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Monthly E-Newsletter

BSC BEACON

TAX & REGULATORY INSIGHTS

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I. DIRECT TAX:
A. CORPORATE TAX

1. *Absence of charitable activities by a charitable trust cannot be considered as sole reason for declining registration for exemption.*

The Assessee, a charitable trust set up to undertake activities like education, medical aid, etc., is registered under Indian Trusts Act, 1882. It has applied for registration under Section 12AA of the Act in Form 10A to claim exemption. At the time of filing application for registration, no activities were undertaken by the Assessee. The CIT(E) has called for Income & Expenditure Account along with note on activities of the Trust. The Assessee submitted before the CIT(E) that it was a new trust and that it was not possible to provide supporting evidence for its activities of receiving donations, paying office rent, scholarships and books given to students, medical aid, etc. Accordingly, being dissatisfied with the submission made by the Assessee, the CIT(E) declined the registration application on the basis that there was nothing on record to show that Trust was undertaking any charitable activities. Aggrieved by the order of CIT(E), the Assessee filed an appeal before the Hon'ble Jaipur ITAT which allowed the appeal. The Tax Authorities challenged the order of ITAT before the Hon'ble Rajasthan High Court which upheld the ITAT order. Aggrieved by the order of Hon'ble High Court, the tax authorities filed a SLP before the Hon'ble Supreme Court.

The Hon'ble Supreme Court noted the facts and the observation of the Hon'ble High Court and Hon'ble ITAT that since Assessee has not undertaken any activity on the date of application for registration, it is premature for the CIT(E) to take a decision that activities are not charitable in nature. Therefore, the Hon'ble CIT(E) cannot comment on the genuineness of its activities. Also, the CIT(E) did not point out any defect in the trust deed submitted by the Assessee. Therefore, the CIT is required to restrict himself to look into the objects of the trust when there is no activity undertaken by the Assessee trust. The Hon'ble Supreme Court dismissed the petition and held that *mere registration under Section 12AA automatically does not entitle any charitable trust to claim exemption under sections 10 and 11 of the Act. When a return is filed by any trust claiming exemption it is for the assessing officer to look into all the materials and satisfy itself whether the exemption has been claimed genuinely or not. If the assessing officer is not convinced it is always open for him to decline grant of exemption.*

International Health Care Education and Research Institute [TS-135-SC-2025]

2. *Assessment under Section 143(3) of the Act completed in name of non-existing entities void ab initio*

Reliance Polypropylene Limited (RPPL) and Reliance Polyethylene Limited (RPEL) (collectively called 'amalgamating companies') were merged with Reliance Industries Limited (RIL / Assessee) pursuant to merger approved by Hon'ble Bombay High Court on 11.01.1995 with effect from 01.01.1995. However, the AO passed the assessment orders in the name of amalgamating companies. Aggrieved by the assessment orders, the Assessee filed appeal before the CIT(A) who also passed the orders in name of amalgamating companies. On further appeal by the Assessee, the Hon'ble Mumbai ITAT passed common orders for AY 1994-95 and AY 1995-96 against which the Assessee filed an appeal before the Hon'ble Bombay High Court.

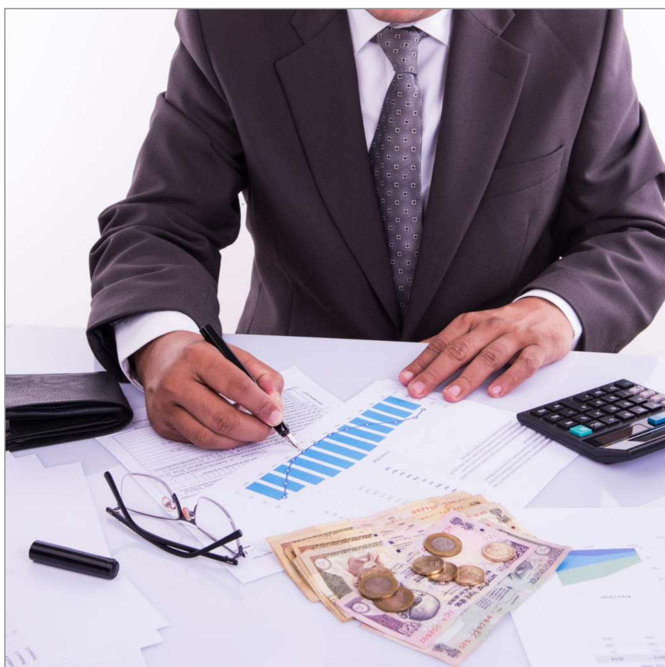
The Bombay High Court relied on the judgment of the Hon'ble Supreme Court in case of Maruti Suzuki[1] to quash the assessment orders passed in the names of the amalgamating companies stating that they were void ab initio as despite knowing about the amalgamation, the tax authorities issued orders for non-existing entities. The Hon'ble High Court reiterated that the assessment should have been in the name of the amalgamated company. The Hon'ble High Court held that even though the Assessee had participated in the proceedings, the tax authorities, inspite of having knowledge of the amalgamation order, still passed orders in the name of amalgamating companies, thus making the assessment order void ab initio. The assessment order ought to have been passed in the name of the amalgamated company.

Reliance Industries Limited [TS-108-HC-2025(BOM)]

3. *Claim of TDS without offering corresponding income is contrary to the provision of Section 198 and Section 199 of the Act, resulting in denial of TDS credit.*

The Assessee was carrying on the business as advertising agent and accredited by INS, AIR and Doordarshan. By an agreement dated 05.04.2002, the Assessee transferred the business of advertising to Imageads Services Pvt Ltd (ISPL). The business activities and business income were routed through the Assessee to ISPL. However, the TDS certificates were issued in the name of the Assessee. While, there was

[1] *PCIT vs. Maruti Suzuki India Ltd [TS-429-SC-2019]*



no income taxable in the hands of the Assessee, the Assessee continued to claim the TDS credit in its name. For the AY 2006-07, the Assessee filed its ROI, disclosing income as 'NIL' and claimed TDS of INR 30.10 Lakhs. The AO denied the credit of TDS on the basis that Assessee transferred its income to ISPL and shown Nil income in its ROI vide an assessment order passed under Section 143(3) of the Act. Aggrieved by the assessment order, the Assessee filed an appeal before the CIT(A) who dismissed the appeal and upheld the assessment order. On further appeal, the Hon'ble Mumbai ITAT dismissed the appeal by stating that since the Assessee has not offered the income on which tax was deducted, the denial of TDS credit is justified. Aggrieved by the order of Hon'ble ITAT, the Assessee filed an appeal before the Hon'ble Bombay High Court. Before the Hon'ble High Court, the Assessee contended that credit of TDS should be granted to the Assessee as TDS Certificates stood in its name. Further, there is no dispute that income had been transferred to ISPL who has declared the entire income (including TDS) and paid tax in its ROI (ROI of ISPL). Also, ISPL has neither claimed nor allowed any TDS credit. The Assessee referred to assessment orders pertaining to earlier AYs wherein the TDS credit was granted. Per contra, the tax authorities contended that TDS was on income / receipt and is deemed to be income of the Assessee. Since the Assessee shown its income as Nil, the TDS amount is not income and hence, the claim of TDS credit is contrary to Section 198 of the Act. Also, it was contended by tax authorities that in the absence of accounts / returns / assessment orders of ISPL, matter should be remanded to the Hon'ble ITAT to record the factual findings as to whether the entire receipt of the Assessee has been offered to tax by ISPL.

The Hon'ble High Court noted that Assessee has not placed on record as to what was the exact position in respect of the returns of ISPL qua the amount of income and whether ISPL has claimed TDS while offering such income. It held that *there cannot be a situation that the principal income corresponding to the TDS as claimed, is not offered for assessment, as NIL return is filed, however, merely the benefit of TDS income is claimed. This would be contrary to the provisions of Section 198 of the Income Tax Act which provides that the tax deducted at source would be the income received.* Accordingly, the Hon'ble High Court did not find any infirmity in the view taken by ITAT and hence, dismissed the appeal.

Imageads & Communications Pvt. Ltd. [TS-123-HC-2025 (BOM)]

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4. ***Levy of interest under Section 234B of the Act is not applicable on tax liability determined under MAT.***

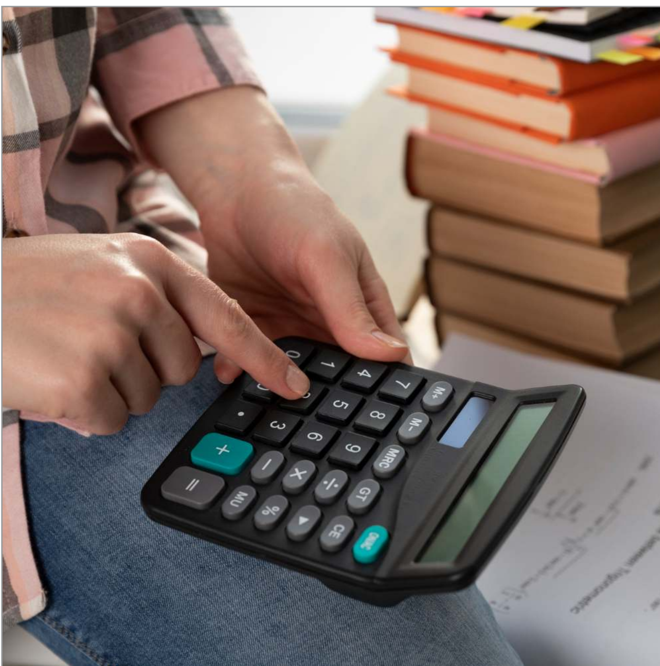
The tax authorities have filed an appeal before the Hon'ble Bombay High Court against the order passed by Hon'ble Mumbai ITAT wherein it was held that interest under Section 234B of the Act cannot be levied on the addition made to the book profit computed under MAT provisions. Before the Hon'ble High Court, the tax authorities relied on the judgment of Hon'ble Supreme Court in case of *Anjum M. H. Ghaswala & Ors.*[2] and contended that interest under Section 234B is statutory liability leviable on tax determined under MAT provisions. Per contra, the Assessee relied on *Mangalore Refinery & Petrochemicals Ltd*[3], *JSW Energy Ltd*[4] and *Prime Securities Ltd*[5] wherein a view was taken that where an Assessee computed book profits, no interest under Section 234B and Section 234C of the Act could have been levied consequent to the inclusion of various items for computing book profits as per Section 115JB of the Act. The tax authorities contended that the judgments mentioned by the Assessee were not obtained by suppressing the CBDT circulars. Further, it was argued that judgments relied by the Assessee failed to consider that there is no equity in tax matters and imposition of interest was mandatory.

