BHUTA SHAH & CO LLP

CHARTERED ACCOUNTANTS

March 2025

Monthly E-Newsletter

BSC BEACON

TAX & REGULATORY INSIGHTS

WHAT'S INSIDE

I. DIRECT TAX:
A. CORPORATE TAX

1. ***Asset Reconstruction Cost ('ARC') deduction allowable under Section 37 of the Act: 'Laid Out' or 'Expended' key indicators.***

Vodafone Mobile Services Ltd. ("the Assessee") is an Indian company engaged in the business of providing telecommunication services. The Assessee filed its ROI for the AY 2009-10 declaring NIL income after claiming deductions under Section 80-IA of the Act and reporting profits under Section 115JB of the Act. On conclusion of the assessment proceedings, the Ld. AO concluded that the depreciation under Section 32 of the Act is allowable only on actual costs i.e. expenditure incurred and not on the provisions of Asset Reconstruction Cost (ARC) capitalized by the Assessee, contending that it was not in nature of ascertained liability. The draft assessment order was upheld by the DRP and later on by the Hon'ble Delhi ITAT. Assessee filed an appeal before the Hon'ble Delhi HC.

Before the Hon'ble HC, the Assessee took an Alternative plea that the provision of ARC expenditure is liable to be claimed as a deduction under Section 37(1) of the Act.

The Hon'ble Delhi HC ruled in favor of the Assessee regarding the issue of the ARC. The Hon'ble HC held that the ARC, which represents the estimated cost to restore leased cell sites at the end of the lease, constitutes a present obligation under AS-29 (Accounting Standards for Provisions and Contingent Liabilities). The Court emphasized that Section 37(1) of the Act allows deductions for business expenses, including future obligations arising from past events, provided these expenses are both probable and measurable. The ITAT had incorrectly treated the ARC as an unascertained liability, despite the Assessee being contractually obligated to restore the leased sites. The Hon'ble HC relied on the ruling of the Hon'ble Madras HC in the case of Vedanta Ltd, which clarified that business expenses "laid out" or "expended" under Section 37 of the Act include future liabilities that can be reasonably estimated. Therefore, the provision made, based on the informed commercial prudence, was found to be in compliance with the requirements of Section 37 of the Act.

In conclusion, the HC ruled in favor of the Assessee concerning the ARC, allowing its deduction under Section 37(1) of the Act.

Vodafone Mobile Services Ltd. [TS-199-HC-2025(DEL)]

2. ***Absence of conscious efforts for recovery of loan from a group company termed as a colourable device resulting into denial of claim of bad debts.***

Seven entities (Borrowers) had availed loans from Indiabulls Financial Services Ltd (IFSL). However, the Borrowers failed to meet their financial commitments. A settlement agreement was entered into between IFSL and Borrowers whereby the Assessee along with 3 other companies (Guarantors) agreed to guarantee repayment of settled amount of INR 232.50 Crores. The Guarantors agreed to fully indemnify IFSL for which the Borrowers agreed to pay guarantee commission after 3 years. The Guarantors were also entitled to damages as well as loss suffered, if the Borrowers fail to repay the consideration. One of the Borrowers and a group company of the Assessee – Carissa Investment Private Limited (CIPL), has offered to pay INR 36.50 Crores as full and final settlement to Assessee as against INR 64.26 Crores as per Settlement Agreement. Further, CIPL did not pay any guarantee commission to the Assessee. Accordingly, the Assessee wrote off the balance amount of INR 27.76 Crores in its profit and loss account for AY 2015-16.

During the assessment proceedings, the AO disallowed the said claim of bad debts on the following grounds:

a. Giving a guarantee was not the main objects of the Assessee.
b. Assessee did not receive any guarantee commission from CIPL.
c. Obligations of CIPL were not guaranteed in ordinary course of business.
d. CIPL had not offered the said amount as income in its books of accounts but treated it as a capital receipt.
e. Assessee did not initiate any legal proceedings for recovery of due amounts.
f. Books of Accounts of CIPL reflected that it gave a donation of INR 10 Crores during the year which shows that it had resources to repay the amounts due to the Assessee.
g. Accordingly, the treatment of bad debts was a colourable device to reduce tax liability by setting it off against capital gains.

Aggrieved by the assessment order, the Assessee filed an appeal before the CIT(A) who confirmed the said addition. On further appeal, the Hon'ble Delhi ITAT

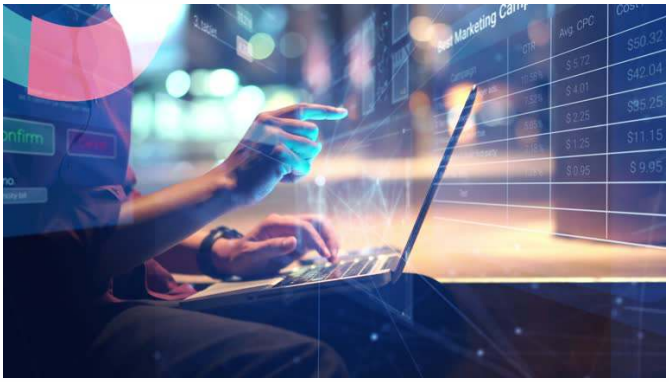
noted that Assessee was engaged in business of lending and advancing money. Furnishing a guarantee falls within scope of money lending business. The Hon'ble ITAT agreed with the view of the Assessee that due to its financial condition, CIPL was unable to pay guarantee commission. Also, the Hon'ble ITAT held that Assessee could not be held responsible for business module of CIPL and hence, the donation made by CIPL cannot be considered against the Assessee. Accordingly, the Hon'ble ITAT allowed the appeal of the Assessee and directed the AO to delete the impugned addition. Aggrieved by the order of Hon'ble ITAT, the tax authorities filed an appeal before the Hon'ble Delhi HC.

The tax authorities contended that bad debts suffered by the Assessee were not allowable under Section 36(2)(i) of the Act as revenue from commission was not recognised as income. Also, the tax authorities argued that bad debts claimed by the Assessee cannot be considered as an expense under Section 36(1)(vii) read with Section 36(2)(i) of the Act. Accordingly, the claim of the Assessee was a colourable device to reduce the tax liability.

The Hon'ble HC noted that carrying on the business of standing as a surety is not one of the main objects of the Assessee. Assessee has not entered into any similar transaction whereby it had stood as a surety / guarantor for any other entity for a consideration. Hence, the current transaction is an isolated transaction. The Hon'ble HC also noted that Assessee and CIPL were a part of same group and in control of same set of persons. The Assessee has not controverted the fact of donation made by CIPL during the same year and that it had not taken any effective steps for recovering the bad debts prior to write-off. CIPL had the wherewithal to pay at least part of the funds as it had made donation. Accordingly, the Hon'ble HC concurred with the view of AO and CIT(A) that Assessee arranged its affairs such that if reflected a loss on account of bad debts, setting off its income on one hand and CIPL, would not be liable to pay any tax on account of write-off. This arrangement in effect transfers the loss within the same group from a loss-making entity to a profit-making entity and conversely profits resulting from remission of liability to a loss-making entity.

The Hon'ble HC referred to the decision of the Hon'ble Supreme Court in case of CIT vs. Birla House (P) Ltd[1] wherein the bad debts claimed by the Assessee was rejected based on the view that there was no privity of contract or legal relationship or any custom / statutory obligation to furnish the guarantee. Also, it was incomprehensible as to in what manner, the guaranteeing of a loan indirectly facilitated the carrying on of the Assessee's business. Accordingly, the Hon'ble HC allowed the appeal of the tax authorities.

WGF Financial Services Pvt. Ltd [TS-165-HC-2025(DEL)]



3. *Power of relaxation of conditions cannot be exercised liberally / expansively but must be exercised keeping in view the objective of the main statute*

Four companies - Cargill Foods India Ltd. (CFIL); Global Oils and Facts Ltd. (GOFL); Duckworth Flavours (India) Pvt. Ltd. (DFIPL); and Cargill Matrix Feeds Pvt. Ltd. (CMFPL) [collectively referred as 'amalgamating companies'] were amalgamated with the Assessee with the objective of simplifying the corporate structure and optimizing shareholders value w.e.f. appointed date - 01.04.2007. The accumulated losses and unabsorbed depreciation of the amalgamating companies were INR 141 Crores. The timeline of 4 years, as prescribed under Rule 9C of the Rules read with Section 72A of the Act, to achieve at least 50% of the installed production capacity of the amalgamating company was expiring on 31.03.2011. In view of the same, the Assessee filed an application before the CBDT on 29.03.2011 to extend the time limit to fulfil the said condition by 3 years for one of the amalgamating companies (CFIL) i.e. till 31.03.2014. The Assessee was asked to approach the CBDT after filing ROI for AY 2012-13.

Subsequently, the Assessee was asked to furnish the details of production achieved, efforts taken and circumstances under which 50% production was not achieved. The Assessee responded stating that production capacity utilisation increased from 23.50% as on the appointed date to 42.16% as on 31.03.2013. Resultantly, the Assessee requested to relax the condition of level of production from 50% to 40% and extending the time limit from 31.03.2011 to 31.03.2012. Thereafter, the Assessee filed another application on 21.06.2018 to relax the condition of level of production from 50% to 36% as on 31.03.2011 or 42% as on 31.03.2012. The said application was

[1] *(1970) 2 SCC 88*

declined by the CBDT stating that the Assessee has failed to achieve the 50% capacity even upto FY 2015-16, which is beyond the prescribed period. The application for reconsideration of the said application was also rejected.

The Assessee filed a writ petition before the Hon'ble Delhi HC against the impugned CBDT order. The Assessee contended that genuine efforts were made by the Assessee to achieve the prescribed level of production. It made an investment of a sum of INR 176.95 crores in CFIL, which was twice the amount of the brought forward loss and unabsorbed depreciation of CFIL (amounting to INR 87 Crores) to increase the overall efficiency and productivity. The Assessee also submitted that the circumstances such as time paucity, gap between the appointed date and effective date of 1.5 years, stiff competition, reduction in import duty were the reasons because of which it was unable to achieve the prescribed production level. Per contra, the CBDT contended that the Central Government had wide discretion in entertaining an application for relaxation of conditions stipulated under Rule 9C. It also stated that Assessee has not made a fresh application but sought reconsideration of earlier application which was rejected by the impugned order.

The Hon'ble HC dismissed the writ and observed that while exercising the power to relax the prescribed conditions, the intention of Section 72A on revival of business of sick industries should be considered. The Assessee had applied for extension only few days prior to the expiry of the original time limit and failed to achieve the prescribed production level even within the extended period asked for in the initial application. The Hon'ble HC also observed that to fulfil the purpose of amalgamation, it is important to ensure that the conditions specified by Rule 9C are met to prevent abuse of the provisions. The relaxation under Rule 9C(a) is discretionary and must be granted only in exceptional cases. Accordingly, the order of the CBDT was upheld.

