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BHUTA SHAH & CO LLP

CHARTERED ACCOUNTANTS

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BSC BEACON

TAX & REGULATORY INSIGHTS

WHAT'S INSIDE

I. DIRECT TAXATION:
A. CORPORATE TAX

1. *Block assessment order passed under Section 153C of the Act, based solely on retracted statement of MD recorded under Section 132(4) of the Act and in absence of incriminating material quashed*

Surabhi Shelters Pvt. Ltd. ('the Assessee') is a Hyderabad-based property developer. The tax authorities conducted a search on 17.08.2000 at the office premises of the Assessee and at the residential premises of its MD and other directors.

During the search proceedings, no incriminating material relating to tax evasion was found. However, the statement of the MD was recorded under Section 132(4) of the Act who alleged to have disclosed an amount of INR 1.50 Crores as undisclosed income. Accordingly, the tax authorities quantified the income and directed the Assessee to pay tax on the said undisclosed income vide a block assessment order pertaining to the period from 1992-93 to 2000-01. Aggrieved, the Assessee filed an appeal before the CIT(A) which was dismissed. Upon further appeal, the Hon'ble Hyderabad ITAT upheld the order of the CIT(A).

Aggrieved, the Assessee filed an appeal before the Hon'ble Telangana HC. During the appeal proceedings, the HC directed the tax authorities to produce a copy of panchnama to verify whether it contained any seizure of incriminating material. However, the said panchnama was not produced before the Hon'ble HC.

Further, the Hon'ble HC noted that no incriminating material was found during the search and the quantification was made merely on the basis of statement of the MD. Relying on the judgment of the Hon'ble SC in case of **Abhisar Buildwell Pvt Ltd**[1] as well as Andhra Pradesh HC judgment in the case of **Naresh Kumar Agarwal**[2] and **Ramdas Motor Transport**[3] wherein it was held that when no incriminating material was found in the course of search, the statement recorded under Section 132(4) of the Act especially if retracted on grounds of threat or coercion, lacks evidentiary value and such statement cannot form the basis for quantification.

Furthermore, the Hon'ble HC observed that the above case laws squarely apply to the Assessee. The tax authorities did not seize any unaccounted money, bullion nor any other valuable articles or things or any such other incriminating material either from the premises of the company or from the residential houses of the MD or other directors. Accordingly, the Hon'ble HC held that the retracted statement of the MD recorded under Section 132(4) of the Act has no evidentiary value and the said statement cannot be made as a sole basis for quantification of the amount. Accordingly, Hon'ble HC set aside the order passed by the CIT(A) for the block period 1992-93 to 2000-01.

Surabhi Shelters Pvt. Ltd. [TS-1510-HC-2025(TEL)]

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2. *Section 115BAA of the Act overrides the 20% tax rate on LTCG as prescribed under Section 112 of the Act*

Maharishi Education Corporation P. Ltd ('the Assessee') is a domestic company which had exercised the option under Section 115BAA of the Act for FY 2019-20 and subsequent AYs. For AY 2021-22, the Assessee filed its ROI declaring income of Rs.14,98,150/- consisting of a business loss of Rs. 20,263/- and LTCG arising on sale of land of Rs.15,18,414/-. Accordingly, the Assessee computed tax @ 20% as per the provisions of Section 112 of the Act and paid the tax.

Subsequently, the return of the Assessee was processed under Section 143(1) of the Act wherein an additional demand of Rs. 59,973/- was raised after re-computation of tax @ 22% on the returned income as per the provision of Section 115BAA of the Act.

Aggrieved, the Assessee filed an appeal before the CIT(A) who upheld the intimation. On further appeal, the Hon'ble Delhi ITAT noted that the Assessee had opted for taxation under Section 115BAA of the Act and held that the rate of tax applicable in respect of total income of the Assessee is 22%. Accordingly, the Hon'ble ITAT dismissed the appeal of the Assessee and upheld the order of the CIT(A).