The Hon'ble High Court distinguished the judgment of Anjum M. H. Ghaswala on the premise that said judgment held that Settlement Commission acting under Section 245D of the Act does not have the power to reduce or waive interest statutorily payable under Section 234A, 234B and 234C of the Act. Further, the

[2] *CIT vs. Anjum M. H. Ghaswala & Ors. [TS-10-SC-2001-O]*
[3] *PCIT vs. Mangalore Refinery & Petrochemicals Ltd [TS-321-HC-2020(BOM)]*
[4] *CIT vs. JSW Energy Ltd [TS-5743-HC-2015(Bombay)-O]*
[5] *Prime Securities Ltd vs. ACIT (Investigation) [TS-5905-HC-2010(Bombay)-O]*

Hon'ble High Court observed that the CBDT circular were considered by the Coordinate Bench while passing the judgments relied up on by the Assessee. Also, the Hon'ble High Court noted that contention in respect of reliance on CBDT circular was never raised before the Hon'ble ITAT. It held that *while it is correct that no question of equity is involved in taxing matters this principle does not obviate the necessity of the revenue being fair to the Court, and it points out that the identical questions were decided against it.* It noted that binding precedents should not be suppressed or attempted to be attacked so casually. Accordingly, the Hon'ble High Court dismissed the appeal.

Reliance Industries Ltd [TS-48-HC-2025 (BOM)]



5. *Proceedings held to be valid if sufficient material to justify re-opening of assessment*

The Assessee through its wholly owned subsidiary M/s NDTV Network PLC, UK ("NNPLC") raised $100 millions through Step Up Coupon Bonds for AY 2008-09. During the assessment of the subsequent year, the DRP raised doubts with regards to organizational structure of the Assessee and its subsidiary. The DRP noted the floating of subsidiary company and raising funds from loss making companies. On conclusion of the proceedings the DRP held the transaction of raising funds to be a sham transaction. On lifting the corporate veil, it was found that Assessee and subsidiary companies were one and the same and accordingly the order for the subsequent year was passed by the AO.

The AO recorded reasons to re-open the assessment of the AY 2008-09, stating that the sources for the funds raised were proved to be not from credible sources and he had reasons to believe that these funds were income of the Assessee which had escaped assessment.

The matter travelled to the Hon'ble Supreme Court wherein it was held that there was sufficient material available to form a prima facie view that income had escaped assessment and also noted the facts that NNPLC had no activity in London except for a postal address. It also noted that the AO had mentioned that complaints were also received from a minority shareholder, alleging that the money introduced in NNPLC was shifted to another subsidiary of the Assessee in Mauritius, then to a subsidiary of the Assessee in Mumbai and finally back to the Assessee. Further, NNPLC was placed under liquidation on 28.03.2011.

However, the matter was remitted on the ground that the matter being beyond the time limit of 4 years, the AO ought to give notice to the Assessee that the assessment is re-opened under second proviso to Section 147 of the Act. The Hon'ble Supreme Court directed the tax authorities to issue a fresh notice, if permissible by law after incorporating the provisions relied upon by them and that both the parties shall be at liberty to raise all contentions with regards to the validity of such notice. The AO initiated the re-assessment proceedings following the decision of the Hon'ble Supreme Court.

The Assessee challenged the said notice in a writ petition before the Hon'ble Delhi High Court on the ground that the second proviso to Section 147 of the Act could not be invoked and the re-opening was based on incorrect reading of the DRP's order. The Assessee also challenged the proceedings on the basis that the re-opening amounts to change of opinion.

The Delhi High Court dismissed the petition of the Assessee by observing that the Supreme Court had undoubtedly concluded that sufficient material existed to justify the re-assessment proceedings irrespective of the disclosures made by the Assessee and that the re-opening is based on the liberty granted by the Supreme Court provided that the Assessee is informed regarding the intent of the tax authorities to invoke second proviso to Section 147 of the Act.

Further, the ground in respect of re-opening of assessment amounts to change of opinion was dismissed by the Hon'ble High Court based on the observation that Supreme Court has given clear finding that material available was sufficient for re-opening. Also, the said ground was not argued before the Supreme Court in the first round of litigation and thus there is no merit in the challenge raised to the re-assessment proceedings.

New Delhi Television Ltd [TS-107-HC-2025(DEL)]

6. High Court directs the tax authorities to issue a nil TDS certificate under Section 197(1) of the Act as income not chargeable to tax in India

The Assessee is a tax resident of Ireland. The Assessee has entered into a "Reseller Agreement" with M/s Salesforce.com India Private Limited ('SFDC India') to appoint it as a non-exclusive reseller of SFDC Products. SFDC India procures 'off the shelf products' from the Assessee for onward resale to customers in India. The Assessee filed an application under Section 197 of the Act for issuance of a nil TDS certificate on the consideration received from SFDC India, by relying on the nil TDS certificate issued in the preceding year pursuant to the decision of the Hon'ble Delhi High Court in its own case. It was held by the Hon'ble High Court that the said payments did not constitute FTS and not chargeable to tax in India.

However, the AO declined to issue a nil TDS certificate and instead issued certificate to deduct tax @ 2% since the Assessee had no scrutiny history on the issue and issuance of nil TDS certificate will amount to accepting the facts without inquiry.

Aggrieved by the lower withholding certificate issued by the AO, the Assessee filed a writ petition before the Hon'ble Delhi High Court.

The tax authorities argued before the High Court that as per the Re-seller agreement, SFDC India was empowered to enter into contracts with customers and was also involved in the price determination process and the agreement had an indemnification clause indicating dependency of SFDC India on the Assessee. It was also contented that SFDC India may constitute dependent agent PE of the Assessee and hence, declined the request for nil TDS certificate.

Per contra, the Assessee argued that it neither has any place of business in India nor has engaged any employee in India. The Assessee has a TRC issued by Ireland tax authority and filed Form 10F declaring that it does not have any PE in India. The Assessee claimed that the income was not taxable in India as the consideration was in the nature of business profits under Article 7 of the India-Ireland DTAA and SFDC India was not required to withhold any tax. The Assessee also contended that as per Rule 28AA of the Rules, the AO was required to consider and give due regard to the TDS certificate issued in the previous years. The Assessee had received a nil TDS certificate in the previous AY. However, the same was disregarded by the AO.

The Hon'ble High Court observed that the AO has not denied the claim of the Assessee that the consideration is covered under Article 7 Business Profits of India-Ireland DTAA and the impugned order does not have any findings on the presence of PE in India. It further observed that the contention of the AO that SFDC India may constitute a dependent agent PE of the Assessee is not acceptable since it is not undertaking the activities specified in Article 5 of the relevant treaty to qualify as a dependent agent PE. It was also observed that unless otherwise proved by the AO the nature of relationship between SFDC India and the Assessee is on a principal-to-principal basis as clearly specified in the Re-seller Agreement. Mere indication of involvement in price determination in the absence of other elements cannot be said to constitute dependent agent PE. Accordingly, the Hon'ble High Court set aside the impugned certificate and directed the AO to issue a nil TDS certificate.

SFDC Ireland Limited [TS-118-HC-2025(DEL)]

7. Profit on sale of shares held by investment counselling company held to be taxable as business profits as the investment was an adventure in the nature of business.

The Assessee was incorporated with the main objective of investment counselling. The Assessee borrowed INR 104 crores from Revathi Associates wherein one of the directors of the Assessee was a partner and invested INR 101 crores in purchasing shares of Shriram Transport Finance Corporation Limited (STFCL).

These shares were sold within a few months for a profit of INR 27.85 crores which was offered as short-term capital gains under Section 111A of the Act. The AO held that the Assessee was engaged in the business of trading in the shares and the profit ought to taxed under the head "Business and Profession" instead of capital gains. The Assessee filed an appeal before the CIT(A) who reversed the assessment order. Aggrieved by the order of the CIT(A), the tax authorities filed an appeal before the Hon'ble Chennai ITAT which affirmed the CIT(A) order. Against the same, the tax authorities

filed an appeal before the Hon'ble Madras High Court.

The tax authorities contended that share capital of the Assessee is INR 1 Lakh and investment in shares of STFCL can be treated as *'adventure in nature of trade'* and therefore the same was liable to tax as *'income from business'*. Further, the balance sheet of M/s. Revathi Associates indicated that it had borrowed funds from 3 group companies of M/s. Shriram Transport implying an element of insider trading.

Per contra, the Assessee relied on the Hon'ble Supreme Court's decision in the case of *Felspar Credit and Investment (P.) Ltd*[6], wherein it was held where the company had held shares only as investments since its incorporation and never intended to be held as stock-in-trade, the income arising on sale of shares would be subject to capital gains.

The Hon'ble Madras High Court observed that the company immediately after its incorporation borrowed funds and made investment in shares, without having any income from its main object of consulting business which indicates that the company was incorporated, and the money was borrowed only for the purpose of trading which shall constitute a business activity. The Hon'ble High Court relied on judgment of Hon'ble Supreme Court in the case of *Sutlej Cotton Mills Supply Agency Ltd,*[7]. It was held by the Hon'ble Madras High Court that even though the main object of the company was to render investment counseling services, the investment in shares out of borrowed funds and subsequent sale for profit cannot be treated as capital gains and shall be taxable as business profits. Therefore, the Hon'ble High Court allowed the appeal of the tax authorities.

First Choice Professional Services Private Limited [TS-979-HC-2024(MAD)]

8. *Salary reimbursements on seconded employees cannot be treated as Fees for Technical Services, not liable for TDS*

Flipkart Internet Private Limited, a subsidiary of Walmart Inc., reimbursed Walmart Inc. for the salaries of seconded employees after deducting TDS. The tax authorities rejected Flipkart's application for a Nil TDS Certificate, contending that these payments constituted FTS under Section 9(1)(vii) of the Act. Accordingly, the said payments were taxable under Section 195 of the Act. The Assessee contended that the seconded employees worked under its control, satisfying the employer-employee relationship criteria. The Karnataka High Court held that no transfer of

technical knowledge occurred between the Assessee and its AE and that the "Triple Test" in respect of (i) Direct Control, (ii) Supervision, and (iii) Direction were satisfied, confirming that secondment agreements structured as employment contracts do not attract FTS taxation.