Cargill India Private Limited v. CBDT [S-187-HC-2025(DEL)]

4. Additions made merely on the basis of appraisal report and without application of mind or supportive evidence are liable to be deleted.

The Assessee is engaged in the business of an online travel portal for flight, hotel and bus booking through its website "www.easemytrip.com." The Tax Authorities conducted a search and seizure operation under Section 132 of the Act on 10.08.2017. Notices under Section 153A were issued for the period from AY 2012-13 to AY 2017-18. While passing the assessment orders, the AO made addition on account of suppressed sales arising from certain discrepancies between company's portal data vis-à-vis the accounting software (Busy ERP), IATA records, and Agency Debit Memos. The AO also disallowed the commission expenditure in excess of 10% of ticket sales considering the same as inflated expenditure. The assessment orders did not state as to how the amounts of additions were derived or as to how the arm's length rate of 10% in case of commission was derived. Aggrieved by the impugned assessment order, the Assessee filed appeals before the CIT(A) who noted that AO has not provided any workings for arriving at the amount of additions. Accordingly, the CIT(A) called for a remand report. The CIT(A) considered the remand report as well as submissions made by the Assessee and deleted the additions on the basis that the AO relied on an appraisal report and did not carry out any independent inquiry post search or during assessment proceedings for making additions. Further, the AO could not furnish any evidence of diversion of money received on online sale of tickets. Therefore, the CIT(A) concluded that addition was made without any application of mind and without any cogent material. Also, the addition made by AO was based on unknown mathematical analysis which was not made part of the assessment order. The Assessee was also not given an opportunity to furnish rebuttal to the findings of the AO. Accordingly, there was no evidence against the Assessee and hence, the additions were deleted.

As regards the disallowance of commission expense, the CIT(A) observed that although assessment order stated instances where commission was more than 10%, no details were furnished either in the assessment order or remand report. Also, the CIT(A) noted that assessment order did not specify whether the recipients are related parties to invoke Section 40A(2)(b) of the Act. The AO failed to establish as to how the commission above 10% is excessive. Moreover, since no commission expenditure is claimed in P&L A/c, there is no question of any disallowance of excessive commission expenditure. Aggrieved by the order of the CIT(A), the tax authorities filed an appeal

before the Hon'ble ITAT, Delhi.

The Hon'ble ITAT noted that there could not be any suppression of sales as sale of airline tickets was carried out online through the registered website. Further, the payment for airline tickets from customers was settled through digital mode. Hence, where there was no involvement of cash component in sales, the question of any suppression did not arise. Even during the search action, no details of any undisclosed bank account or payment gateway was detected. Accordingly, the Hon'ble ITAT upheld the order of the CIT(A) in respect of deletion of addition on account of alleged suppression of sales. On the commission expense, the Hon'ble ITAT noted that while no basis was furnished by the AO to arrive at Arm's length rate of commission of 10% or 5%, the genuineness of the commission payments were not challenged by AO. It is a well settled proposition that the business prudence need to be looked into from the point of view of Assessee and not tax authorities. The Hon'ble ITAT relied on judgment of Hon'ble Supreme Court in case of Dhanrajgiri Raja Narasingirji[2]. Accordingly, the Hon'ble ITAT agreed with the view of the CIT(A). In result, the Hon'ble ITAT upheld the CIT(A)'s order and dismissed the appeal of Tax Authorities.

Easy Trip Planner Pvt. Ltd [TS-211-ITAT-2025(DEL)]

5. Disallowance under Section 14A of the Act has to be considered on net interest expense.

The Assessee filed its ROI for AY 2016-17 which was accepted in the intimation issued under Section 143(1) of the Act. The ROI was selected for scrutiny and the AO observed that the Assessee made investment in 2 partnership firms by utilizing interest bearing funds. The Assessee was asked to show-cause why disallowance under Section 14A of the Act read with Rule 8D of the Rules and disallowance under Section 36(1)(iii) of the Act should not be made. In reply, the Assessee explained that it has earned interest income of INR 48.53 Lakhs from one of the partnership firms and paid interest of INR 41.04 Lakhs stating that there is net interest income of INR 7.49 lakhs The Assessee also contended that where contribution was made by a partner to the capital of the partnership firm out of the borrowed funds, the interest payment cannot be assumed to be an expenditure incurred for earning share of profits. However, the AO disregarded the submission made by the Assessee and made disallowance under Section 14A of the Act to tune of INR 43.34 lakhs (Direct interest – INR 41.04 Lakhs and computed average disallowance – INR 2.30 Lakhs). Aggrieved, the Assessee filed an appeal before the CIT(A). The CIT(A) observed that interest paid on capital in one of the firms cannot be allowed as it was not related with any commercial expediency. Accordingly, the CIT(A) partially granted the relief by deleting disallowance of INR 2.30 Lakhs and reducing the direct disallowance from INR 41.04 Lakhs to INR 35.66 lakhs.

On further appeal, the Assessee contended before the Hon'ble Mumbai ITAT that interest expenditure and interest income should be netted off. The disallowance under Section 14A of the Act for want of commercial expediency was without any basis as the capital contribution in a partnership firm itself shows that there was a business need. Per contra, the tax authorities relied on the assessment order.

The Hon'ble ITAT relied on judgment in case of Jubilant Enterprises P Ltd[3] wherein it was held that disallowance under Section 14A is to be made only with reference to the net interest paid on loan. The Hon'ble ITAT held that no disallowance is to be made under Section 14A of the Act as there is net taxable interest income. With respect to disallowance under Section 36(1)(iii) of the Act, the Hon'ble ITAT held that investment of borrowed funds towards capital contribution in a partnership firm in itself is a business justifying the commercial expediency of the transaction. Accordingly, the interest on such borrowed capital has to be allowed. The Hon'ble ITAT directed AO to allow the claim of interest paid on borrowed capital and thereby allowed the appeal by deleting the disallowance under Section 14A and Section 36(1)(iii) of the Act.

Shringar Developers Private Limited [TS-213-ITAT-2025(Mum)]

6. Claim of TDS credit allowable to sole beneficiary of a private trust once reflected in his Form 26AS after transfer of TDS credit from trust.

The Assessee is an individual and sole beneficiary of a private trust entitled 'Jamshed Bilimoria Trust' (trust)

[2] *91 ITR 544 (SC)*
[3] *CIT vs. Jubilant Enterprises P Ltd [TS-6857-HC-2017(Bombay)-O]*

created by his parents vide trust deed of 15.12.2004. His brother along with 2 professionals are trustees of the trust. The trust filed its ROI declaring NIL income. The Assessee filed his ROI for the AY 2023-24 offering dividend income arising from assets held by the trust (said dividend income) as per Section 161(1) of the Act and claimed TDS deducted thereon. The said dividend income and consequent TDS deducted were reflected in the Form 26AS of the trust. The CPC processed the ROI of the Assessee under Section 143(1) of the Act whereby the TDS credit of said dividend income was not granted and determined a tax demand. Aggrieved by the intimation, the Assessee filed an appeal before the CIT(A) who directed the AO to verify the claim of the Assessee as the sole beneficiary and allow the credit of the TDS on the said dividend income in accordance with the provisions of the Act. As the AO again denied the claim of the Assessee, the Assessee filed an appeal before the Hon'ble Mumbai ITAT.

Before the Hon'ble ITAT, the Assessee contended that TDS credit on the said dividend income was not claimed by the trust. Further, the Assessee urged that since the income arising from assets held by the trust was offered to tax by the Assessee, the corresponding TDS credit should have been allowed to him.

The Hon'ble ITAT noted the settled position that the tax authorities grants TDS credit only if it appears in the Form 26AS. Since, the TDS credit was not reflected in the Form 26AS of the Assessee, the AO declined to grant the TDS credit. The Assessee ought to have ensured that deductor deducted tax in the hands of the Assessee rather than trust. Further, the Hon'ble ITAT noted that the TDS credit was neither granted to the Trust nor to the Assessee. Consequently, the TDS continue to remain with the Government and at the same time, a demand was raised on the Assessee which amounted to an inequitable situation.

The Hon'ble ITAT directed the AO to address the request of Assessee and trust for transfer of TDS Credit from the Form 26AS of the trust to the Assessee and thereafter, to allow the credit as per the provisions of the Act. Accordingly, the Hon'ble ITAT allowed the appeal of the Assessee for statistical purposes.

Jamshed R Bilimoria [TS-209-ITAT-2025(Mum)]

7. Assessee not liable to deduct tax under Section 194-O as it did not qualify as 'e-commerce operator'

The Assessee is a travel agent and engaged in business of booking tickets for both Low Cost Carriers (LCC) and Full Cost Carriers (FCC) through digital platforms. For bookings made for LCCs via mobile app/website of the Assessee, payments were made directly to airlines after deducting tax under Section 194-O of the Act. Whereas for bookings made for FCCs, payments are routed through BSP (Billing and Settlement Plan) to BSP - International Air transport Association (IATA). However, the Assessee did not deduct tax for FCC bookings through CRS, a software owned by CRS companies.

The AO was of the view that the Assessee should have deducted TDS for payments made through BSP as well, based on analysis that both categories of bookings (for LCC and FCC) were similar in operational methods and only differing in payment processing mechanism. The AO classified Assessee as an "e-commerce operator" under Section 194-O, emphasizing the Assessee's role in managing digital platforms (CRS platforms) for booking tickets, despite not owning the CRS software. Accordingly, the AO treated the Assessee as 'Assessee-in-default' under Section 201(1)/201(1A) of the Act for AY 2021-22 and AY 2022-23 and determined the demand vide order issued under Section 201 of the Act. Aggrieved by the impugned order, the Assessee filed an appeal before the CIT(A).

The CIT(A) noted that as per explanation to Section 194-O of the Act, a person who **owns, operates or manages** digital or electronic facility or platform for e-commerce is treated as e-commerce operator. The CIT(A) relied on the decision of Hon'ble Delhi HC in case of *Asia Satellite Telecommunications*[4] which held that mere access to broadband from the transponder to its customer cannot be said to be tried to use when the control over the transponder was not with the Assessee. The CIT(A) observed that since the Assessee merely had access to the CRS platforms for booking and did not have control, the Assessee cannot be treated as e-commerce operator. The Assessee is merely an agent booking tickets on behalf of its clients using the CRS system. Accordingly, the CIT(A) held that Assessee was not an "e-commerce operator" and thus not liable to deduct TDS under Section 194-O of the Act.

Aggrieved by the order of the CIT(A), the tax authorities filed an appeal before the Hon'ble Mumbai ITAT.

