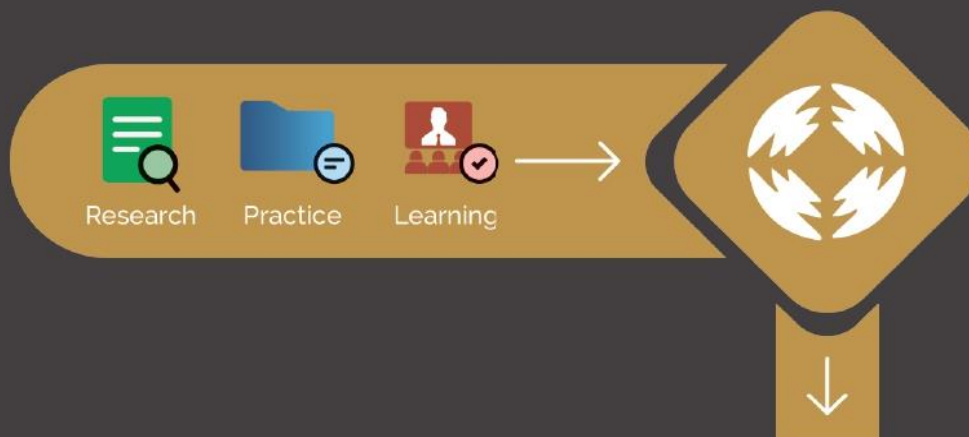


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