Flipkart Internet Private Limited [TS-115-HC-2025(KAR)]

9. *Ineligible FTC cannot be allowed as deduction under Section 37(1) of the Act*

The Assessee filed its ITR for AY 2015-16 after claiming FTC under Section 90/91 of the Act, amounting to INR 8.93 Crores. During the assessment proceedings, the Assessee accepted that it was eligible for claim up to INR 4.33 Crores and the balance was to be disallowed. Towards the end of assessment proceedings, the Assessee made a claim for deduction of the ineligible FTC under Section 37(1) of the Act which was denied by the AO. The said order was upheld by the CIT(A). The Assessee filed an appeal before the Hon'ble Chennai ITAT.

The Assessee contended that the claim of ineligible FTC as business expenditure is not covered by Section 40(a)(ii) of the Act as the said Section only applies to foreign taxes which are eligible as deduction under Section 90 of the Act.

Per Contra, the tax authorities relied on the assessment order and contended that no expenses in the nature of any tax can be allowed as a deduction for calculating income chargeable as business income.

The Hon'ble Chennai ITAT observed that only because Explanation 1 to Section 40(a)(ii) excludes amounts of

[6] *Felspar Credit and Investment (P.) Ltd., Vs. CIT, [TS-5503-HC-2011(Madras)-O]*
[7] *CIT, Nagpur vs. Sutlej Cotton Mills Supply Agency Ltd [TS-5028-SC-1975-O]*

monies eligible for relief under Section 90 and 91 does not mean that tax credit ineligible under Section 90 becomes allowable under Section 40(a)(ii) of the Act. Also, the intention of Section 40(a)(ii) is to not allow "any" tax as deduction under the head business and profession itself. Therefore, the view of the Assessee to claim the ineligible FTC under Section 37(1) of the Act cannot be accepted. Section 90 and the relevant Treaty has been drafted after considering the intention to avoid double taxation of the same amount. Accordingly, the FTC claim is restricted to the extent of tax paid on doubly taxed income and allowing the deduction of ineligible FTC under Section 37(1) of the Act would defeat the intention of Section 90/91 of the Act allowing graded allowance.

The Hon'ble ITAT noted that for the purpose of Section 40(a)(ii) of the Act, the term "any tax" would mean that no taxes paid by the Assessee shall be allowed to be claimed as deduction under the head business and profession. Accordingly, the Hon'ble ITAT rejected the claim of the Assessee and dismissed the appeal.

Zoho Corporation Private Limited [TS-105-ITAT-2025(CHNY)]

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10. Deletion of penalty imposed under Explanation 4 to Section 271(1)(c) of the Act for re-classfication of income where net-loss reflected in the return remains the same.

The Assessee, a Third-Party Administrator (TPA) of Insurance, was required by IRDA regulations to maintain a fixed deposit of INR 1 crore to obtain a license. The Assessee treated the interest earned on this deposit as "business income," whereas the AO classified it as "income from other sources". The AO also levied penalty for such reclassification. Additionally, the AO disallowed expenses incurred by the Assessee in the assessment order on the basis that Assessee did not commence its business. The Assessee filed an appeal before the CIT(A) who allowed the expenses considering that Assessee has started its business operations. Thus, there was no change to returned loss of INR 7.76 Lakhs and so, the Assessee did not litigate further.

However, the penalty levied under Section 271(1)(c) of the Act was confirmed by the CIT(A). Being aggrieved, the Assessee filed an appeal before the Hon'ble Mumbai ITAT. The Hon'ble ITAT observed that the net loss returned by the assessee remained unchanged even after the assessment, indicating no concealment or evasion of tax. It also noted that the dispute over the classification of interest income was a bonafide difference of opinion which does not amount to furnishing of inaccurate particulars of income or concealment of income. Therefore, the Hon'ble ITAT deleted the penalty imposed on the Assessee and allowed the appeal of the Assessee.

Rothshield Insurance TPA Ltd [TS-42-ITAT-2025 (Mum)]

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11. Order passed by the CIT(A) for recomputing demand under Section 201 of the Act to be quashed, as High Court had already quashed the order passed by AO.

The Assessee was deemed as an *'Assessee in default'* for non-deduction of tax on payment of External Development Charges under Section 194A of the Act. The AO raised the demand along with interest under Section 201(1A) of the Act. Against the impugned order, the Assessee filed an appeal before the CIT(A) and a writ petition before the Hon'ble Delhi High Court. During the pendency of appeal, the Hon'ble High Court quashed the order of the AO. Consequently, the AO passed an Order giving effect reflecting revised demand as NIL. However, the CIT(A) held that tax was deductible under Section 194C and directed the AO to recompute the demand. Aggrieved by the order of the CIT(A), the Assessee filed an appeal before the Hon'ble Delhi ITAT.

The Hon'ble ITAT held that CIT(A) lacked jurisdiction under Section 251 of the Act to issue such a direction, as no enforceable AO order existed post the Hon'ble High Court's decision. It emphasized that the CIT(A)'s powers are contingent on the existence of a valid assessment order. The CIT(A) should have dismissed the appeal of the Assessee considering that Hon'ble High Court quashed the order of the AO rendering it as non-est order and appeal became infructuous.

The Hon'ble ITAT set aside the order of the CIT(A), reaffirming the principle that appellate powers cannot be exercised once the original order is quashed by a higher judicial authority.

Emaar India Limited [TS-104-ITAT-2025(DEL)]

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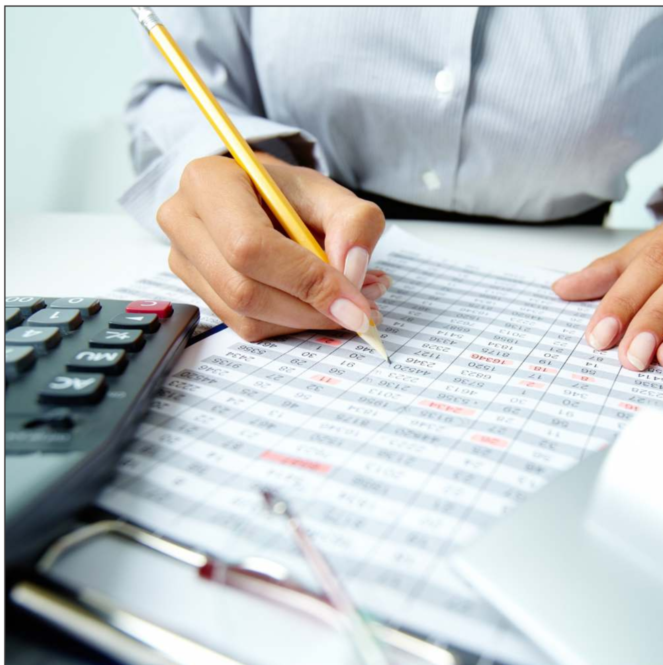
12. Deduction under Section 36(1)(viii) of the Act allowable on Interest income from Securitized Debt

The Assessee is a housing finance institution set up with the main objective of providing loans for purchase or sale of residential houses in India. Business activities of Assessee also include leasing and providing loans for the purpose other than for purchase or construction of residential houses. The Assessee securitized long-term housing loans from its pool of retail housing loans,



retaining a portion of the securitized portfolio from which it earned interest income. It included income from Pass-Through Certificates (PTCs) securitization and securitized debt as part of its business income from long-term housing finance and claimed a deduction under Section 36(1)(viii) of the Act. The AO disallowed the claim on the basis that the income lacked a direct nexus with the business of long-term housing finance and therefore did not meet the criteria for deduction. On appeal, the CIT(A) confirmed the disallowance in respect of claim of deduction.

On further appeal, the Hon'ble ITAT noted that the Assessee had retained the risk in the event of default by the borrower and that the securitization surplus represented discounted interest on housing loans. Further, the said interest income is a part of the Assessee's eligible business income. The income earned through PTC-B securitization represents loans originating from other housing finance companies with underlying assets in the form of long-term housing finance. Accordingly, the said income was also eligible for deduction. Reliance was placed on the decision of Co-ordinate Bench in case of *DCIT vs. AIG Home Finance India Ltd. (2011)*[8], which held that securitization income qualifies as income from long-term housing finance under Section 36(1)(viii) of the Act.

HDFC Bank Ltd. [TS-68-ITAT-2025(Mum)]

13. Survey statements alone cannot be the basis for tax additions without proper documentary evidence

During the course of survey proceedings on 13.02.2018, the tax authorities found that the company's physical stock was INR 3.14 Crore, while its Tally Software records showed only INR 2.12 Crore, leading to an alleged undisclosed stock of INR 1.01 crore. The MD of the Assessee admitted a discrepancy and agreed to offer INR 80 lakh as additional income. However, the Assessee later clarified that the difference arose due to non-integration of stock records in Tally software, where the opening stock of 01.04.2017 (INR 2.12 crore) was erroneously carried forward as closing stock of 31.01.2018 without updating the transactions during the year.

Subsequently, the Assessee filed its ROI for the AY 2018-19 reflecting the correct closing stock. However, the AO resorted to re-open the assessment for AY 2018-19 and contended that the Assessee ought to have kept his word given in survey and made addition under Section 69A of the Act. Aggrieved by the assessment order, the Assessee filed an appeal before the CIT(A) who allowed the appeal and deleted the addition.

Aggrieved by the order of the CIT(A), the tax authorities filed an appeal before the Hon'ble Chennai ITAT. The Hon'ble ITAT relied on judgment of Hon'ble Supreme Court in the case of *S. Khader Khan Sons*[9] wherein it was held that *'a statement recorded u/s.133A(3) of the Act does not have any evidentiary value and any admission made during such statement can't be made the basis of addition'*. The Hon'ble ITAT noted that the books of Assessee were audited which reflected higher net profit of 16.46% in the year under consideration as compared to the average net profit of 6.40% for last five years. The Hon'ble ITAT also concurred with the view of the CIT(A) that higher net profit of 16.46% could not have been achieved unless stock difference was included. Accordingly, the Hon'ble ITAT upheld the order of the CIT(A) and dismissed the appeal of the tax authorities.

Ramakrishna Poultry P. Ltd. [TS-109-ITAT-2025(CHNY)]

14. Disallowance of interest expense unsustainable based on principle of Commercial Expediency

On conclusion of the assessment proceedings, the AO disallowed the interest expense of INR 16.98 crores and the provision for expenses of INR 3.80 crores for the AY 2018-19. The Assessee filed an appeal before the CIT(A) who allowed the appeal. Aggrieved by the order of the CIT(A), the tax authorities filed an appeal before the Hon'ble Mumbai ITAT.