The Hon'ble ITAT noted that Assessee books air tickets on behalf of the clients using CRS system which is

[4] *[TS-823-HC-2011(DEL)-O]*

owned by CRS companies and not by the Assessee. The Hon'ble ITAT perused the subscriber agreements with CRS companies entered by the Assessee which allows the access to CRS software, for obtaining information required for booking tickets. The said agreement also specifies that owner is entrusted to monitor or test the employees of the Assessee and right to remove or recover the software from the locations in case of any breach by the Assessee. It also states that the Assessee cannot modify, enhance or make copies of old or part of the software without prior consent. It calculates the incentives and payments to the Assessee and restricts productivity incentive payments, if the Assessee failed to achieve the target segments. Accordingly, the said agreement neither creates the ownership right nor lets the Assessee operate or manage the CRS system. Therefore, the Hon'ble ITAT concurred with the view of CIT(A), upheld the appellate order and dismissed the appeal of the tax authorities

Riya Travel and Tours (India) Pvt. Ltd [TS-223-ITAT-2025(Mum)]

8. Interest paid on borrowings which was used for strategic investments aimed at securing business control is deductible under Section 36(1)(iii) of the Act

The Assessee filed its ROI for AY 2017-18, declaring a loss and claiming interest expenditure on borrowed funds. The borrowed amount was utilized for investing in CCDs of Shreeniwas Cotton Mills Ltd., (SNCML). SNCML and the Assessee were engaged in the business of real estate development. This investment increased controlling stake of the Assessee in SNMCL from existing 95.30% to 99.76%. During the assessment proceedings, the Tax Authorities disallowed the interest expenditure under Section 36(1)(iii) on the grounds that the borrowed funds were used for an investment that did not yield taxable income. The Assessee argued that the investment was made to acquire a controlling interest, which is a valid business purpose. The CIT(A) relied on the judgment of Hon'ble Bombay HC in case of *Shrishti Securities*[5] as well as in the Assessee's own case for AY 2009-10 and allowed the deduction of interest expenditure. Aggrieved, the tax authorities filed an appeal before the Hon'ble Mumbai ITAT.

The Hon'ble Mumbai ITAT held that interest on borrowed funds used for acquiring a controlling interest in another company qualifies as a business expenditure under Section 36(1)(iii) of the Act. The Hon'ble ITAT observed that the investment in CCDs was made to strengthen control over the subsidiary and not merely for earning income. Relying on Shrishti Securities (supra), the Hon'ble ITAT emphasized that investments made with the intent to acquire or enhance control in a company are considered as a business purpose, even if they do not generate direct revenue. The ITAT noted that the Tax Authorities did not dispute the business rationale behind the investment made by the Assessee. As controlling interest in a subsidiary contributes to the overall business strategy, the interest on such borrowings qualifies for deduction. Consequently, the Hon'ble Mumbai ITAT dismissed the appeal of the Tax Authorities, affirming the CIT(A)'s decision in favor of the Assessee.

Macrotech Developers Limited [TS-217-ITAT-2025(Mum)]

9. Payments to booking agent of more than half of the sale consideration not justified as expense / commission

Almonds Infrastructure Pvt Ltd (AIPL) entered into an agreement with True Value Nirman Pvt Ltd ('TVNPL') on 20.03.2011 which provided that TVNPL was having absolute right to give booking of a immovable commercial property (Shop 4) in a building 'Neptune Harmony'. The Assessee purchased Shop 4 on 28.09.2011 from AIPL at INR 2.50 Crores and capitalized the said Shop 4 in its books of accounts. In the said purchase agreement between the Assessee and AIPL, there was no mention of TVNPL as an exclusive booking agent. Thereafter, TVNPL entered into an exclusive booking agreement with Ardor Structure Private Limited (ASPL) on 01.03.2012. Accordingly, TVNPL found ASPL as a prospective buyer of Shop 4 for a consideration of INR 3 Crores. Out of this sale consideration, TVNPL was entitled to retain INR 0.35 Crores as fee towards release of booking rights and balance INR 2.65 Crores were towards cost of the property (INR 2.50 Crores) and other expenses (INR 0.15 Crores). Subsequently, ASPL informed TVNPL that it had assigned the right of Shop 4 in favour of its sister concern – Chemedge Global Private Limited (CGPL).

[5] *Srishti Securities Pvt Ltd [TS-5082-HC-2009(Bombay)-O]*

The Assessee sold Shop 4 to CGPL on 28.05.2013 for a sale consideration of INR 5.04 Crores and received the entire sale consideration on 17.05.2013. However, the Assessee recorded the sale consideration of Shop 4 in its books of accounts at INR 2.50 Crores based on the view that excess sale consideration of INR 2.54 Crores (INR 5.04 Crores *less* INR 2.50 Crores) was revised on account of assignment by ASPL to CGPL and hence, belonged to ASPL. Subsequently, the Assessee entered into an agreement with TVNPL on 31.05.2023 to return the excess sale consideration of INR 2.39 Crores (after deducting the stamp duty and registration fees) to TVNPL.

The Assessee offered the short-term capital gains in its ROI filed for AY 2014-15. Subsequently, the AO received an information that the Assessee had sold an immovable property for INR 5.04 Crores and short-term capital gains arising on the sale were not offered to tax. Hence, the AO initiated the reassessment proceedings for A.Y. 2014-15. During the assessment proceedings, the Assessee contended that INR 2.54 Crores were paid to TVNPL by way of Transfer expense (INR 2.39 Crores) and stamp duty as well as registration charges (INR 0.15 Crores). The AO re-computed the short-term capital gains by considering sale consideration at INR 5.04 Crores and excess depreciation of INR 0.25 Crores was disallowed. Also, the AO disallowed the amount of INR 2.54 Crores as payments made to TVNPL. Aggrieved by the assessment order, 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 Ahmedabad ITAT.

The tax authorities contended that the agreements entered by TVNPL with ASPL and the Assessee were made after the actual sale of property by the Assessee and hence, the said agreement is sham and bogus. Even if TVNPL had exclusive booking right, such right could not have been exercised by TVNPL for the property already acquired by the Assessee. Also, the entire sale consideration was received by the Assessee. The payment of INR 2.54 Crores by the Assessee to TVNPL could be considered only as commission payment which is more than 50% of sale consideration. Therefore, the disallowance of INR 2.54 Crores is rightly considered by the AO. Also, the disallowance of depreciation on account of reduction in WDV of INR 0.25 Crores was justified. Per contra, the Assessee contended that sale consideration of Shop 4 has to be assessed at INR 2.50 Crores as the excess consideration was on account of revision in purchaser from ASPL to CGPL. Also, it was contended that it could not have sold the property without making an agreement with TVNPL. The Assessee relied on the order of the CIT(A).

The Hon'ble ITAT perused the records and submissions. The ITAT noted that disallowance of depreciation and expense both cannot be held as correct. Further, the Hon'ble ITAT observed that in the agreement for purchase of Shop 4 in 2011 by the Assessee, TVNPL was not mentioned as exclusive booking agent. Similarly, the sale agreement in 2013 also did not state TVNPL to be an exclusive booking agent. The booking agreement between TVNPL and AIPL which gives absolute right to give booking to TVNPL is not applicable on the premises already sold by AIPL to third party buyers. Also, the Assessee was nowhere appearing or referred to in the said agreement. Hence, the said agreement is not enforceable. In the agreement between TVNPL and ASPL, there was no mention of any arrangement between the Assessee and TVNPL for sale of Shop 4. There was no fiduciary relationship between the Assessee and TVNPL which could have agreed to act on behalf of the Assessee to the sell the property owned by the Assessee. TVNPL was neither the owner nor the POA holder on behalf of the Assessee. Since, TVNPL did not have any booking right in Shop 4, there was no question of any payment to TVNPL for release of its right. Even if the payment to TVNPL to be considered as commission, then commission of 50% of sale consideration was not justified. The Hon'ble ITAT concluded that all the arrangements were made post the date of actual sale of the property with an intention to divert the sale consideration and reduce the tax liability. Accordingly, the AO was correct in treating the transaction as a sham transaction and upheld the finding of AO. However, the Hon'ble ITAT dismissed the ground of the tax authorities with respect to disallowance of expense payments made to TVNPL as debit of the said payments in P&L Account of the Assessee was not established by the tax authorities.

Neptune Plastic Corporation [TS-222-ITAT-2025(Ahd)]

10. Addition made under Section 69 of the Act deleted in the case where option for presumptive tax under Section 44AD of the Act was exercised.

The Assessee, an individual is engaged in the business of electrical contract work on proprietary basis. During the AY 2018-19, the Assessee filed his ROI applying the presumptive tax provisions under Section 44AD of the Act. The AO received the information from Regional Economic Intelligence Committee that the Assessee has issued bogus sales bills leading to GST claim by other parties. In turn, the Assessee has made bogus purchases from one of the vendors i.e. Supreme International. Based on the above information, the AO picked up the case of the Assessee for scrutiny. During the assessment proceedings, the Assessee furnished the relevant documents and details. However, the AO disregarded the submissions made by the Assessee and passed an assessment order making the following disallowance:

- Undisclosed bank credits: INR 60.56 Lakhs
- Undisclosed Investments: INR 20.09 Lakhs
- Undisclosed Time Deposits: INR 12.10 Lakhs

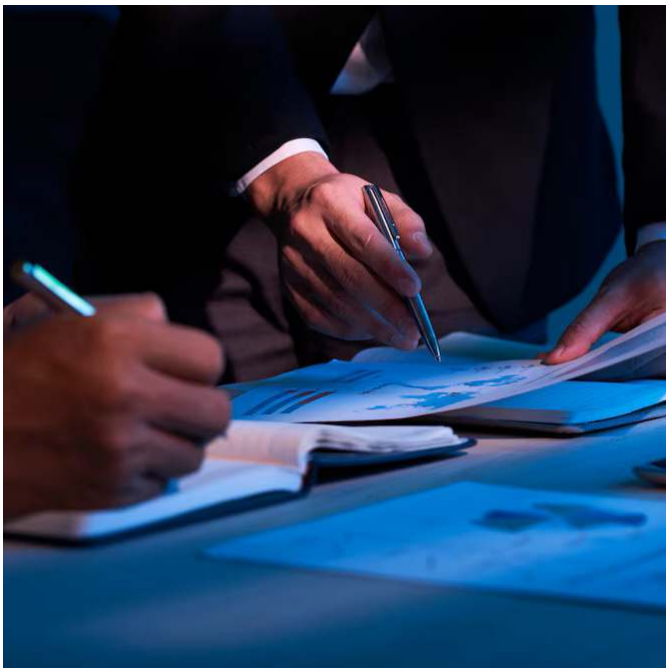
Total Addition: INR 92.75 Lakhs

Aggrieved by the said order, the Assessee filed an appeal before the CIT(A) who dismissed the appeal on the basis that Assessee failed to substantiate the source. The Assessee filed an appeal before the Hon'ble Bangalore ITAT.