Maharishi Education Corporation P. Ltd [TS-1409-ITAT-2025(DEL)]

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3. *Carry forward of long term capital loss on sale of shares for the AY 2017-18 allowed*

Sahara India Corp Investment Ltd. ("Assessee"), a registered NBFC engaged in the business of financing, filed its ROI for the AY 2017-18, declaring a loss of INR 6.24 crore. During the assessment proceedings, the AO noticed that the Assessee has debited its P & L Account with loss of INR 5 crore from sale of shares of M/s. Pipavav Defence & Offshore Engineering Company Ltd. ('PDOECL') claiming it as business loss. The Assessee asserted that trading in securities formed part of its

[1] *[TS-202-SC-2023]*
[2] *[TS-701-HC-2014(AP)]*
[3] *[TS-5785-HC-1998(Andhra pradesh)-O]*

business activity. However, the financial statements revealed that the shares were held for over three years and disclosed in the Balance sheet as non-current investments, and not as stock-in-trade. The AO held that since the shares were consistently reflected as investment and not stock-in-trade, the loss was capital in nature. Accordingly, the AO treated the said loss as capital loss and added back in the returned loss.

Aggrieved, the Assessee filed an appeal before the CIT(A) who upheld the assessment order based on various factors like the accounting presentation, long-holding period, absence of frequent transactions. The CIT(A) further held that since long-term capital gains were exempt during the relevant period, the corresponding capital loss could not be carried forward.

On further appeal, the Hon'ble Delhi ITAT upheld the CIT(A)'s finding that the loss arising from sale of PDOECL shares constituted capital loss, as the Assessee had consistently classified the shares under non-current investments, and never as stock-in-trade. Further, it was observed that the transactions were not routed through the Profit & Loss account. Relying on the judgment of Hon'ble Apex court in the case of Associated Industrial Development Co., the Hon'ble ITAT concurred with the view that the accounting treatment is the decisive factor. Further, the Hon'ble ITAT relied on Hon'ble Gujarat HC judgement in the case of **Bhanuprasad D. Trivedi (HUF)**[4] to hold that gains or losses from investment-held shares must be treated as capital in nature.

The Assessee raised an alternative plea before the Hon'ble ITAT to allow the carry forward of the long-term capital loss. On this ground, the Hon'ble ITAT allowed carry-forward of the capital loss, holding that long-term capital loss is eligible for set-off and carry-forward under Sections 70 and 71, as Section 10(38) of the Act exempts only long-term capital gains and not about long-term capital losses. Consequently, the Assessee's appeal is partly allowed.

Sahara India Corp Investment Ltd [TS-1436-ITAT-2025(DEL)]

[4] *[TS-5944-HC-2017(Gujarat)-O]*
[5] *[TS-565-HC-2015(KAR)]*
[6] *[TS-640030-HC-2023(Delhi)-O]*

4. Entire Foreign tax credit allowed despite NIL tax liability owing to exemption under Section 10A of the Act

Canon India Pvt. Ltd. ("Assessee") is engaged in the business of trading and distribution of imaging and optical products, including cameras, printers and other equipment. The Assessee had filed its ROI for the AY 2003-04, declaring loss of INR 1.29 crore. Subsequently, the revised ROI was filed declaring the revised loss of INR 4.48 crore wherein the deduction under Section 10A of the Act was claimed along with set-off of brought-forward losses, resulting in a NIL tax liability. During the assessment proceedings, the AO denied the FTC claimed under Section 90 read with Article 23 of the India-Japan DTAA on the ground that when no tax was payable in India, there was no domestic tax liability against which the foreign taxes could be adjusted and thereby disallowed the FTC claim.

On appeal, the CIT(A) accepted the Assessee's position by placing reliance on various judicial precedents, including the ITAT's decision in the Assessee's own case for the AY 2004-05 as well as the Hon'ble Karnataka HC ruling in **Wipro Ltd.**[5], wherein it was held that FTC cannot be refused merely because income is exempt under Section 10A or results in NIL tax liability. Accordingly, the CIT(A) allowed the appeal of the Assessee. Aggrieved, the tax Authorities filed an appeal before the Hon'ble Delhi ITAT. Before the Hon'ble ITAT, the tax authorities argued that absence of Indian tax liability prohibits grant of FTC. In support of their argument, the tax authorities relied on decision of Hon'ble Mumbai ITAT in the case of Bank of India. The tax authorities contended that foreign tax paid cannot be refunded through credit mechanism. Per contra, the Assessee contended that this issue is no longer res integra, as the same is already adjudicated by the Hon'ble Delhi HC in case of **HCL Comnet Systems & Services Ltd.**[6], and Hon'ble Karnataka HC in Wipro Limited (supra).