[8] *DCIT vs.AIG Home Finance India Ltd. [TS-190-ITAT-2011(CHNY)]*
[9] *CIT vs. S. Khader Khan Sons [TS-5039-SC-2012-O]*

The tax authorities contended that interest expenses should be disallowed as the Assessee had taken an interest-bearing loan and provided an interest-free loan to its sister concerns. The interest expenditure attributable to interest free advances is not allowed as deduction.

Per contra, the Assessee referred to judgment of Hon'ble Supreme Court in case of *S A Builders*[10].

The Hon'ble Mumbai ITAT upheld the order of CIT(A) based on two legal principles - (i) the existence of commercial expediency and (ii) the presumption that when both interest-free and interest-bearing funds are available, investments are presumed to be made from interest-free funds. The existence of commercial expediency means that, for allowing interest expenses, attention must be paid to whether there was commercial expediency in granting interest-free loans.

The Hon'ble ITAT relied on *S.A. Builders Ltd. (supra) and Reliance Utilities and Power*[11] for these two principles, respectively. The Hon'ble ITAT also upheld the view of the CIT(A) regarding the provision for expenses. The Hon'ble ITAT held that the disallowance was not justified. Since the Assessee follows the mercantile system of accounting, such provisions are always made at the end of the year. Relying on various judicial precedents, there is no requirement for an actual cash outflow to claim a liability as an expenditure. Additionally, the Assessee had made a similar provision for expenses in previous years, which was allowed by the AO. Hence, the Hon'ble ITAT opined that the AO was not justified in disallowing the provision for expenses.

T Bhimjyani Realty Private Ltd [TS-53-ITAT-2025(Mum)]

B. INTERNATIONAL TAX

1. *Remittances made for advertisements cannot be construed as Royalty and therefore, not liable to TDS*

The Assessee is involved in the business of dealing in home décor products. It has placed advertisements in several social medias such as Facebook, Amazon Web Services and Rocket Science Group LLC, US ('non-resident entities'). The Assessee made the following payments to the non-resident entities without deducting tax during the AY 2016-17.

Sr. No.	Name	Nature of service	Amount paid (INR)
01	Facebook, Ireland	Advertisement hosted on the website for attention of Facebook users	23.40 Crores
02	Rocket Science Group LLC (Mail Chimp)	Mass-mailing bulk emails containing advertisements / marketing content	0.51 Crores
03	Amazon Web Services Inc. US	Cloud computing services hosting shared computing resources such as hardware, software applications, etc.	1.91 Crores
	Total		**25.83 Crores**

The AO considered the payments made by the Assessee to non-resident entities as 'Royalty' and treated the Assessee as 'Assessee-in-default' and passed orders under Section 201 of the Act for the period AY 2015-16 to AY 2017-18. Against the said orders, the Assessee filed appeals before the CIT(A) who confirmed the orders passed by AO. Aggrieved, the Assessee filed appeals before the Hon'ble Bangalore ITAT. The Hon'ble ITAT relied on the judgment of Hon'ble Supreme Court in case of *Engineering Analysis Centre of Excellence Private Limited*[12] to held that payments made to the non-resident entities cannot be considered as *'royalty'* payments and hence, they do not give rise to any income chargeable in India under the Act for all the 3 years. Consequently, there is no requirement to deduct tax at source from those payments under Section 195 of the Act and the Assessee cannot be considered as an *'Assessee-in-default'* under Section 201(1) of the Act. Against the order of Hon'ble ITAT, the tax authorities filed an appeal before the Hon'ble Karnataka High Court.

The tax authorities contended that payments towards nature of usage of technology, model or process and equipments are covered by Explanation 2(iii) to Section 9(1)(vi) of the Act and therefore, the Assessee ought to have deducted TDS on such payments. Also, the judgment of Engineering Analysis (*supra*) is clearly

[10] *S A Builders Ltd vs. CIT [TS-5025-SC-2006-O]*
[11] *[TS-66-HC-2009(BOM)]*
[12] *Engineering Analysis Centre of Excellence Private Limited vs. CIT and Another [TS-106-SC-2021]*

distinguishable on facts. Per contra, the Assessee explained the nature of the services availed from the non-resident entities. Further, the Assessee contended that non-resident entities neither granted any rights in respect of respective software, nor granted any right for use of or right to use the copyright embedded in the information on the software. Therefore, the said payments do not constitute royalty payments under the Act or applicable DTAAs. Also, it is not disputed that the non-resident entities do not have any PE in India. Consequently, no income is chargeable to tax and deduction of tax is not required. The reliance placed on the judgment of Coordinate Bench in case of *CIT vs. Samsung Electronics Co. Ltd*[13] ('Samsung') by the CIT(A) is untenable.

The Hon'ble High Court agreed with the view taken by the Hon'ble ITAT that services provided by Facebook and Rocket Science were in nature of advertisements whereas service provided by Amazon Web Services was in nature of rental payment for usage of IT infrastructure facilities. Payments made to the non-resident entities do not fall within the meaning of 'royalty' defined in DTAA. Further, the Hon'ble Court concurred with the observation of Hon'ble ITAT that judgment of Samsung (supra) has been over-ruled by Hon'ble Supreme Court in case of Engineering Analysis (supra). Accordingly, the Hon'ble High Court held that current issue is covered by judgment in case of Engineering Analysis (supra). Accordingly, the Hon'ble High Court dismissed the appeal of the tax authorities.

Urban Ladder Home Décor Solutions Pvt. Ltd [TS-113-HC-2025(KAR)]

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2. *Freight support services provided by Assessee are not FTS under the Act and India-US DTAA*

The Hon'ble Delhi High Court upheld the ruling of the Hon'ble Delhi ITAT passed in case of the Assessee , that the Freight Logistics Support Services rendered by the Assessee did not constitute FTS under Section 9(1)(vii) of the Act and Article 12 of the India-US DTAA. The Hon'ble High Court emphasized that FTS is concerned with rendition of specialized knowledge, skill, expertise and know-how and the same must be "made available" to the recipient. FTS will be made available when the technical expertise is transferred to the recipient and the recipient is able to perform the service independently.

The Hon'ble High Court held that customs brokerage and documentation assistance were routine services, and not specialized skills exclusive to the Assessee. Therefore, it does not amount to FTS under the Act. Relying on *International Management Group (UK) Ltd.*[15], the Hon'ble High Court reiterated that mere provision of services without imparting independent expertise does not satisfy the "make available" condition under the DTAA. Consequently, appeal filed by the tax authorities was dismissed.

Expeditors International of Washington Inc [TS-116-HC-2025(DEL)]

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3. *Capital losses brought forward are not required to be set off against the exempt capital gains as per DTAA but can be carried forward for set-off in future years.*

The Assessee is a Mauritius-based foreign portfolio investor registered with SEBI and holding a valid TRC of Mauritius. During the AY 2021-22, the Assessee realized long-term and short-term capital gains from the sale of shares acquired before 01.04.2017 and claimed exemption under Article 13(3) and 13(4) of the India-Mauritius DTAA. However, the tax authorities contended that brought-forward capital losses from AY 2020-21 should be set off against current year gains before comparing the income as per the Act and as per DTAA.

Aggrieved by the assessment order, the Assessee filed an appeal before the Hon'ble Mumbai ITAT. Relying on CBDT Circular[16] and various judgements[17], the Hon'ble ITAT held that the gains from shares acquired before 01.04.2017 remain exempt under the India-Mauritius DTAA and cannot be adjusted against brought forward losses. The Hon'ble ITAT also held that the Assessee is entitled to carry forward the losses of the earlier years and not to set off the exempt capital gains against losses of earlier years.

TVF Fund Ltd [TS-46-ITAT-2025(Mum)]

[13] *CIT vs. Samsung Electronics Co. Ltd [TS-696-HC-2011(KAR)]*
[14] *[TS-5065-HC-2025(Delhi)-O]*
[15] *[TS-5353-HC-2024(Delhi)-O]*
[16] *CBDT circular No. 22 of 1944*
[17] *Goldman Sachs Investment (Mauritius) Ltd. DCIT (International Taxation) [TS-7092-ITAT-2020(Mumbai)-O], DCIT vs. Patni Computers Systems Ltd [TS-313-ITAT-2011(PUN)], Flagship Indian Investment Co. Mauritius Ltd. Vs. Asst. DIT [TS-5253-ITAT-2010(Mumbai)-O]*

II. TRANSFER PRICING

1. *PLR should be considered for benchmarking the interest on debentures denominated in Indian Rupees*

The Assessee, a wholly owned subsidiary of Ascendas Property Fund (FDI) Pte. Ltd. (AE), is engaged in the business of development, operation and maintenance of IT Parks in SEZs. During the AY 2015-16, the Assessee paid interest on FCCDs amounting to INR 19.89 Crores. During the assessment proceedings, the TPO observed that international transaction regarding payment of interest on FCCDs was benchmarked by considering CUP method and applying SBI PLR. However, the TPO held the transaction as a loan transaction and applied LIBOR plus 200 basis points. Accordingly, the TPO proposed TP adjustment of INR 15.28 Crores. Aggrieved by the draft assessment order, the Assessee filed objections before the Hon'ble DRP which confirmed the TP adjustment. Aggrieved by the final assessment order, the Assessee filed an appeal before the Hon'ble Hyderabad ITAT.

Before the Hon'ble ITAT, the Assessee contended that FCCDs are denominated in Indian currency (INR). Although the debt is not repaid by actual outflow of funds but substituted by issuance of shares for equivalent value denominated in INR. Hence, the FCCDs are consumed in India. Further, the Assessee relied on judgment of Hon'ble Bombay High Court in *India Debt Management (P) Ltd*[18] wherein it was held that once the tested transaction is an INR denominated debt, interest rate must necessarily be based on the economic and market factors affecting Indian currency and date of debt issuance in India. Reliance was also placed on judgment of *Cotton Naturals India Pvt Ltd*[19]. Also, the Assessee referred to its own case for AY 2013-14 and AY 2014-15 where ITAT has directed application of SBI PLR as benchmark rate for benchmarking interest paid on the same FCCDs. Accordingly, the Assessee contended that TPO erred in benchmarking interest payments by applying LIBOR plus 200 basis points despite the Hon'ble Bombay High Court and Hon'ble Delhi High Court clearly held that it is the currency in which such loan is received or repaid is relevant for determining rate of interest.