The Assessee contended that he has filed a return by exercising the option to be taxed as per the provisions of presumptive tax. Therefore, the addition made by AO under Section 69 of the Act is illegal and bad in law. Further, the details in respect of alleged bogus sales and bogus purchases were substantiated by bank statements, purchase register, etc. Per contra, the tax authorities supported the assessment order and order of the CIT(A).

The Hon'ble ITAT noted that Assessee has rebutted the allegations in respect of bogus purchases and bogus sales by furnishing various details and documents. Also, the tax authorities failed to bring any adverse material on record to show that sales made by Assessee were over and above declared under Section 44AD of the Act. It also noted that Section 44AD of the Act is a deeming Section and overrides provision of Section 28 to Section 43C of the Act provided that total receipts do not exceed INR 2 Crores. Further, where the Assessee has opted for presumptive tax, no accounts are required to be maintained by the Assessee and so, there cannot be any addition in respect of undisclosed investments and time deposits. Therefore, the Hon'ble ITAT allowed the appeal of the Assessee.

Prakash Praveen Kumar [TS-204-ITAT-2025(Bang)]



11. Section 56(2)(viib) of the Act not applicable to holding- subsidiary; Benefit of option to choose method of valuation given to the taxpayer cannot be unilaterally taken away by the tax authorities

The Assessee company issued right shares to its two-holding companies namely Shriram Properties Pvt ltd (Resident) and Sun Apollo Investment Holding LLC (Non-resident) during the AY 2015-16. Rule 11UA(2)(b) gives the Assessee an option to value its shares either by way of a discounted cash flow (DCF) method or net asset value (NAV) for the purpose of Section 56(2)(viib) of the Act. The RBI guidelines mandate adoption of **DCF method** in share transactions concerning non-resident companies. Following both the regulations, the Assessee valued its shares under DCF method and issued the shares based on the same.

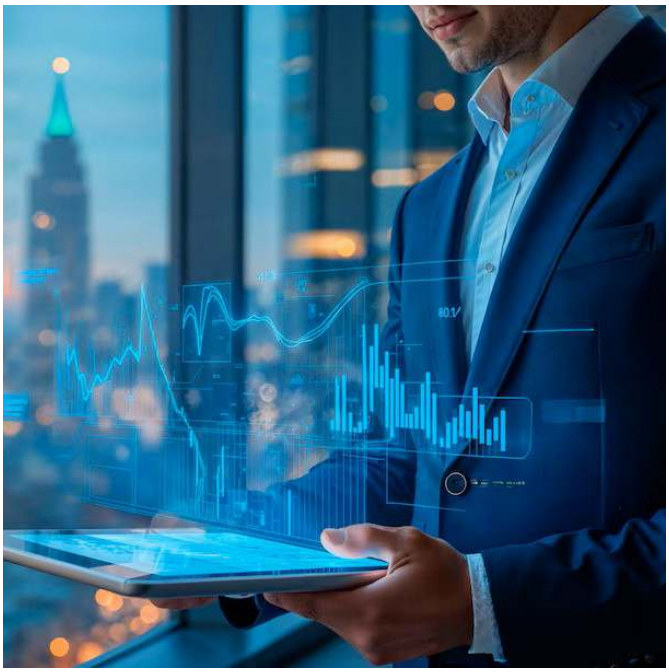
During the assessment proceedings, the AO rejected the calculations made by the Assessee under DCF method stating that it was projections based on surmise and guesswork. He applied the NAV method for shares issued to non-resident company and made an addition of INR 11,67,14,298/- under Section 56(2)(viib) r.w.r. 11UA. On appeal, the CIT(A) upheld the assessment order. The Assessee filed an appeal before the Hon'ble Chennai ITAT against the order of the Hon'ble CIT(A).

The Hon'ble ITAT held that the issue of shares to two holding companies is a composite transaction to which the AO has applied two different methods of valuation i.e. NAV method and DCF method. It was noted by the

Hon'ble ITAT that there is nothing in law which mandates that the tax authorities would have the option of applying two different methods of accounting in case of a solitary composite transaction. The company was **entitled to choose either DCF or NAV** under Rule 11UA of the Rules, and this right cannot be taken away by the tax authorities. No doubt can be raised on the accuracy of the valuation of shares as it was done prior to the execution of sale deed.

The ITAT relied on judgement of the Hon'ble Delhi HC in the case of FIS payment solutions and *Services India Pvt Ltd*[6] wherein it was observed that the intention of Section 56(2)(viib) is primarily to arrest black money or unaccounted transactions in the form of issue of shares at premium. The said deeming provision cannot be applied to the transaction of allotment of shares at a premium between holding company and its subsidiary company since there is no benefit derived by the Assessee by issue of the shares. The ITAT also held that CIT(A) changed the valuation method without giving the Assessee opportunity of being heard and hence **violated the principles of natural justice.** The Hon'ble ITAT thus deleted the addition of INR 11.67 crores made by the AO.

Gateway Office Parks Private Limited [TS-151-ITAT-2025(CHNY)



[6] *[TS-601-HC-2024(Delhi)]*
[7] *[TS-5891-HC-2012(Delhi)-O]*

12. Deemed rental income on unsold property held as stock-in-trade taxable as Income from House Property.

Sabarmati Capital One Limited ('the Assessee") is engaged in the real-estate business. The Assessee filed its ROI disclosing loss for AY 2015-16. The Assessee disclosed unsold inventory of flats of INR 189.19 crores. An assessment under Section 143(3) of the Act was completed and an order was passed accepting the returned loss. However, the Pr. CIT cancelled the assessment, directing the AO for a fresh assessment. During the assessment proceedings, the AO issued SCN to explain why Section 22 of the Act cannot be applied on unsold finished inventory. The Assessee responded that amendment in the provision to tax deemed rental income on unsold stock under Section 23(5) of the Act came w.e.f AY 2018-19 and not applicable for AY 2015-16. However, the AO disregarded the submission of Assessee and passed assessment order considering the Annual Let-out Value ('ALV') @ Bank FD interest rate of 8% and allowing standard deduction of 30% (INR 189.89 crores x 8% - 30%) and made addition of INR 10.59 crores. Aggrieved, the Assessee filed an appeal before the CIT(A) who confirmed the addition. Aggrieved by the order of the CIT(A) the Assessee filed an appeal before the Hon'ble Mumbai ITAT. The Assessee contended that the properties were part of its stock-in-trade and did not generate any actual income. Further it reiterated that the amendment in Section 23(5) of the Act, whereby notional annual value of property/part of the property held as stock-in-trade has been brought to tax subject to conditions specified therein, was brought into statute only from AY 2018-19.

The Hon'ble Mumbai ITAT relied on the decision of the Hon'ble Delhi HC in the case of *Ansal Housing Finance & Leasing Ltd*[7] wherein it was held that ALV is chargeable to tax in respect of unsold property and the incidence of charge is because of the ownership. However, the Hon'ble ITAT held that determination of ALV based on 8% rate of bank FD is not tenable in law. The Hon'ble ITAT further held that ALV should be the actual rent or the fair rent which a property may fetch from the open market in the same locality and directed the AO to re-compute the ALV as per the market rate prevalent in and around the same locality and decide the issue afresh after giving an opportunity of being heard to the Assessee. Accordingly, the Hon'ble Mumbai ITAT partly allowed the appeal of the Assessee.

Sabarmati Capital One Limited [TS-177-ITAT-2025(Mum)]

B. INTERNATIONAL TAX

1. LO/ WOS does not result into a PE/DAPE in India

Nokia Networks OY (Assessee) is a company incorporated in and a tax resident of Finland. It is engaged in manufacturing and trading of advanced telecommunication systems, equipment, hardware and software. In 1994, the Assessee established a LO in India, which was followed by the incorporation of fully owned subsidiary – Nokia India Private Limited (NIPL) on 23.05.1995. The Assessee entered into contracts for supplying of equipment to Indian telecom operators and also entered into the contract for the installation. After incorporation of NIPL, installation of the equipment was undertaken by NIPL under independent contracts with Indian Telecom Operators.

Assessee did not file its ROI in respect of off-shore supply contending that there was neither any business connection nor a PE in India and hence, it was not liable to tax on such income in India.

The AO concluded that the LO of the Assessee constituted a Fixed Place PE in India. Also, AO stated that Installation PE was constituted on the basis that Assessee has supported NIPL in discharging its obligation under the installation contract. Accordingly, portion of Assessee's income was attributable to India and hence taxable in India. Aggrieved by the assessment order, the Assessee filed an appeal before CIT(A).

The CIT(A) upheld the AO's findings, confirming that NIPL functioned as a DAPE being a wholly owned subsidiary and thus is not independent in nature. Aggrieved by the order of the CIT(A), the Assessee filed an appeal before the Hon'ble Delhi ITAT.

The matter was referred to the SB of the ITAT, which held that the LO did not constitute a PE and that as the equipment sale took place outside India, no income derived therefrom was accruing in India. However, the SB held that Assessee have a PE in India through NIPL on the basis that Assessee virtually projected itself in India through NIPL.

The Assessee as well as tax authorities filed cross-appeals before the Hon'ble Delhi HC, which held that the LO did not constitute a PE in the absence of any adverse factual finding. The question of NIPL being PE of the Assessee was remitted back to the ITAT in the light of certain factual errors which were not considered by ITAT while passing the order. It was noted that ITAT had taken the facts in the case of Ericsson on the presumption that those facts were common to the case of Assessee, resulting into factual inaccuracy of the order.

On remand of the matter, the SB of ITAT was reconstituted and it held that NIPL does not constitute PE of Assessee in India. The SB of ITAT noted as under:

- Undisputedly, the issue of the LO constituting a PE had come to be settled in the first round of the litigation.
- Supply of telecom equipment by Assessee was on a principal-to-principal basis founded on independent buyer and seller contracts. The title of the goods supplied was directly passed on to the customers and NIPL neither undertook any negotiation process nor assisted in delivery of goods. The contract for supply of off-shore equipment was concluded by the Assessee outside India. Further, no activity relating thereto was performed in India. There was nothing on record to show that NIPL had concluded contract on behalf of the Assessee.
- The income so generated from onshore activities undertaken by NIPL had already been subjected to tax and assessed in its hands. The Hon'ble SB of ITAT held that since no income had accrued to the Assessee from the installation and contract work undertaken in India, it would be wholly incorrect to assume that a DAPE had come into existence. It has also and in unequivocal terms found that NIPL in any case had not been shown to have been accorded the authority to conclude contracts in the name of Assessee.
- Assessee was not undertaking any installation activity in India and those activities were being performed by NIPL on a principal-to-principal basis for the benefit of its own customers under independent contracts
- In response to argument of virtual projection put forth by tax authorities, the Hon'ble ITAT pointed out that the inference of a PE without a definite location is not implied by virtual projection alone. Since there isn't a definite location in this instance, virtual projection by itself cannot be regarded as a contributing factor to the formation of a PE.