The Hon'ble ITAT ruled in favour of the Assessee and upheld the claim of complete FTC. The Hon'ble ITAT relied on the judgment of HCL Comnet Systems & Services Ltd. (supra), which endorsed the principles laid down in Wipro Ltd., and held that FTC is allowable even where the taxability in India is NIL due to deduction under Section 10A or setoff of losses. Accordingly, the Hon'ble ITAT directed that full credit of Japanese taxes be granted and further allowed consequential interest under Section 244A of the Act, thereby confirming that relief is available irrespective of absence of Indian tax liability.

Canon India Pvt Ltd [TS-1493-ITAT-2025(DEL)]

B. INTERNATIONAL TAXATION

1. *Temporary lull in business cannot be termed as cessation of business; apex court allows expenditure under Section 37 read with Section 71 of the Act and setoff of brought forward unabsorbed depreciation*

Pride Foramer S.A. ("Assessee") is a non-resident company incorporated in France, engaged in oil drilling activities. It had a 10-year drilling contract with ONGC from 1983 to 1993. Subsequently, another contract was awarded in October 1998 and formalized in January 1999. During the interim period (i.e., 1993–1999), the Assessee corresponded with ONGC from its Dubai and France offices (even though no drilling contract was in force) and submitted a bid in 1996, signifying intent to procure business in India.

For the relevant AYs (AY: 1996-97,1997-98,1999-2000), the Assessee filed a ROI showing NIL income. The only income credited to P & L was interest on tax refunds against which Assessee claimed business expenditure and setoff of unabsorbed depreciation. The AO and CIT(A) disallowed these claims under Section 37 and 32(2) of the Act respectively, holding that the Assessee was not carrying on business during the relevant year.

On further appeal, the Hon'ble Delhi ITAT reversed the AO/CIT(A) findings, holding that a temporary lull in business does not amount to cessation. Evidence of continuous efforts, such as correspondence and bid submission, demonstrated intent to carry on business. The Hon'ble ITAT allowed set-off of expense under Section 71 and unabsorbed depreciation under Section 32(2). Aggrieved, the tax authorities filed an appeal before the Hon'ble Uttarakhand HC.

The Hon'ble Uttarakhand HC, reversed order of the Hon'ble ITAT, stating that absence of a PE and subsisting contract meant no business in India. Aggrieved, the Assessee filed an appeal before the Hon'ble Supreme Court.

The Hon'ble SC overturned the Hon'ble HC judgement, observing that failure to procure a contract or maintain a PE is not a determinative of cessation of business. The term 'business' has a wide import and includes acts incidental to carrying on business. Continuous correspondence and bid submission indicated the intent to carry on business. No statutory requirement exists for PE to establish business connection, under Sections 4, 5(2), and 9(1)(i) of the Act. Accordingly, the Hon'ble SC allowed the appeals for all the three relevant AYs.

Pride Foramer S.A. [TS-1364-SC-2025]

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2. *Classification as FTS denied under India–Belgium DTAA for Routine support services*

Solvay S.A. ("Assessee") is a non-resident company incorporated in and tax-resident of Belgium. The Assessee is engaged in the manufacturing of chemicals and providing centralized business support services to its Indian group entities under a Functional Services Agreement. For AY 2022–23, the Assessee received INR 109.72 crore from the Indian affiliates for services such as IT support, procurement, HR, finance, legal compliance, and communication. The Assessee claimed that these receipts were not taxable in India under Article 12 of the India–Belgium DTAA, as they did not constitute FTS.

The Assessee filed its ROI for the AY 2022-23 on 29.11.2022 declaring an income of INR 3.24 crore and the same was selected for scrutiny whereby the AO treated the receipt of INR 109.72 crore as royalty income. Aggrieved, the Assessee filed its objections before the Hon'ble DRP. However, the Hon'ble DRP held that the amounts received by the Assessee can be categorized as FTS. Based on the DRP Directions, the AO passed the final assessment order considering the receipt in the nature of FTS.

Aggrieved, the Assessee filed an appeal before the Hon'ble Mumbai ITAT. The Hon'ble Mumbai ITAT examined the nature of services and held that services were routine, standardized, and centralized, aimed at group efficiency, without any specialized technical skill or consultancy advice and the mere use of technology or delivery through technological means does not make a service technical. Reliance was also placed on OECD commentary by the Hon'ble ITAT which supported view of the Assessee. The Hon'ble ITAT noted that OECD commentary clarified that technical services require specialized human expertise applied during service delivery. It emphasized that mere automation or use of technology does not transform routine support into technical services, aligning with international tax principles to prevent confusion in FTS classification. No evidence of managerial control or role of consultancy requires human intervention. Also, similar receipts were never treated as FTS or royalty in case of the

Assessee in prior years.