Per Contra, the tax authorities contended that FDI policy defines capital to include fully, compulsorily and mandatorily convertible debentures. Also, it clarifies that such convertible instruments would necessarily be denominated in INR and the interest on such borrowings would be based on the swap equivalent of LIBOR plus permissible spread for ECBs. Further, it was contended that equating foreign equity investment by way of CCDs to domestic debt and claiming interest at domestic PLR merely because they are denominated in INR would not be correct. The source and the costs of funds is a key element for consideration.

The Hon'ble ITAT noted that economic condition between 2 situations – i.e., issuance of INR denominated loan and foreign currency denominated loan is radically different and cannot be compensated on the same basis of LIBOR plus. The Hon'ble ITAT also observed the principle enunciated in the judgment of Hon'ble Bombay High Court in case of India Debt Management (P) Ltd (*supra*) which got reiterated in case of *Tata Autocomp Systems Ltd*[20]. Accordingly, the Hon'ble ITAT held that the determinant factor for rate of interest would be currency of loan borrowing and repayment. The currency of place of residence of either party is not relevant factor. Accordingly, in the instant case, since the Assessee has issued FCCDs to its foreign subsidiaries which are denominated in INR, the PLR rate is appropriate for the purpose of benchmarking the rate of interest payable on FCCDs.

Hyderabad Infratech Pvt Ltd [TS-42-ITAT-2025(HYD)-TP]

2. *The function of the TPO is limited to determine the ALP of the international transaction and not in finding merits incurred to the Assessee by entering into transaction. Loss incurred by the Assessee is not a determinative of whether the transaction is at Arm's Length.*

The Assessee is an immediate subsidiary of a Netherlands-based company and a step-down subsidiary of Italy-based company. The Assessee is engaged in the business of production and sale of

[18] *PCIT vs. India Debt Management (P) Ltd [TS-7408-ITAT-2019(Pune)-O]*
[19] *CIT vs. Cotton Naturals India Pvt. Ltd. [TS-6032-HC-2015(Delhi)-O]*
[20] *CIT vs. Tata Autocomp Systems Ltd [TS-45-HC-2015(DEL)-O]*

readymade garments under the brand name 'Benetton'. The Assessee incurred loss during the year which was disclosed in the ROI filed by the Assessee. During the year certain employees of the foreign AE were seconded to the Assessee to help in its day-to-day activities. The Assessee has also earned commission income from the AE which it benchmarked along with reimbursement transaction using TNMM as MAM. During the scrutiny proceedings, a reference was made to the TPO for determining ALP of the following International transactions entered between the AEs:

A. Reimbursement of salaries – INR 5.93 Crores

B. Payment of Royalty – INR 3.72 Crores

Total – INR 9.65 Crores

The TPO determined the ALP of the transaction as NIL alleging that despite the assistance, the Assessee has incurred loss during the year and the expatriate employees were performing the functions for the benefit of the AE and not for the benefit of the Assessee.

Aggrieved, the Assessee filed an Appeal before the CIT(A) who provided relief to the Assessee on both the above grounds. The tax authorities filed an appeal before the Hon'ble Delhi ITAT which was dismissed. On further Appeal, the Hon'ble Delhi High Court upheld the order of the ITAT by holding that the function of the TPO is confined to determination of the ALP of the International transaction and that it cannot question the commercial wisdom of the Assessee in hiring expatriate employees for rendering assistance or payment of royalty for procuring technical know-how for running its business activities. It was further held that loss incurred by the Assessee is not determinative whether the transaction is at arm's length. Further relying on judgement of coordinate bench in case of *Sony Ericson Mobile Communications India P. Ltd*[21], wherein the Hon'ble HC held that the Act does not prohibit clubbing of closely connected or intertwined transactions. The purpose of the ALP determination is to derive the real value of the transaction for taxation purpose which would necessarily take into account all elements of costs including payments made to AEs for reimbursement of salaries to expatriate employees. The Hon'ble High Court agreed with the view adopted by CIT(A) and confirmed by ITAT.

Benetton India Pvt. Ltd [TS-46-HC-2025(DEL)-TP]

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3. *No interest on the outstanding receivables can be charged from AE unless the TPO verifies whether the deferred payments forms a pattern having an impact on the working capital of the Assessee.*

The Hon'ble Delhi High Court upheld the decision of the Hon'ble Delhi ITAT on the basis that interest on the outstanding receivable cannot be considered as an international transaction in terms of clause (c) of Explanation (i) to Section 92B of the Act. The Hon'ble High Court relied on coordinate bench decision in case of *Global Logic India Ltd*[22] which in turn relied on Kusum Healthcare Pvt Ltd wherein it was observed that TPO failed to examine the issue of international transaction considering deferred payments transforming into a pattern which impacts the working capital. Accordingly, the Hon'ble High Court finds no justification to interfere with the view taken by ITAT. To consider outstanding receivable as an International transaction, the TPO should check the below aspects:

1. Assessee is not a debt free company.
2. Assessee is charging interest from unrelated third party in case of delay
3. Deferred/late payments from AE are ultimately transformed into a pattern for the benefit of AE
4. Deferred payments creating an impact on the working capital of the Assessee

At&T Communication Services India Pvt. Ltd [TS-586-HC-2024(DEL)-TP]

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4. *No profits can be attributed to the Indian PE of the Foreign Company once the ALP of the transaction has been accepted by the AO.*

The Assessee is incorporated in and a tax resident of Ireland. It is engaged in the business of licensing software in India through distributors to the end user. During the AY 2020-21, the Assessee had entered into international transaction with its Indian AE for supply of software and automated services (specified services). The Assessee did not offer income from specified services to tax by claiming India-Ireland DTAA benefits. The AO did not refer the case to the TPO for determination of the ALP since the ALP in respect to the transaction was accepted by the TPO in the earlier years. However, the AO made an adjustment in its draft assessment order alleging that Assessee has a Dependent Agent PE in India and attributed around 35% of the revenue earned by Assessee from India to the AE. On raising objections before the DRP, the DRP directed the AO to consider the ITAT decisions for previous years while passing the final assessment order. However, the AO made the addition and passed the final assessment order.

Aggrieved by the final assessment order, the Assessee filed an appeal before the Hon'ble ITAT which has allowed the appeal. Aggrieved by the order of the

[21] *[TS-5203-HC-2015(Delhi)-O]*

[22] *Global Logic India Pvt Ltd [TS-375-HC-2024(DEL)-TP]*

Hon'ble ITAT, the tax authorities filed an appeal before the Hon'ble Delhi High Court.

The Hon'ble Delhi High Court following decision of coordinate bench in the Assessee's own case allowed the appeal of the Assessee and held that where the Assessee has done transfer pricing analysis of the transaction and the ALP determined by the Assessee has been accepted by the AO, no further additional profits shall be attributed to the alleged PE.

Adobe Systems Software Ireland Limited [TS-45-HC-2025(DEL)-TP]

5. ***To charge guarantee fees on the obligation/ undertaking provided to AE, evaluation of it being an international transaction is a must.***

The case of New Delhi Television Limited ('the Assessee') was selected for scrutiny for the AY 2008-09 and in the course of assessment proceedings inquiries were initiated by the Investigating Wing of the Income Tax Department in relation to certain Step-up Coupon Bonds of USD 100 Million issued by the Assessee's U.K. subsidiary. On receipt of the investigation report, the AO made a reference to the TPO in respect of the international transaction including the bonds alleging that the Assessee had given corporate guarantee to its AE in support of the bond transaction. The TPO did not make any transfer pricing adjustments in respect of the alleged guarantee transaction. However, the AO at the time of finalizing the order, independently made the addition on the alleged guarantee fee in the hands of the Assessee by considering it to be an international transaction under Section 92B of the Act. On appeal, the Hon'ble CIT(A) granted relief and restricted the adjustment to 40% of the additions made. On further appeal before the Hon'ble ITAT, the matter was referred to the Special Bench which held that the Assessee only incurred an obligation by giving an undertaking, which is short of guarantee. The ITAT relying on the judgement of the Hon'ble Supreme Court in the case of Principal Commissioner of Income Tax vs. *S.G. Asia Holdings (India) Pvt. Ltd*[23] held that only TPO was allowed to make transfer pricing adjustment as per the statutory scheme. Accordingly, the Hon'ble ITAT remanded the matter to the AO for fresh adjudication.

Aggrieved by the order of the ITAT, the Assessee filed an appeal before the Hon'ble High Court. The Hon'ble High Court set aside the order of the ITAT, TPO order and the draft assessment order. The Hon'ble High Court remanded the matter to the AO with the clarification that the remand shall be confined for evaluating whether the undertaking of the obligation in question amounts to an international transaction after giving an opportunity to the Assessee.

New Delhi Television Ltd [TS-31-HC-2025(DEL)-TP]

[23] *PCIT vs. S. G. Asia Holdings (India) Pvt Ltd (2019) 13 SCC 353*

III. GST AND CUSTOMS TAX UPDATES

GST

1. *Advisory for Enrolment of Unregistered Dealers/Persons in e-Way Bill Portal for generating e-way Bill.*

Form ENR-03 has been introduced for the enrolment of unregistered dealers in the E-Way Bill (EWB) system to facilitate the enrolment of unregistered dealers supplying goods with effect from 11.02.2025[24]

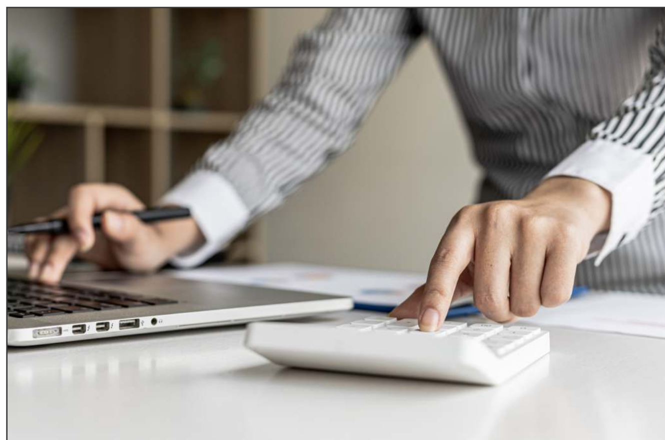
Unregistered dealers engaged in the movement or transportation of goods can now generate e-Way Bills by enrolling themselves on the EWB portal and obtaining a unique Enrolment ID. This ID will serve as an alternative to the Supplier GSTIN or Recipient GSTIN for generating e-Way Bills.