- The important feature of DAPE is the authorisation to act on behalf of another party to conclude contracts. In this case, there was no evidence indicating that the NIPL had negotiated or finalised any equipment supply contracts on behalf of the Assessee.

Subsequent to the above decision, the matter again travelled to the Hon'ble Delhi HC, wherein HC upheld the order of the ITAT's that NIPL did not constitute a PE of the Assessee in India. While doing so, the HC also noted the following pointers:

- The question of PE is not liable to be answered based on a "perception" of virtual projection. The DTAA does not leave this seminal issue to be decided on the basis of individual estimations or impressions. It lays in place certain empirical standards which must be borne in mind when answering the question whether a PE exists.
- To constitute a DAPE, the activities of the agent should be under instructions, or comprehensive control, of the non-resident and the agent should not bear any entrepreneurial risk. NIPL had neither authority to conclude supply contract nor any binding contract on behalf of the Assessee. NIPL was an independent entity, which had entered into independent contracts with customers on principal-to-principal basis. NIPL was bearing its own entrepreneurial risk.
- A parent or holding company is naturally expected to have an interest in the operations of its overseas subsidiary. This reflects its right to oversee, supervise, and protect shareholder interests. However, exercising these powers does not deprive the subsidiary of its independent economic existence.
- Article 5(8) explains the mere fact that an enterprise is a subsidiary of another would not in itself be sufficient to recognise it as a PE.

Nokia Networks OY [TS-132-HC-2025(DEL)]

2. Transactions not involving human intervention, conducted through automated software, does not fall under the definition of FTS

The Assessee is engaged in the business of purchasing Voice over Internet Protocol (VoIP) network from various international suppliers and then further re-selling the same network to its clients in India. VoIP technology is mainly used by the clients having huge international operations requiring uninterrupted and secured communication link. Such clients enter into agreement with VoIP Service providers like Assessee for getting private VoIP network for uninterrupted use.

The Assessee paid charges to its foreign AE Novanet Service Pte Ltd (NSPL) for acquiring VoIP network. On receipt of the information from insight portal, the AO issued a notice under Section 148 of the Act on account of non-deduction of tax on the foreign remittance made to its AE of INR 3.44 crore in AY 2018-19. The AO held that AE provided technical services to the Assessee which was taxable in India and tax ought to have been deducted on the said payments. The AO further held that the Assessee was the PE of its AE in India and therefore the payment is taxable in India. Accordingly, the AO disallowed the entire amount under Section 40(a)(i) of the Act on account of non-deduction of tax. Aggrieved, the Assessee filed an appeal before the Hon'ble CIT(A).

The Hon'ble CIT(A) noted the submission made by the Assessee and upheld the order of the AO by holding that the nature of transaction as per Unilateral Carrier Service Agreement ('UCSA') was in the nature of FTS and liable for deduction of tax.

On further appeal, the Hon'ble Mumbai ITAT, observed that the functions of the AE and the Assessee was to ensure that the VoIP network is provided to the clients as required by them. VOIP is a technology in which calls are made using the internet connection instead of traditional telephones lines. It is a fully automated process without human intervention. The Hon'ble ITAT further observed that the AE was merely playing the role of an intermediary to procure the VoIP network and resell the same, which therefore cannot be termed as FTS. The Hon'ble Mumbai ITAT relying on the decisions of the Hon'ble Delhi HC in the case of *Bharti Cellular Ltd*[8], Hon'ble Delhi ITAT in case of *Vodafone Digilink Ltd*[9] as well as on the decision of the Hon'ble Mumbai ITAT in the case of *Atos Information Technology HK Ltd*[10] held that when there is no human intervention and process is carried out through a fully automated software, then there cannot be FTS. It further held that

[8] *Commissioner of Income Tax V. Bharti Cellular Ltd [TS-6095-HC-2008(Delhi)-O]*
[9] *Vodafone Digilink Ltd. Vs. Commissioner of Income-Tax, (TDS) [TS-7802-ITAT-2017 (Delhi)-O]*
[10] *Atos Information Technology HK Ltd. Vs. Deputy Commissioner of Income-tax [TS-54-ITAT-2017(Mum)]and Atos Information Technology HK Ltd. Vs. Deputy Commissioner of Income-tax, [TS-229-ITAT-2021(Mum)]*

since there is no PE of the AE in India and the nature of service is not FTS, no withholding was required, and no disallowance under Section 40(a)(ia) of the Act can be made.

Novanet India Private Ltd [TS-203-ITAT-2025(Mum)]

3. ***Visit outside India for searching job, falls within the scope of 'For the purpose of employment outside India' entitles NR status.***

Mitesh Vijay Gulati (Assessee), travelled to USA in FY 2015-16 for the purpose of employment. He remained outside India for a total period of 210 days (182 days in employment and 28 days in search of employment). Assessee filed the ROI in India declaring himself as Non-resident, as his stay in India was 156 days (less than 182 days) on the basis of benefit available under Explanation 1 to Section 6(1) of the Act [for considering physical stay of 182 days applicable to Indian citizen departing India for the purpose of employment]. Accordingly, Assessee had not considered the income earned outside India for taxation in India.

The AO considered the 28-day job search period, outside the scope of the benefit "for the purpose of employment outside India" and accordingly treated the Assessee as Resident in India. Consequently, the AO made an addition of INR 86.21 lakhs of Salary and INR 2.77 lakhs of Interest income on NRE account. The Assessee filed an appeal before the CIT(A) against the impugned assessment order. The CIT(A) dismissed the appeal and upheld the order of AO. Aggrieved, the Assessee filed an Appeal before the Hon'ble Mumbai ITAT.

The Hon'ble Mumbai ITAT relying on the decisions of the Hon'ble Delhi ITAT in the case of Suresh Nanda, which is upheld by *Hon'ble Delhi HC*[11], held that the Assessee who went to a foreign country partially for employment and partially in search of employment and stayed in India for a period less than 182 days in the preceding year, shall be entitled to claim benefit of Explanation 1 to Section 6 of the Act. The Hon'ble ITAT highlighted that the tax authorities had no proof that the foreign stay was for non-employment reasons and gave due consideration to employment-related certificates issued by US firm as valid evidence. Accordingly, Hon'ble ITAT held the residential status of the Assessee as that of a Non-resident and deleted the impugned addition of INR 88.99 lakhs (INR 86.21 lakhs + INR 2.77 lakhs)

Mitesh Vijay Gulati [TS-201-ITAT-2025(Mum)]

II. TRANSFER PRICING

1. ***Upholds TNMM over CUP as most appropriate method for benchmarking sale/export of goods used consistently by the Assessee as there was no change in facts.***

The Assessee is a domestic company engaged in the business of natural active pharmaceutical ingredients (APIs) and Novel delivery systems for nutrients and active ingredients. During the AY 2020-21, the Assessee exported goods to its AEs. It compared the ALP by using the internal TNMM with OP/OC as the PLI. During the TP proceedings, the TPO rejected the TNMM method and applied the internal CUP method as MAM. Accordingly, the TPO vide order issued under Section 92CA of the Act, determined an upward TP adjustment of INR 15.93 crores. The Assessee filed its objections before the Hon'ble DRP against the draft assessment order which were rejected by the Hon'ble DRP. Pursuant to the DRP directions, the AO made an upward adjustment to the income of the Assessee in the final assessment order. Aggrieved by the final assessment order, the Assessee filed an appeal before the Hon'ble Mumbai ITAT.

Before the Hon'ble ITAT, the Assessee has submitted that the tax authorities have consistently accepted the TNMM as most appropriate method relating to the export of goods to AEs of the Assessee in the past years. However, in present AY, tax authorities have applied the CUP method even though there is no change in law or facts. The Hon'ble ITAT also observed that the facts and circumstances of the year under consideration were similar to those during AY 2012-13 to 2014-15 and AY 2017-18 whereby the Hon'ble ITAT held internal TNMM as MAM. The Hon'ble ITAT noted that no cogent material/ reasons were furnished by AO/TPO/DRP to substantiate the validity of adopting the internal CUP method as MAM. Accordingly, the Hon'ble ITAT held that the internal TNMM method adopted by Assessee is MAM for benchmarking transaction of sale/exports of goods and restored the matter to the file of AO for determining the ALP as per

[11] *[TS-5176-HC-2013(Delhi)-O]*

internal TNMM and allowed the appeal of the Assessee for statistical purpose.

Omni Active Health Technologies Limited [TS-76-ITAT-2025(Mum)-TP]

2. Reassessment proceedings based on deleted disallowance of goodwill and depreciation thereon for earlier years quashed

The Assessee is engaged in the business of manufacturing of construction equipments and components. During the AY 2014-15, the Assessee acquired business undertaking of its domestic AE's as under:

Name of AE	Nature of business of the undertaking	Consideration (in INR Crores)
Gujarat Apollo Industries Ltd (GAIL)	Asphalt plant business	228.75
Apollo Earthmovers Ltd (AEML)	Sensor paver business	40.96

The Assessee filed its ROI for AY 2014-15 which was selected for scrutiny. During the scrutiny proceedings, the AO / TPO treated the above purchase of business undertaking under slump sale arrangement as SDT under Section 92BA(I) of the Act. Pursuant to the same, an upward adjustment of INR 116.32 Crores was made. The Hon'ble DRP upheld the order passed by AO/TPO. Aggrieved, the Assessee filed an appeal before the Hon'ble Ahmedabad ITAT. Before the Hon'ble ITAT, the Assessee contended that purchase of undertaking under the slump sale arrangement is not covered under the scope of SDT specified under Section 92BA r.w. Section 40A(2)(b) of the Act. Also, Section 92BA(i) was deleted from the statute vide Finance Act, 2017 w.e.f. 01.04.2017. Accordingly, the said provision once deleted lost its existence and has to be considered as a law never been existed. In support of this view, the Assessee relied on various judicial precedents. The Hon'ble ITAT concurred with the view of the Assessee and deleted the TP adjustment of INR 116.32 Crores on the legal ground. Accordingly, the discussion on merit has become academic. Against the order of the Hon'ble ITAT, the tax authorities filed an appeal before the Hon'ble Gujarat HC which is pending for adjudication.

In the meanwhile, during the AY 2018-19, the Assessee filed its ROI which was selected for scrutiny and an assessment order under Section 143(3) of the Act was passed after making disallowance of royalty expense and donation. Subsequently, the Assessee received a notice issued under Section 148A(b) of the Act which stated reason for re-opening the assessment as claim of depreciation on goodwill created at the time of acquiring business of GAIL. The AO noted that claim of depreciation by the Assessee is in violation of provisions of the Act. In reply to said notice, the Assessee submitted that depreciation on goodwill was claimed pursuant to the orders of the Hon'ble ITAT for AY 2014-15. As there is no escapement of income based on the information available with AO, reopening of assessment was not permissible. Further, it was stated that although Assessee and GAIL / AEML were related parties under Section 40A(2)(b) of the Act, the transaction of business transfer and consideration was decided pursuant to Joint Venture Agreement ('JVA'). Therefore, the transaction is not a transaction influenced by the related parties and can be considered as an uncontrolled transaction.

However, the AO disregarded the reply of the Assessee and passed order under Section 148A(d) of the Act considering it as fit case for reassessment. The AO categorically stated that Hon'ble ITAT has not decided the issue on facts of the case but on applicability of Section 92BA(i) of the Act.

Aggrieved by the order issued under Section 148A(d) of the Act and notice under Section 148 of the Act, the Assessee filed a Writ Petition before the Hon'ble HC. After perusing the various details and documents, the Hon'ble HC noted that AO failed to consider the order of the Hon'ble ITAT for AY 2014-15. The Hon'ble HC held that only because the ITAT has not dealt the issue on the merits of the matter, it cannot be considered as an information, so as to assume the jurisdiction to issue the notice under Section 148 of the Act. Accordingly, the Hon'ble HC held that there was no question of escapement of income for AY 2018-19 for claim of depreciation on goodwill and hence, the impugned order and notice were quashed.

Amman India Pvt Ltd (TS-61-HC-2025-GUJ-TP)

III. GST AND CUSTOMS TAX UPDATES

Goods & Services Tax (GST)

1. *Advisory for issues faced by taxpayers in filing applications (SPL 01 / SPL 02) under the "Waiver scheme"*

Pursuant to the grievances raised by the taxpayers while filing the waiver applications on the GST portal, such as missing order numbers in SPL 02, failure of order and payment details to auto-populate, and difficulty in making payments or adjusting amounts through DRC 03A, it is clarified that the GSTN team is working on resolving these issues.

Further, the advisory has also clarified that the deadline to file waiver applications is 30.06.2025, not 31.03.2025[12], as the taxpayers have to file waiver applications within a period of three months from the notified date. However, the payment for the waiver scheme must be made by 31.03.2025.

In case of issues with the payment functionality, taxpayers can make voluntary payments using Form DRC-03 and link them via Form DRC-03A. For any other difficulties, taxpayers are encouraged to raise grievance tickets for quick resolution.

2. *Advisory for Biometric functionality allowing the Directors to opt for biometric authentication in their home state*

GSTN has introduced a facility for certain Promoters/Directors to complete their Biometric Authentication at any GST Suvidha Kendra (GSK) in their home state.

This facility applies to individuals listed in the Promoter/Partner tab for the following types of businesses as per the GST registration application:

- Public Limited Company
- Private Limited Company
- Unlimited Company
- Foreign Company

To use this facility, such Promoter/Director must follow the instructions provided in the intimation email and select a GSK within their home state. This option is available for applicants who receive the intimation email and are eligible to select a GSK within their home state as per REG-01.

This facility, which is currently available in 33 states/UTs and will soon extend to Uttar Pradesh, Assam, and Sikkim. Please note that GSK selection is a one-time option – once a center is chosen, it cannot be changed.

After selection, Promoters/Directors can book a slot for biometric verification at a convenient time. However, if the Promoter/Director and Primary Authorized Signatory (PAS) are the same person, the option is not available to them, and the PAS must visit the designated GSK for the required process, including document verification.

3. *Clarification[13] on issues related to availment of benefit of Section 128A of the CGST Act, 2017*

The GST Council, in its 53rd and 54th meetings, recommended the insertion of Section 128A in the CGST Act, 2017 and Rule 164 in the CGST Rules, 2017, to provide a waiver of interest or penalty for demands raised under Section 73 for the period between 1st July 2017 and 31st March 2020. The captioned circular[14] has clarified the implementation of these provisions and addressed several issues raised by taxpayers.

One key clarification is that taxpayers who made payments through GSTR-3B before 1st November 2024 will still be eligible for the benefits under Section 128A, provided the payment was intended for the specific demand. However, from 1st November 2024, payments must be made using the prescribed method through DRC-03.

Additionally, the circular addresses the scenario where notices or orders cover periods both within and outside the scope of Section 128A. In such cases, taxpayers can file an application under SPL-01 or SPL-02 for the tax liability of the period covered by Section 128A. They must also inform the appellate authority of their intent to withdraw appeals for the relevant periods, and the appellate authority will proceed with the case accordingly for the periods outside the scope of Section 128A. This clarification ensures a smooth and uniform implementation of the provisions, and any difficulties in its implementation should be communicated to the Board.

[12] as per Rule 164(6) of CGST Rules
[13] Circular No. 248/05/2025-GST dated 27th March 2025
[14] Circular No. 238/32/2024-GST dated 15th October 2025

Tax Alerts

1. Supreme Court of India: Allowed assessee's request to rectify return as there was no revenue loss to the Department[15]

Background:

The assessee had filed GST returns within time but after some time in December 2023, realised that there were certain errors with no loss of Revenue to the State. The time prescribed under Section 39(9) of CGST Act states the rectification of such omission or incorrect particulars must be made on or before 30th day of November, following the end of the financial year to which such details pertained. The assessee states that because they had missed the deadline, he made a request in writing to the concerned authorities to the permit the rectification but the same was not granted.

Supreme Court's Rulings:

The Hon'ble Supreme Court held that the right to correct bona fide clerical or arithmetical errors is an essential aspect of the right to carry on business and cannot be denied in the absence of valid justification. Acknowledging that human errors are natural and can occur on both sides — including the Revenue — the Court observed that procedural technicalities, such as software limitations or rigid timelines, should not defeat substantive justice, particularly when there is no loss of revenue to the government.

The Court emphasized that the denial of rectification merely due to expiry of the statutory deadline under Section 39(9) of the CGST Act, without any allegation of malafide intent or revenue loss, is unjustified. It advised the authorities to re-examine the existing timelines for correcting such errors, noting that taxpayers often become aware of discrepancies only when adverse consequences like denial of input tax credit arise. Accordingly, the special leave petition filed by the Revenue was dismissed, upholding the High Court's decision allowing rectification.

2. HC of Calcutta: The assessee had paid entire amount of demand of WBGST and pre-deposit of 2.5% of disputed tax by debiting electronic cash ledger was not required under Amnesty Scheme[16]

Background:

The assessee filed an appeal on 24th November 2023, aiming to avail benefit of an amnesty scheme notified on 2nd November 2023, which allowed the filing of time-barred appeals for orders passed by the proper officer on or before 31st March 2023 under Section 73 / 74 of the Act.

Further, the appeal had to be filed by 31st January 2024, with the full payment of the admitted tax, interest, fine, and penalty, along with a 12.5% sum of the remaining disputed tax amount. A minimum of 20% of this sum had to be paid by debiting the electronic cash ledger. However, the appellate authority rejected the appeal as the petitioner failed to pay the required 2.5% pre-deposit of the disputed tax amount via the electronic cash ledger, rendering the appeal ineligible.

HC's observations and rulings:

The High Court found that since the full tax amount for WBGST had been recovered, there was no need for the assessee to make an additional deposit of 2.5%. The Court noted that the petitioner had met all other preconditions for filing the appeal under the scheme, except for the 2.5% pre-deposit. Given this, and considering that the Appellate Tribunal was unavailable, the High Court decided to remand the case to the appellate authority for a decision on the merits, setting aside the order. The writ petition was disposed of with this direction, ensuring a fair consideration of the case on its merits.

3. HC of Delhi: Order against assessee for excess claim of input tax credit as invoices raised by supplier for Bombay GSTIN instead of Delhi GSTIN was set aside[17]

Background:

The petitioner, a company engaged in the sale of pharmaceutical products and medical devices, filed a petition under Articles 226 and 227 of the Constitution of India to challenge an order issued by the Joint Commissioner of Central Goods and Services Tax (CGST), Delhi South Commissionerate.

The petitioner was served with a demand for Rs. 5,65,91,691/- on the grounds that it had wrongly availed excess Input Tax Credit (ITC). The issue arose from invoices issued by the supplier, M/s Ahlcon

[15] *Central Board of Indirect Taxes and Customs vs. Aberdare Technologies (P.) Ltd., SLP (CIVIL) NO. 7903 OF 2025, dated March 21, 2025*
[16] *Dipankar Biswas vs. Deputy Commissioner of State Tax, WPA 925 OF 2025, dated March 5, 2025*
[17] *B Braun Medical India (P.) Ltd. vs. Union of India, W.P.(C) 114 OF 2025, CM APPL. 434 OF 2025, dated March 12, 2025*

Parenterals (India) Limited, which inadvertently mentioned the petitioner's Bombay GSTN instead of its Delhi GSTN. The department rejected the ITC claim solely based on this error, even though the petitioner's name was correctly mentioned on the invoices.

HC's observations and rulings:

The court observed that the petitioner's name was correctly mentioned on the invoices, but the GST number was incorrect (Bombay GSTN instead of Delhi GSTN). The department did not take a stand in the counter affidavit regarding this discrepancy. The department's counsel admitted that no other entity had claimed ITC on these transactions.

The court held that rejecting the ITC due to a small error by the supplier (incorrect GSTN) would cause substantial loss to the petitioner. The petitioner was allowed to correct the invoices and avail of the ITC. The court set aside the impugned order dated 28th June 2024, which had rejected the ITC claim, and permitted the petitioner to avail of the ITC for the relevant periods (2017-18 to 2020-21), amounting to a total of Rs. 5,65,91,691/- disposing of the petition.

Customs

1. ***HC of Delhi: Levy of an additional duty after the transaction has been subjected to the imposition of tax treating it to be a supply of service would be clearly unconstitutional and cannot be sustained[18]***

Background:

The case involved Interglobe Aviation Ltd., which had initially exported aircraft and parts of aircraft from India to Maintenance, Repair and Overhaul (MRO) service providers abroad. These goods were later re-imported into India after undergoing repairs and refurbishments.

The Revenue Department sought to levy Integrated Goods and Services Tax (IGST) on the re-import of such goods under Section 3(1) of the Customs Tariff Act, 1975, read with the proviso to Section 5(1) of the IGST Act, 2017. The demand was placed relying on Notification No. 36/2021-Cus., which amended Notification No. 45/2017-Cus., by inserting the phrase "tax and cess", effectively levying an additional duty over and above the IGST.

Further, the CBIC Circular No. 16/2021-Cus. sought to enforce the said notification and clarify its application.

Interglobe Aviation Ltd. challenged this demand, asserting that the levy was unconstitutional and ultra vires the parent legislation, specifically the IGST Act, 2017.