2. *Advisory for Biometric-Based Aadhaar Authentication and Document Verification for GST Registration Applicants of Maharashtra and Lakshadweep*

In Maharashtra and Lakshadweep, now applicant of GST registration can be identified based on data analysis and risk parameters for Biometric – based Aadhar Authentication. After submission of registration application, the applicant will receive either link for OTP- based Aadhar Authentication or booking appointment with GST Suvidha Kendra (GSK).

If applicant gets link for booking appointment with GSK, applicant is required to carry following documents-

- Copy of appointment confirmation e-mail
- The details of jurisdiction as mentioned in intimation e-mail.
- Aadhar and PAN (Original)
- Original document that were uploaded with application



Customs

1. *Single Unified Multi-Purpose Electronic Bond in Customs-Ekal Anubandh[25].*

CBIC has decided to introduce a project named "Ekal Anubandh", wherein trade will be encouraged to use single All-India Multi-purpose Electronic Bond. Single All-India Multipurpose Bond for importers or exporters in lieu of the transaction-wise Bonds offers potential to save both time and costs in trade procedures.

Currently, importers and exporters must submit separate bonds with security for each transaction at different ports. This includes bonds for provisional assessments, export promotion schemes, warehousing, and MOOWR in bonded and special warehouses.

To address current issues, importers and exporters can submit a Single All-India Multipurpose Electronic Bond (SEB) via ICEGATE. This provides a digital, efficient solution to replace multiple bonds.

2. *Automation of Refund Application and Processing in Customs[26]*

CBIC is focusing on automating the refund procedure under Customs for claims related to Customs duty and interest.

Currently, Refund Applications are filed manually cover various stages such as receipt, acknowledgment, deficiency memo, and issuance of speaking orders.

The key aspects relating to the electronic processing of refund is mentioned below-

Refund applications may be filed electronically along with supporting documents.

- Reassessment requests for Bill of Entry can be made on ICEGATE, and once completed, a pre-filled refund application form will be available for his refund claim.
- Applicants can check and update their bank account details in the Customs Automated System before filing the refund application. A Unique Application Reference Number (ARN) is generated immediately upon successful submission.
- The refund application will be scrutinized, and any deficiencies will be notified within 10 days.
- The SCN in case of rejection or order for refund sanction or rejection shall be communicated.
- Refunds will be electronically credited to the applicant's bank account via PFMS.

[24] *Notification No. 12/2024 dated 10th July 2024*
[25] *Circular No. 04/2025-Customs dated 17th Feb, 2015.*
[26] *Circular No. 05/2025-Customs dated 17th Feb, 2015.*

Manual refund applications can be filed until March 31, 2025, after which only electronic submissions will be accepted unless allowed by the Pr. Commissioner/ Commissioner in writing.

Tax Alerts

1) Andhra Pradesh HC: Time limit set for issuing SCN under GST is mandatory and any violation of that time period cannot be condoned, and would render show cause notice otiose[27]

Background

The Cotton Corporation of India received a show cause notice (SCN) on 30.11.2024 regarding short payment of tax for the F.Y. 20-21. The petitioner challenged the notice, arguing that the SCN must be issued at least three months before the deadline for issuing the assessment order. The due date for issuing order for 20-21 was 28.02.25, making the last date for issuing the SCN 28.11.2024. Since the notice was issued late, the petitioner argued that it was beyond the prescribed time limit.

The petitioner relied on the Supreme Court's judgment[28] and the House of Lords' judgment[29], which interpreted time periods defined in months as requiring actions to be completed by the corresponding date in the relevant month.

The Government Pleader argued that a "month" should be interpreted as a calendar month, and the notice was timely.

HC's Observations and Ruling

The Hon'ble High Court of Andhra Pradesh emphasised on Judgment of the Hon'ble Supreme Court which clearly laid down the principle that, when a period is defined in terms of months, it would mean that the corresponding date of the corresponding month.

In the present case, the cutoff date for issuing an order is 28.02.2025. The three months period which would elapse from this date would be 28.11.2024. Since the notice was issued on 30.11.2024, it would be beyond the time stipulated under Section 73(2) of the GST Act.

The High Court also ruled that time permit is mandatory and any violation of that time period cannot be condoned, and would render the show cause notice otiose.

2) Calcutta HC: Section 129 proceedings were unjustified as the goods in the vehicle matched the invoices in quantity and description, the inspection authority conducted a roving inquiry beyond the invoice details, and no intent to evade tax was established.[30]

Background

Ashok Sharma, the petitioner, was transporting goods when the vehicle was intercepted by GST authorities. The authorities alleged discrepancies in the description of goods between the physical consignment and the documents presented, leading to the detention of the goods and imposition of a penalty.

The appellant contended that the goods found in the vehicle matched the invoices in terms of quantity and description. Furthermore, the gross description of the goods in the invoices did not indicate any misrepresentation.

The inspecting authority went beyond the invoices and conducted a roving inquiry, examining the size and classification of the goods, which was not detailed in the invoices. The inquiry included information about the size of pipes, shutters, and TMT bars, which were not part of the invoice description. The court found that this extended investigation was not justified.

HC's Observations and Ruling

The court observed that authorities also failed to demonstrate any intent to evade tax, and the classification of goods (as per the HSN codes) was not disputed by the Department. The physical verification confirmed the quantity and weight of the goods.

It concluded that the detention and penalty were unjustified, as there was no deliberate misrepresentation or tax evasion intent. The court directed the authorities to release the vehicle and goods within four days of the order and the petitioner was granted the right to seek a refund of the pre-deposit made during the appeal process.

[27] *Cotton Corporation of India v. Assistant Commissioner (ST) (Audit) (FAC), W.P.NO.1463 OF 2025, February 5, 2025*
[28] *Himachal Pradesh and Another v. Himachal Techno Engineers and Another*
[29] *Dodds v. Walker*
[30] *Ashok Sharma vs. The State of West Bengal & Ors. (FMA No. 136 of 2025) dated February 11, 2025*

IV. IMPORTANT CIRCULARS AND NOTIFICATIONS

1. *CBDT extends the due date of filing Form 56F of the Act*[31]

The CBDT, considered the difficulties faced by taxpayers and other stakeholders in submitting the required accountant's report on time under Section 10AA(8) and Section 10A(5) of the Act in respect of income from business operating in SEZ and to avoid genuine hardship, has decided to extend the due date for filing this report for the AY 2024-25 to 31.03.2025 from the erstwhile due date of 30.09.2024.

2. *CBDT notifies the Special provisions for computing profits and gains of business of operation of cruise ships in case of non-residents*[32]

For the purposes of Section 44BBC, a non-resident engaged in the business of operating cruise ships must meet the following conditions:

I. The cruise ship must have a capacity of more than 200 passengers or a length of 75 meters or more and should be used for leisure and recreational purposes with proper dining and cabin facilities for passengers.

II. The ship must operate on scheduled voyages or shore excursions, visiting at least two sea ports in India or the same sea ports twice.

III. The ship must primarily be used for carrying passengers, not cargo.

IV. The operation of the ship should comply with any procedures or guidelines issued by the Ministry of Tourism or the Ministry of Shipping.

3. *CBDT issued guidance for application of the Principal Purpose Test (PPT) under India's DTAA*[33]

The CBDT has issued a circular providing guidance on the application of PPT. It states that determining whether PPT applies to a transaction should be a fact-based exercise carried out on a context specific basis. The below table highlights the guidance provided in the circular:

Sr. No.	Particulars	Effective date from the PPT is applicable
01	Period of application of the PPT	1. For DTAAs amended bilaterally: Date of the entry into force of DTAA or the date of amending protocol, which incorporates the PPT. 2. For DTAAs amended through the Multilateral Instrument (MLI): • For taxes withheld at source: The PPT provisions apply to taxable events occurring in or after the previous year that begins on or after the latest of the two relevant dates on which MLI enters into force for contracting states • For other taxes: The PPT provisions apply from the previous year starting on or after expiry of six months after the latest of the two relevant dates. For India: *Latest date refers to the later of: • The date on which the MLI came into force for India (01.10.2019), or • The date on which the MLI came into force for the DTAA partner country.
02	Applicability on grandfathering provisions	In certain DTAAs (with Cyprus, Mauritius and Singapore), where specific grandfathering provisions exist, PPT does not apply, and the original DTAA benefits would be maintained.
03	Sources of guidance	The application of the PPT provision is expected to be a context specific, fact-based exercise, considering the following: a. Tax authorities may refer to the BEPS Action Plan 6 Final Report and b. Commentary on Articles 1 and 29 of the UN Model Tax Convention (updated in 2021), as additional or supplementary guidance, subject to India's reservations, where applicable, when deciding on the invocation and application of the PPT provision.

[31] Circular No. 02/2025 dated 18.02.2025 | [32] Notification No. 9/2025/F No. 370142/18/2024-TPL | [33] Circular No. 01/2025 dated 21.01.2025

V. IMPORTANT REGULATORY UPDATES

1. *Consultation Paper on Amendments to Regulation 17(a) of AIF Regulations*

The Securities and Exchange Board of India (SEBI) has released a consultation paper proposing amendments to Regulation 17(a) of SEBI (Alternative Investment Funds) Regulations, 2012. This initiative aims to address concerns related to investment restrictions for Category II AIFs following recent changes in the regulatory framework.

Objective of the Consultation Paper

- SEBI seeks public comments on a proposal to allow Category II AIFs to invest in a broader range of debt securities. This comes in response to the implementation of Regulation 62A of SEBI (LODR) Regulations, 2015, which mandates the listing of all non-convertible debt securities by issuers with listed debt instruments. This change is expected to reduce the availability of unlisted debt securities, potentially impacting the investment universe of AIFs.

Proposed Amendment

- To address these concerns, SEBI has proposed to allow Category II AIFs to invest in:

✓ Unlisted securities (as per current regulations).

✓ Listed debt securities with a credit rating of 'A' or below, ensuring that AIFs continue to take on the necessary credit risk in line with their investment objectives.

Public Consultation & Next Steps

SEBI has invited public comments on the proposed amendments, which can be submitted through SEBI's official website or via email by 28.02.2025.

This proposal marks a significant step towards balancing regulatory compliance with investment flexibility, ensuring that Category II AIFs continue to play a critical role in market development.