Observations & Rulings:

The Delhi High Court held that the levy of IGST on the re-import of repaired aircraft parts by Interglobe Aviation Ltd. was unconstitutional, as the transaction involved import of services and not goods. The Court emphasized that the nature of the transaction was a supply of service under Entry 3 of Schedule II of the CGST Act, and not a composite or mixed supply. It is ruled that the Customs Tariff Act, 1975 and the IGST Act, 2017 do not authorize the imposition of duties on services per se. The attempt to levy additional IGST through Notification No. 36/2021-Cus. and the associated Explanation was deemed ultra vires and beyond the scope of the legislative framework.

Further, the Court clarified that Section 3(7) of the Customs Tariff Act is merely a mechanism for collecting IGST and not a source of independent tax levy. The absence of the term 'services' in the proviso to Section 5(1) of the IGST Act indicated clear legislative intent to exclude services from additional levies under customs provisions. The Court also rejected the Department's reliance on the Aspects Theory and held that labeling the amendment as "clarificatory" did not make it valid. Relying on the Supreme Court's ruling in Mohit Minerals, the High Court quashed both the impugned notification and CBIC Circular No. 16/2021-Cus. as unconstitutional.

[18] *Interglobe Aviation vs. Principal Commissioner of Customs Acc (Import) New Custom House New Delhi, W.P.(C) 934 & 7845 OF 2023 & 4673 OF 2024, dated March 4, 2025*

IV. IMPORTANT CIRCULARS AND NOTIFICATIONS

1. *CBDT[19] issues clarification on Circular No. 01/2025 for application of Principle Purpose Test ('PPT') provision under DTAA*

- The Circular applies only to the PPT provision in DTAAs entered into by India (Indian DTAA's) where such a provision exists.
- It does not interfere with any other provisions of the Indian DTAAs regarding treaty entitlement or benefits.
- It does not impact anti-abuse rules under domestic law, including GAAR, SAAR, or JAAR.

The Circular reaffirms existing legal interpretations and does not introduce new changes to the Act.

2. *CBDT[20] issues clarification on income tax deduction from salaries during the FY 2024-25 under Section 192 of the Act*

CBDT provides detailed guidelines for TDS on salaries under Section 192 of the Act for the FY 2024-25. The circular incorporates amendments introduced by the Finance Acts of 2023 and 2024, impacting the TDS requirements for salaried employees

It clarifies the taxation of salary and perquisites, including the inclusion of contributions made by the Central Government to the Agniveer Corpus Fund under the Agnipath Scheme as part of 'Salary' under Section 17(1) of the Act. It also specifies the valuation of perquisites, such as rent-free or concessional accommodation provided by employers, as taxable income. Additionally, the circular outlines revised income tax slabs under the new tax regime (Section 115BAC) for the AY 2025-26 and provides details on applicable surcharge rates under the old tax regime.

The circular updates Form 16 and Form 24Q, raises the leave encashment exemption to INR 25 lakh, and enforces stricter TDS penalties. Employers must consider revised tax rates for accurate deductions, while employees should choose their tax regime wisely. For details, visit the Income Tax Department's website.

3. *CBDT Notification[21] on Income Tax Rule Amendments for Business & Investment Trusts*

Notification No. 17/2025 dated 24.02.2025, issued by the CBDT under the Ministry of Finance, announces amendments to the Rules. It primarily deals with tax-related provisions concerning business trusts, investment funds, and securitization trusts, focusing on the reporting and distribution of income to unit holders or investors. Key changes include modifications to Form No. 64A, 64B, 64C, 64D, 64E, and 64F, outlining the procedure for filing statements of distributed income. The amendments introduce new compliance requirements and enhance digital reporting mechanisms for accurate taxation. For details, visit the Income Tax Department's website.

V. REGULATORY UPDATES

1. *SEBI Introduces Online Filing System for Certain Takeover Reports*

In a step towards greater digital efficiency and ease of compliance, SEBI has introduced an online filing system for reports required under Regulation 10(7) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Until now, acquirers claiming certain exemptions under Regulation 10 had to submit email-based reports to SEBI. With this new circular dated 20.03.2025, SEBI has enabled online filing through the SEBI Intermediary Portal (SI Portal) for specific types of exemption filings.

In the first phase, reports related to exemptions under Regulation 10(1)(a)(I) and 10(1)(a)(ii) can now be filed through the SI Portal. All reports for other exemptions shall continue to be filed by emails.

- From 15.05.2025 onwards, only the SI Portal will be accepted for these filings.
- This online system will run in parallel with email submissions until 14.05.2025.
- Payment of the required non-refundable fees must

[19] *CBDT issues press release dated 15.03.2025*
[20] *Circular No. 3/2025 F. No. 275/107/2024-IT(B) dated 20.02.2025*
[21] *Notification No. 17/2025 dated 24.02.2025*

also be made only through the SI Portal for these reports. The previous payment link on the SEBI website will no longer be valid for these two categories.

This move is part of SEBI's broader digital push to streamline regulatory processes, reduce manual submissions, and improve overall turnaround time for compliance matters.

2. *SEBI Extends Timeline for Implementation of Industry Standards on Related Party Transactions*

SEBI has announced a relaxation in the implementation timeline for the upcoming Industry Standards concerning Related Party Transactions (RPTs). These standards were initially set to come into effect from 01.04.2025, but based on industry feedback, the implementation date has now been extended to 01.07.2025.

What are these Industry Standards about?

- The standards relate to the minimum information that listed entities must provide for the review and approval of related party transactions by the audit committee and shareholders. These were introduced via SEBI's earlier circular dated 14.02.2025.

Reason for extension

- Several stakeholders across industry bodies, including ASSOCHAM, CII, and FICCI, reached out to SEBI requesting additional time to align with the new requirements. In response, SEBI has granted a 3-month extension.

What's next?

- The Industry Standards Forum (ISF) — consisting of representatives from the three major industry associations — has been tasked with reviewing the feedback received. The ISF will work towards simplifying the standards and will release an updated version within the new timeline.

This extension gives companies more breathing room to align their internal processes and ensures smoother implementation of the enhanced disclosure norms for RPTs.

3. *SEBI Proposes Relaxation for Stock Brokers in GIFT-IFSC*

Current scenario

As things stand, any SEBI-registered stock broker wanting to offer services in GIFT-IFSC must first get SEBI's approval — either to set up a subsidiary or enter into a joint venture. This comes with added compliance, operational segregation and regulatory coordination.

What's changing

- SEBI is now proposing a more streamlined approach. Going forward, stock brokers may no longer need SEBI's prior approval to start operating in GIFT-IFSC. Instead, they can do so by creating a Separate Business Unit (SBU) under their existing broking entity.
- This move is aimed at reducing red tape, leveraging existing infrastructure, and making cross-border financial services more accessible.

Safeguards proposed

While SEBI is relaxing the entry process, it's also ensuring regulatory discipline by setting clear boundaries:

- The SBU must be maintained at arm's length from the broker's Indian operations.
- Books of accounts, infrastructure, personnel, and net worth must be kept separate for the SBU.
- Activities of the SBU must be limited to GIFT-IFSC and fall under the jurisdiction of the local regulatory authority (not SEBI).
- Indian grievance redressal systems like SCORES and Investor Protection Fund (IPF) will not apply to clients using services from the SBU.

What if brokers are already in GIFT-IFSC?

- Those who've already set up a subsidiary or joint venture (with SEBI's approval) in GIFT-IFSC can now choose to dismantle the existing structure and operate through the new SBU model, making their business leaner and more integrated.

SEBI is seeking public comments on this draft until 11.04.2025. Suggestions can be submitted online through SEBI's public comment portal

4. SEBI Advisory on Social Media Advertisements

SEBI has issued an important advisory for all SEBI Registered Intermediaries regarding the publication of advertisements on social media platforms (SMPs) like Google and Meta (Facebook, Instagram, etc.).

With the rise in securities market-related frauds across platforms like YouTube, Telegram, WhatsApp, and others, SEBI has observed the misuse of SMPs through misleading trading courses, false testimonials, and deceptive claims of guaranteed returns.

New Requirement: To enhance transparency and investor protection, SEBI now mandates that all registered intermediaries wishing to advertise on SMPs must:

- Register on the respective social media platforms using email IDs and mobile numbers registered on SEBI's SI Portal.
- Undergo advertiser verification by the platform providers before publishing advertisements.

Action Point: All SEBI Registered Intermediaries must update their contact details (email ID and mobile number) on the SEBI SI Portal by April 30, 2025.

This move is all about building trust, cutting down on scams, and keeping the digital space safer for investors.

---

5. Regulatory Update: SEBI's New Consultation Paper

SEBI has recently released a consultation paper proposing a significant change in the treatment of Employee Stock Option Plans (ESOPs) for promoters and promoter group employees especially those led by founder-promoters who are actively involved in building and running the company and maximum holding period for OFS issues.

1. ESOPs Granted to Founders Who Are Later Classified as Promoters

- Current scenario

  Under current SEBI rules, promoters and their group members are not allowed to receive ESOPs or share-based benefits, except via sweat equity. This restriction often limits how founders and key team members from the promoter group can be rewarded in a structured, long-term way.

- Proposed Amendment

  SEBI is looking to allow ESOPs and other share-based benefits to promoters and promoter group employees—but only if they are working in a professional capacity (like a CEO, CTO, CFO, etc.).

This means, if you're a founder actively contributing to your startup's growth, you might soon be eligible to receive ESOPs, just like any other key employee.

---

2. Clarification on Minimum Holding Period for Offer for Sale (OFS) in Public Issues

- Current scenario

  Regulation 8 of the ICDR Regulations mandates that shares offered in an OFS must be held for at least one year before the filing of the draft offer document. While exemptions exist for shares received under court/tribunal-approved schemes, there's ambiguity regarding shares arising from convertible securities (like CCDs) issued under such schemes.

- Proposed Amendment

  SEBI proposes to explicitly include equity shares arising from conversion of fully paid-up compulsorily convertible securities (received under approved schemes) within the exemption. This would align OFS eligibility norms with the treatment of Minimum Promoters' Contribution (MPC) under Regulation 15

SEBI is seeking public comments till 18.04.2024. If implemented, this change could really shift how startups approach equity compensation for their core founding team.

---

6. Key Changes and Impact on SME IPOs

The Securities and Exchange Board of India (SEBI) has introduced amendments to the Issue of Capital and Disclosure Requirements (ICDR) Regulations, 2025, effective March 3, 2025, aimed at enhancing the regulatory framework for Small and Medium Enterprises (SMEs) seeking to launch Initial Public Offerings (IPOs).

<u>The key changes and their impacts are as follows</u>

Eligibility Criteria

- SMEs are now required to have a minimum Earnings Before Interest, Taxes, Depreciation, and

Amortization (EBITDA) of INR 1 crore in at least two of the preceding three financial years to be eligible for an IPO.

Utilization of IPO Proceeds

- A cap has been placed on the allocation for general corporate purposes, limiting it to 15% of the issue size or INR 10 crore, whichever is lower. Additionally, IPO proceeds cannot be used to repay loans taken from promoters or related parties.