2. *IFSC FME Regulations 2025 have been released on 19.02.2025.*

Some of the key amendments have been listed below:

Sr. No.	Parameter	As per new regulation	As per old regulation	Impact on the industry
01	Non retail scheme - Corpus	Minimum corpus of scheme is USD 3 million. Open ended scheme can commence investment activities on achieving USD 1 million.	Minimum corpus of scheme was USD 5 million.	Corpus limit aligned in light of limits applicable to Indian AIFs
02	Validity of PPM	12 months from IFSCA's communication.	6 months from IFSCA's communication	Provides greater flexibility to FME managers to launch new schemes.
03	Contribution by FME / its Associate(s) in a scheme	Permitted up to 100%, subject to the following conditions: - the FME / its Associate that invests in scheme and their UBOs are persons not resident in India, and Such scheme shall not invest more than 1/3rd of its corpus in any 1 company & its associates.	Contribution by FME / its Associate(s) in a scheme, presently restricted at 10%	Flexibility to set up a proprietary fund for Non resident investors subject to fulfilling investment conditions.
04	Restriction on related party transaction.	- Schemes will be restricted from buying or selling securities from associates, other schemes of the FME or its associates, or a major investor (who has committed to invest at least 50% of the corpus of the scheme), unless prior approval has been obtained from seventy-five percent (75%) investors in the scheme by value, wherein the major investor shall be excluded from the voting process if the transaction is with the major investor	Scheme may invest in its associate subject to prior approval of 75% investors in the scheme by value	Tighter governance norms introduced for transaction with major investors.

Sr. No.	Parameter	As per new regulation	As per old regulation	Impact on the industry
05	Valuation of scheme's assets	Independent service provider is exempted from valuing a fund of funds scheme if the underlying fund has already been valued by an independent service provider.	Assets of the scheme may be valued by an independent third-party service provider such as a fund administrator or custodian registered with the Authority.	Reduction of operational costs and lowers the burden of compliance
06	Provision of joint investment	A provision for joint investments by 2 individuals with specific relationships is provided for non-retail schemes.	Only single investor permissible.	To encourage higher participation from investors.
07	Manpower requirements for FMEs	1. FMEs no longer need prior approval from IFSCA for appointing KMPs, but must notify them. 2. FMEs with an AUM of at least USD 1 billion (excluding fund of funds) must appoint an additional KMP. 3. Retail FMEs must meet the additional KMP requirement before filing a Retail Scheme or ETF with IFSCA. FMEs' employees must undergo certifications from specified institutions to maintain competence.	1. Prior approval for appointing KMP was required. 2. Additional KMP was required for all registered FMEs. 3. No time frame was prescribed for appointment of additional KMP.	Regulatory process streamlined to reduce administrative inconvenience and improve overall governance framework.
08	Registered FME and Retail schemes.	4. Criteria of 5 years of experience in managing AUM of USD 200 million and 25,000 investors can now include the experience of the FME, its holding company, or their subsidiaries.	Similar experience required at FME + holding company level.	Streamlining regulatory framework to promote ease of business.
		• The FME shall have person(s) with more than 25% shareholding in the FME, each carrying on activities related to fund management, including portfolio management, wealth management, distribution of financial products, and investment advisory, for a period not less than 5 years, collectively for at least 1,000 investors on assets of at least USD 50 million, and The FME has a net worth of USD 2 Million or such other net worth as may be specified by IFSCA.	Similar conditions with AUM criteria being USD 200 million	Streamlining regulatory framework to promote ease of business.
09	Minimum size of the retail schemes.	Minimum corpus requirement is USD 3 million. For open-ended schemes, investment activities can begin with a corpus of USD 1 million, with the full USD 3 million required within 12 months.	Minimum corpus requirement was USD 5 Million.	Lowers entry barriers, encourages more market participants, increases operational flexibility.

Sr. No.	Parameter	As per new regulation	As per old regulation	Impact on the industry
10	Investment in a single company	Investment cap in a single company for sectoral, thematic, or index schemes is based on the company's weight in the benchmark index or 15%, whichever is higher.	Retail schemes can invest up to 10% of AUM in a single company, or 15% after seeking specified approval.	Provides more flexibility.
11	Minimum investment for PMS	USD 75,000	USD 150,000	Limit aligned in light of investment limits applicable to domestic PMS
12	Pending deployment of money	For Non-Retail and Retail Schemes, pending deployment of funds, money can also be invested in bank deposits and overnight schemes.	FME may invest money in certificate of deposits, units of investment schemes such as liquid or money market schemes, money market instruments or any other securities or financial assets or instruments as may be specified by the Authority	Greater flexibility provided.

3. Guidelines for Key Managerial Personnel in IFSCs

The International Financial Services Centres Authority (IFSCA) has issued a new circular detailing the process for appointing and replacing Key Managerial Personnel (KMPs) in Fund Management Entities (FMEs) operating in IFSCs.

Under the latest regulations, FMEs must ensure that KMPs are based in IFSCs and meet the required qualifications and experience. Any appointment or change must be formally reported to the Authority using the prescribed format, along with the applicable fee. The IFSCA will review the submission and provide feedback within seven working days.

To maintain smooth operations, FMEs must plan for leadership continuity. Any vacant KMP position must be refilled within six months, and intimation of a vacancy should be sent to IFSCA no later than three months after it arises.

The responsibility for compliance lies with the FMEs and their controlling persons, ensuring all appointments meet regulatory standards. These updated guidelines take effect immediately.

4. RBI Launches RBIDATA Mobile App for Easy Access to Economic Data

The Reserve Bank of India (RBI) has officially launched the RBIDATA Mobile App, designed to provide users with a comprehensive, user-friendly, and visually engaging platform to access key macroeconomic and financial statistics related to the Indian economy.

Key Features of the RBIDATA App

- ✓ Access to 11,000+ Economic Data Series – Offering a detailed view of India's economy.
- ✓ Interactive Graphs & Charts – Users can visualize time-series data and download reports for analysis.
- ✓ Easy Data Navigation – A search feature allows users to find data quickly without browsing multiple sections.
- ✓ Popular Reports Section – Frequently accessed reports are readily available for convenience.
- ✓ Banking Outlet Locator – Helps users find banking facilities within a 20 km radius of their location.
- ✓ SAARC Finance Data – Provides insights into data about SAARC countries.
- ✓ Direct Access to RBI's Database on Indian Economy

(DBIE) – Ensuring real-time and reliable information.

✓ Available for iOS & Android (Version 12 and above) – Ensuring accessibility for a wide user base.

This initiative is expected to benefit researchers, students, financial professionals, and the general public by offering seamless access to key financial statistics. Users can also provide feedback through the app to improve functionality.

5. *Tokenization at IFSCA: A Transformative Step for Financial Markets*

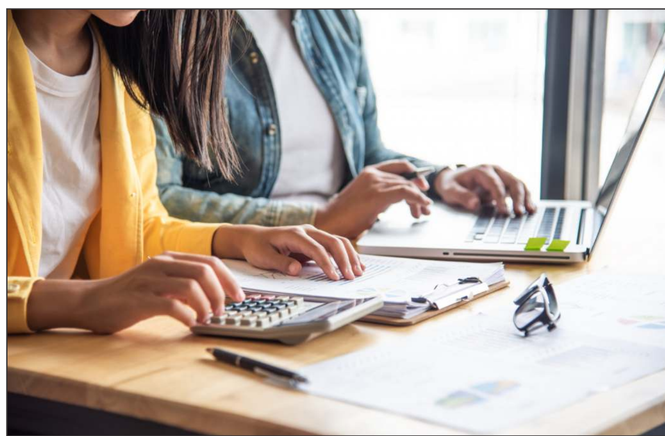
The International Financial Services Centres Authority (IFSCA) has released a consultation paper outlining a regulatory framework for the tokenization of real-world assets (RWAs) in GIFT City, Gujarat.

Key Regulatory Aspects

- Legal Recognition – Establishes a framework to recognize digital tokens representing ownership or beneficial interest in real-world assets.
- Issuance & Trading Mechanism – Defines rules for the issuance, custody, trading, clearing, and settlement of tokenized assets.
- Risk Management & Compliance – Focuses on AML/KYC, cybersecurity, governance, and market integrity.
- Regulatory Calibration – Proposes proportionate and risk-based regulations tailored for tokenized financial markets.
- Investor Protection – Introduces standards for due diligence, disclosure, and grievance redressal for token holders.
- DLT-Based Infrastructure – Differentiates blockchain (DLT) vs. non-DLT infrastructure for optimized regulatory oversight.
- Encouraging Innovation – Aims to foster growth through self-regulation, regulatory sandboxes, and policy dispensations.

What is Tokenization?

- Tokenization involves converting physical and financial assets - such as stocks, bonds, real estate, commodities, and intellectual property - into digital tokens on a blockchain. This process facilitates fractional ownership, automated smart contracts, 24/7 trading, and improved market access. offering benefits such as enhanced liquidity, reduced transaction costs, and improved transparency.



Types of Assets Underlying a Digital Token

IFSCA's consultation paper categorizes tokenized real-world assets (RWAs) into:

- Tangible Assets – Precious metals, real estate, and commodities requiring secure custody.
- Intangible Assets – Stocks, bonds, mutual funds, deposits, and intellectual property.
- Native vs. Non-Native Assets – Assets either existing physically or entirely on a distributed ledger.

IFSCA invites feedback from stakeholders, industry experts, and investors by March 20, 2025, to shape the regulatory landscape. This initiative marks a significant step in positioning India as a leader in blockchain-driven financial markets.

6. *Specialized Investment Fund*

1. <u>Introduction & Purpose of Specialised Investment Funds ('SIFs')</u>

   SEBI has noted an investment gap between Portfolio Management Services (PMS) and Mutual Funds (Mfs). Although MFs are highly regulated and provide investment solutions for retail investors, PMS provides tailored investment solutions for high-net-worth individuals (HNIs) with more flexibility but less regulatory safeguards.

   To fill this gap, SEBI has launched SIF, which provide greater investment freedom for fund managers with structured regulation. SIFs will give institutional and sophisticated investors exposure to a variety of investment strategies like long-short strategies, dynamic asset allocation, and alternative investment exposures.

2. <u>Criteria for Eligibility to Form a SIF</u>

   Only a registered mutual fund with stringent eligibility criteria can form an SIF. SEBI offers two paths to eligibility:

   <u>Route 1 – Track Record-Based Eligibility</u>

   a. The mutual fund must have been in existence for a minimum period of 3 years.

   b. It should have a minimum average Assets Under Management (AUM) of INR 10,000 crores in the last three years.