Promoters' Shareholding Lock-in

- Any promoter shareholding exceeding the required minimum will be subject to a lock-in period, with 50% of the excess shares released after one year and the remaining 50% after two years.

Selling Restrictions

- Existing shareholders are restricted from selling more than 50% of their holdings during the IPO. The Offer for Sale (OFS) component is capped at 20% of the total issue size.

Investor Protection Measures

- The minimum application size has been increased to INR 2 lakhs, up from the previous INR 1 lakh, to discourage speculative trading and encourage serious investment.
- Additionally, the draft red herring prospectus (DRHP) must be available for public comments for a period of 21 days from date of filing, to enhance transparency and allowing for public scrutiny.

Allocation methodology for non-institutional investor

- Non-Institutional investor allotment will now follow same approval as applicable to main board IPOs

Further Fundraising Without Migration to Main Board

- SEBI has amended Regulation 280(2) by replacing the term "face value" with "paid-up" and allowing issuers with post-issue paid-up capital exceeding INR 25 crores to raise further capital without mandatory migration from the SME Exchange to the main board, provided they comply with SEBI (LODR) Regulations, 2015.

---

7. Regulatory Update: Key Decisions from SEBI's 209th Board Meeting (24.03.2025)

The SEBI Board, in its 209th meeting, approved several key proposals impacting FPIs, AIFs, MIIs, and intermediaries.

Higher Disclosure Threshold for FPIs

The disclosure threshold for Foreign Portfolio Investors (FPIs) has been raised from INR 25,000 crore to INR 50,000 crore of equity AUM, keeping pace with increased market activity.

More Flexibility for AIFs

Category II Alternative Investment Funds (AIFs) can now treat investments in listed debt securities rated 'A' or below as unlisted. This change helps AIFs meet with the regulatory requirement of investing in unlisted securities.

Governance Reforms in Market Infrastructure Institutions (MIIs)

- Public Interest Directors (PIDs) will continue to be appointed without shareholder approval.
- If the board decides not to re-appoint or existing PID, it must record the rationale and communicate it to SEBI.
- Cooling-off periods for KMPs and Directors moving to competing MIIs will now be decided by each MII's board.
- SEBI will no longer prescribe a cooling off period.
- Key roles like Compliance Officer and Chief Risk Officer will now need full board approval for appointments.

Advance Fee Norms for Investment Advisers (IAs) & Research Analysts (Ras)

IAs and RAs can now collect advance fees for up to 1 year (previously limited to 6/3 months). As regards non-individual clients, fees related terms and conditions shall be mutually agreed.

Regulatory Changes Deferred

Proposed amendments for Merchant Bankers, Debenture Trustees, and Custodians to undertake other regulated activities has been deferred for further review and consideration.

New High-Level Committee Announced

SEBI will set up a committee to review conflict of interest rules and disclosure norms for its own Board Members and Officials, to enhance transparency and accountability.

These measures aim to strengthen governance, ease compliance, and improve transparency across market participants.

VI. COMPLIANCE CALENDAR FOR APRIL 2025

A. Income tax

Sr. No.	Due Dates	Concerned (reporting) Period	Compliance Detail	Applicable to
01	7th April	March 2025	TCS Payment	Non-Government Collectors
02	30th April	March 2025	TDS Payment	Non-Government Deductors

B. Goods and Service Tax

Sr. No.	Due Dates	Concerned (reporting) Period	Compliance Detail	Applicable to
01	10th April	March 2025	GSTR – 7 (TDS)	Person required to deduct TDS under GST
02	10th April	March 2025	GSTR – 8 (TCS)	Person required to collect TCS under GST
03	11th April	March 2025	GSTR – 1	a) Taxable persons having annual turnover > Rs. 5 crores in FY 2023-24. b) Taxable persons having annual turnover ≤ Rs. 5 crores in FY 2023-24 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme.
04	13th April	January 2025 to March 2025	GSTR – 1 (IFF)- QRMP	Aggregate Turnover is up to Rs. 5 crores.
05	13th April	March 2025	GSTR – 6 (ISD)	Person registered as ISD.
06	13th April	March 2025	GSTR - 5 (NRTP)	Non-resident taxable person (NRTP).
07	20th April	March 2025	GSTR – 3B	a) Taxable persons having annual turnover > Rs. 5 crores in FY 2023-24. b) Taxable persons having annual turnover ≤ Rs. 5 crores in FY 2023-24 and not opted for QRMP scheme.
08	20th April	March 2025	GSTR - 5A (OIDAR)	OIDAR services provider.
09	22nd April	January 2025 to March 2025	GSTR – 3B - QRMP scheme- Monthly payment *	Aggregate Turnover is up to Rs. 5 crores (Refer Note 1).
10	24th April	January 2025 to March 2025	GSTR – 3B - QRMP scheme- Monthly payment **	Aggregate Turnover is up to Rs. 5 crores (Refer Note 2).

Note 1. Summary Return of January-March quarter by Quarterly filers in Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep.

Note 2. Summary Return of January-March quarter by Quarterly filers in Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi.

* 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

** 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. Provident Fund (PF) / Employee State Insurance Corporation (ESIC)

Sr. No.	Due Dates	Concerned (reporting) Period	Compliance Detail	Applicable to
01	15th April	March 2025	PF/ESIC Payment	All Assessee to whom respective laws of PF / ESIC are applicable
02	25th April	March 2025	PF Monthly Return	
03	30th April	FY 2024-25	PT Payments	Assessees whose annual Profession Tax liability is more than Rs. 50,000

C. FEMA Compliance

Sr. No.	Due Dates	Particulars	Concerned (reporting) Period	Applicable to
01	7th April	ECB 2 Return (External Commercial Borrowing)	March 2025	All Indian Borrowers who have non-resident lenders

GLOSSARY

ABBREVIATION	FULL FORM
Act	Income-tax Act, 1961
AE	Associate Enterprise
AIF	Alternative Investment Funds
ALP	Arm's Length Price
ALV	Annual Let-Out Value
AO	Assessing Officer
API	Active Pharmaceutical Ingredients
ARC	Asset Reconstruction Cost
AS	Accounting Standards
ASSOCHAM	The Associated Chambers of Commerce and Industry of India
AUM	Assets Under Management
AY	Assessment Year
BSP	Billing and Settlement Plan
CBDT	Central Board of Direct Taxes
CCD	Compulsorily Convertible Debentures
CII	The Confederation of Indian Industry
CIT	Commissioner of Income-tax
CIT(Appeals) / CIT(A)	Commissioner of Income-tax (Appeals)
CUP	Comparable Uncontrolled Price
CPC	Centralised Processing Centre
DAPE	Dependent Agent Permanent Establishment
DCF	Discounted Cash Flow
DRP	Dispute Resolution Panel
DTAA	Double Taxation Avoidance Agreement
FICCI	The Federation of Indian Chambers of Commerce & Industry
FTS	Fees for Technical Services
FY	Financial Year
GAAR	General Anti Avoidance Rule
GIFT	Gujarat International Finance Tec- City
GST	Goods & Service Tax
HC	High Court
Hon'ble	Honorable
IATA	International Air Transport Association
IFSC	International Financial Services Centre
ISF	Industry Standards Forum
ITAT	Income Tax Appellate Tribunal
ITR	Income Tax Return
JVA	Joint Venture Agreement
LO	Liaison Office
MAM	Most Appropriate Method
NAV	Net Asset Value
NRE	Non Resident (External)

GLOSSARY

ABBREVIATION	FULL FORM
PE	Permanent Establishment
PLI	Profit Level Indicator
POA	Power Of Attorney
PPT	Principal Purpose Test
QRMP	Quarterly Return Monthly Payment
RPT	Related Party Transaction
ROI	Return of Income
RBI	Reserve Bank of India
Rules	Income-tax Rules,1962
SB	Special Bench
SC	Supreme Court
SEBI	Securities Exchange Board of India
TDS	Tax deducted at source
TNMM	Transactional net margin method
TPO	Transfer Pricing Officer
TRC	Tax Residency Certificate
WOS	Wholly Owned Subsidiary

BHUTA SHAH & CO LLP
CHARTERED ACCOUNTANTS

About us

Bhuta Shah & Co LLP (BSC) is a dynamic professional Chartered Accountants firm with a distinctive blend of skill sets, experience and expertise. Established in the year 1986, we operate from our Head Office in Nariman Point, Mumbai while having 6 offices across India in Mumbai, Pune, Ahmedabad and New Delhi.

We offer our clients a wide range of services including Audit & Assurance, Direct Taxation, Indirect Taxation, Transaction Advisory, Corporate Finance, Corporate Advisory, Risk Advisory, Cyber Security and Resolution & Insolvency Advisory.

We provide services to a diverse set of leading Indian and Multinational Clients, including FPIs, Mutual Funds, Large Banks, Broking Institutions, Listed Companies including Pharmaceutical Companies, Manufacturing Companies, Insurance Companies, Realty Companies, Jewellery Companies, Hospitals and several other Large and Medium Businesses.

Our forte is high quality services to our clients based on the core principles of Quality, Focus, Timeliness and Commitment.

The Leadership Team comes with rich experience and is supported by a competent and efficient team of Professionals including Chartered Accountants, Professionals with Big-4 Consulting and Industry experience, Advocates, Company Secretaries, MBAs, Former IRS Officers, who are committed to providing timely, professional and quality services to our clients.

Our Locations

Mumbai
Head Office
302-303, Regent Chambers, Nariman Point,
Mumbai – 400 021.

Suburban
3rd Floor, Solitaire Corporate Park no. IV,
Andheri Kurla Road, Chakala, Andheri East,
Mumbai – 400 093.

New Delhi
E-6, First floor, Connaught Place, New Delhi – 110 001.

Ahmedabad
813, Shree Balaji Heights, Besides IDBI Bank,
C G Road, Ahmedabad – 380 006.

Pune
501-502, Building # B3, Pride Kumar Senate II,
CTS # 970, Senapati Bapat Road, Shivajinagar,
Pune- 411 016.

Jaipur
309-B, Windsor Plaza, Sansar Chandra Road, Jaipur,
Rajasthan – 302 001.

Bengaluru
151, 5th Floor, Moksha Mansion 1st Cross, Sarjapur,
Sarjapur - Marathahalli Road, 1st Block Koramangala,
Bengaluru, Karnataka – 560 034.

Hyderabad
VVC Konark, 2nd Floor, Plot, 5, Hitech City Road, Jubilee Enclave, Madhapur, Hyderabad, Telangana – 500 081.

Tel: +91 079 4003 9647
L: +91 22 4343 9191
F: +91 22 2283 27 27
E: mail@bhutashah.com
W: www.bhutashah.com

SCAN TO KNOW MORE