Route 2 – Experience-Based Eligibility

If an AMC fails to satisfy the above, it can still qualify if:

a. It has a Chief Investment Officer (CIO) with a minimum of 10 years of fund management experience and an average AUM of INR 5,000 crores, and

b. It has a Fund Manager with a minimum of 3 years of experience in managing an average AUM of INR 500 crores.

c. No action has been against the AMC/ sponsor by SEBI during the last 3 years.

3. Branding & Advertisement Regulations

In order to distinguish SIFs from mutual funds, SEBI requires, SIFs to carry a separate brand name and logo, different from the mutual fund brand of the AMC. AMCs can, for five years, use their mutual fund brand while marketing the SIF using such words as:

"Brought to you by ABC Mutual Fund"

"Offered by ABC Mutual Fund"

The SIF's brand name should always be bigger than the mutual fund brand name in advertisements. A separate website or webpage should be maintained solely for SIFs.

4. Investment Strategies under SIFs

Category	Investment Strategy	Minimum Investment Allocation	Short Exposure (Derivatives)	Redemption Frequency
Equity-Oriented	Equity Long-Short Fund	80% in equities	Max 25% in unhedged derivatives	Daily or lower
	Equity Ex-Top 100 Long-Short Fund	65% in equities (excluding top 100 stocks)	Max 25% in unhedged derivatives	Daily or lower
	Sector Rotation Long-Short Fund	80% in equities (max 4 sectors)	Max 25% in unhedged derivates (sector-level shorting)	Daily or lower
Debt-Oriented	Debt Long-Short Fund	Investments across fixed-income instruments	Limited short exposure via debt derivatives	Weekly or lower
	Sectoral Debt Long-Short Fund	At least 2 sectors (max 75% in one sector)	Max 25% in unhedged derivatives	Weekly or lower
Hybrid Strategies	Active Asset Allocator Long-Short Fund	Dynamic allocation across equity, debt, REITs, InVITs, and commodities	Max 25% in unhedged derivatives	Twice weekly or lower
	Hybrid Long-Short Fund	Min 25% in equities, min 25% in debt	Max 25% in unhedged derivatives	Twice weekly or lower

Investors are required to invest a minimum of ₹10 lakh across all SIF strategies of an AMC. This excludes investments in regular mutual fund schemes. Accredited investors are exempted from this requirement. If an investor's total investment falls below ₹10 lakh due to redemptions, they must fully exit the SIF.

6. Derivatives & Risk Management

SIFs can take unhedged short positions of up to 25% of net assets, apart from hedging and portfolio rebalancing. Exposure calculation follows standard SEBI derivative exposure norms. Total exposure across derivatives positions cannot exceed 100% of net assets. Portfolio-level offsetting of derivative positions is allowed under certain conditions.

7. Subscription, Redemption & Listing Rules

SIFs can be open-ended, close-ended, or interval funds. Subscription and redemption periods may differ by strategy, with some funds permitting daily redemption and others having notice periods. Close-ended and interval investment strategies need to be listed on stock exchanges for liquidity.

8. Benchmarking & Risk-Band Framework

   SIFs need to adhere to a single-tier benchmark framework (e.g., Nifty 50 for equities or bond indices for debt funds). Every fund shall be allocated a Risk-Band, ranging from Level 1 (Lowest Risk) to Level 5 (Highest Risk). The Risk-Band shall be revised on a monthly basis, and the change shall be informed to investors.

9. Requirements of Transparency & Disclosure

   SIFs shall disclose their holdings in the portfolio every second month. Scenario analyses for derivative positions shall be provided to investors. Advertisements shall bear a compulsory risk disclaimer:

   "Investments in Specialized Investment Funds involve higher risks, including potential capital loss and market volatility. Please read investment strategy documents carefully before investing."

10. Implementation Timeline

    SEBI's circular takes effect from 01.04.2025. AMFI must issue additional implementation guidelines by 31.03.2025.

VI. COMPLIANCE CALENDAR FOR MARCH 2025

A. Income tax

Sr. No.	Due Dates	Concerned (reporting) Period	Compliance Detail	Applicable to
01	7th March	February 2025	TDS / TCS Payment	All Assessee
02	15th March	Quarter 4 (Jan-Mar 2025)	Advance Tax Payment	All Assessee
03	17th March	January 2025	Issue of TDS certificate for TDS deducted under Section 194-IA/ 194-IB of the Act (Form 16B/16C)	All Assessee
04	17th March	January 2025	Issue of TDS certificate for TDS deducted under Section 194M of the Act (Form 16D)	Individual / HUF
05	17th March	January 2025	Issue of TDS certificate for TDS deducted under Section 194S of the Act on VDA (FORM 16E)	Exchanges
06	30th March	February 2025	Deposit of TDS on payment under Section 194-IA of the Act. (Form 26QB)	All Assessee
07	30th March	February 2025	Deposit of TDS on payment under Section 194-IB of the Act. (Form 26QC)	All Assessee
08	30th March	February 2025	Deposit of TDS deducted under Section 194M of the Act (Form 26QD)	Individual / HUF
09	30th March	February 2025	Deposit of TDS deducted under Section 194S of the Act on transfer of Virtual Digital Asset (Form 26QE)	Exchanges
10	31st March	FY 2024-25	Last date for Advance Tax Payment (Including interest under Section 234C of the Act)	All Assessee
11	31st March	AY 2022-23	Updated ITR 1 to 7 with 50% of aggregate tax and interest payable	All Assessee
12	31st March	AY 2023-24	Updated ITR 1 to 7 with 25% of aggregate tax and interest payable	All Assessee
13	31st March	FY 2023-24	Uploading of Statement of foreign income offered to tax and tax deducted or paid on such income	All Assessee
14	31st March	FY 2023-24	Form 3CED – APA Application	Applicable to Assessee subject to TP

B. Goods and Service Tax

Sr. No.	Due Dates	Concerned (reporting) Period	Compliance Detail	Applicable to
01	10th March	February 25	GSTR – 7 (TDS)	Person required to deduct TDS under GST
02	10th March	February 25	GSTR – 8 (TCS)	Person required to collect TCS under GST
03	11th March	February 25	GSTR 1	a) Taxable persons having annual turnover > INR 5 crore in FY 2022-23 b) Taxable persons having annual turnover ≤ INR 5 crore in FY 2022-23 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
04	13th March	February 25	GSTR – 1 (IFF)- QRMP	Aggregate Turnover is up to INR 5 crores
05	13th March	February 25	GSTR – 6 (ISD)	Person registered as ISD
06	20th March	February 25	GSTR – 3B	a) Taxable persons having annual turnover > INR 5 crore in FY 2022-23 b) Taxable persons having annual turnover ≤ INR 5 crore in FY 2022-23 and not opted for QRMP scheme
07	13th March	February 25	GSTR - 5 (NRTP)	Non-resident taxable person (NRTP)
08	20th March	February 25	GSTR - 5A (OIDAR)	OIDAR services provider
09	25th March	February 25	GSTR – 3B - QRMP scheme- Monthly payment *	Aggregate Turnover is up to INR 5 crores
10	25th March	February 25	PMT-06	For those taxpayers who are availed the Quarterly Return Monthly Payment (QRMP) option
11	28th March	February 25	GSTR – 11	Persons with Unique Identification Number (UIN) like embassies, etc.
12	31st March	FY 2023-24	GST CMP-02	Business opting for composition Scheme for FY 2024-25.

* i - Taxpayers who have availed the Quarterly Return Monthly Payment (QRMP), option having aggregate TO up to INR 50 Mn in PFY whose principal place of business is in Category -1 states

* ii - Taxpayers who have availed the Quarterly Return Monthly Payment (QRMP), having aggregate TO up to INR 50 Mn in PFY whose principal place of business is in Category -2 states.

C. FEMA Compliance

Sr. No.	Due Dates	Particulars	Applicable to
01	7th March	ECB 2 Return (External Commercial Borrowing)	All Indian Borrowers who have non-resident lenders

GLOSSARY

ABBREVIATION	FULL FORM
AE	Associate Enterprise
AIF	Alternative Investment Funds
AIR	All India Radio
ALP	Arm's Length Price
AO	Assessing Officer
AUM	Assets Under Management
AY	Assessment Year
BEPS	Base Erosion and Profit Shifting
CBDT	Central Board of Direct Taxes
CCD	Compulsorily Convertible Debentures
CIT	Commissioner of Income-tax
CIT(Appeals) / CIT(A)	Commissioner of Income-tax (Appeals)
CIT(E)	Commissioner of Income-tax (Exemptions)
CUP	Comparable Uncontrolled Price
DRP	Dispute Resolution Panel
DTAA	Double Taxation Avoidance Agreement
ECB	External Commercial Borrowings
FCCD	Fully and Compulsorily Convertible Debentures
FDI	Foreign Direct Investment
FMEs	Fund Management Entities
FTS	Fees for Technical Services
FTC	Foreign Tax Credit
FY	Financial Year
GST	Goods & Service Tax
HC	High Court
Hon'ble	Honorable
HNI	High-Net-worth Individuals
IFSC	International Financial Services Centre
InVIT	Infrastructure Investment Trusts
IRDA	Insurance Regulatory and Development Authority
ITAT	Income Tax Appellate Tribunal
IFSCA	International Financial Services Centres Authority
ITR	Income Tax Return
KMP	Key Managerial Personnel
LIBOR	London Inter-Bank Offered Rate
LODR	Listing Obligations and Disclosure Requirements
MD	Managing Director
MAM	Most Appropriate Method
MAT	Minimum Alternate Tax
MLI	Multi-Lateral Instrument
PE	Permanent Establishment
PLR	Prime Lending Rate

GLOSSARY

ABBREVIATION	FULL FORM
PMS	Portfolio Management Services
PPT	Principal Purpose Test
QRMP	Quarterly Return Monthly Payment
REITs	Real Estate Investment Trusts
ROI	Return of Income
RBI	Reserve Bank of India
Rules	Income-tax Rules,1962
SBI	State Bank of India
SC	Supreme Court
SIF	Specialised Investment Funds
SLP	Special Leave Petition
SEBI	Securities Exchange Board of India
SEZ	Special Economic Zone
TDS	Tax deducted at source
TNMM	Transactional net margin method
TPO	Transfer Pricing Officer
TRC	Tax Residency Certificate
UN	United Nations
VDA	Virtual Digital Asset

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