Accordingly, the Hon'ble ITAT ruled that the receipts do not qualify as FTS under Article 12(3)(b) of the India-Belgium DTAA. The Tax Authorities failed to prove that services were managerial, technical, or consultancy in nature. Also, the Hon'ble ITAT observed that there is lack of clarity in the decision-making process as on one hand as the Hon'ble DRP directs AO to treat the receipts as 'FTS' while on the other hand, it holds the receipts to be in the nature of royalty. Resultantly, the appeal was allowed in favor of the Assessee.

Solvay S.A. [TS-1413-ITAT-2025(Mum)]

3. *Remittance towards IT infrastructure not treated as royalty; TDS obligation removed*

Bekaert Industries Pvt. Ltd. ('the Assessee') is engaged in the manufacture and distribution of steel tyre cord and related products. For AY 2012-13, the Assessee availed various IT support services—including SAP licences, maintenance, antivirus, VPN, backup, and application support—from N.V. Bekaert SA (Belgian AE). Costs for these services were allocated to group entities, including the Assessee. The AO held that these payments amounted to royalty/FTS both under the Act and the India-Belgium DTAA and consequently disallowed the expenditure under Section 40(a)(i) of the Act for non-deduction of tax. Aggrieved, the Assessee filed its objections against the draft assessment order before the Hon'ble DRP. The DRP rejected the objections, and the AO passed the final assessment order confirming the addition. Aggrieved, the Assessee filed an appeal before the Hon'ble Pune ITAT.

During the appellate proceedings, the Hon'ble ITAT initially held in 2021 that the payment constituted equipment royalty. However, upon a Miscellaneous Application filed by the Assessee, the order was recalled as the Hon'ble ITAT erroneously applied an incorrect treaty position. On recall, the Hon'ble AM and JM agreed the India-Belgium DTAA did not include the clause "use of industrial, commercial or scientific equipment". However, the Hon'ble AM treated the payment as royalty by interpreting the word "Plant" in Article 12(3)(a) of the India-Belgium DTAA. On the other hand, the Hon'ble JM held that the correct term in the treaty is "Plan" (not "Plant") and therefore the payment cannot be treated as equipment royalty.

The matter was referred to a Hon'ble Third Member, who concurred with the Judicial Member. Relying on Gazette Notification No. S.O.54(E) dated 19-01-2001 and judicial precedents, the Hon'ble Third Member held that the word "Plant" in the DTAA was a typographical error and that the treaty does not tax payments for use of IT infrastructure as royalty. Since Article 12 of the India-Belgium DTAA excludes equipment royalty, the payment was not taxable in India, and no withholding of tax was required. Accordingly, the disallowance under Section 40(a)(i) of the Act was deleted, and the Assessee's appeal was allowed by majority.

Bekaert Industries Private Limited [TS-1377-ITAT-2025(PUN)]

4. *Exemption from capital gains under India–Singapore DTAA granted on satisfaction of PPT test*

Fullerton Financial Holdings Pte. Ltd. ("the Assessee") is a non-resident private limited company incorporated in 2003 in and tax resident of Singapore. The Assessee is an investment holding company wholly owned by Temasek Holdings Pvt Ltd (wholly owned by Government of Singapore). During the AY 2022-23, the Assessee sold its stake of 3.79% in Fullerton India Credit Co. Ltd (FICCL) which was acquired by it in the FY 2008-09 with the objective of holding it as a long-term investment. The Assessee sold its stake to Sumitomo Mitsui Financial Group, Japan and earned long-term capital gains of INR 681.32 crore. The Assessee filed its ROI for the AY 2022-23 declaring Nil income by claiming exemption under Article 13 (4A) of the India-Singapore DTAA as the capital gains arose from the transfer of shares acquired before 01.04.2017.

During the assessment proceedings, the AO noted that the Assessee did not fulfil the conditions prescribed under Article 24A of the DTAA. The Assessee submitted various documentary evidence to corroborate the claim of exemption from long-term capital gains. However, the AO contended that the Assessee was essentially a shell or conduit company lacking meaningful business operations: it had no direct employees, its directors were appointed by other Temasek entities, and there was no independent decision-making in Singapore. The AO also questioned the legitimacy of its management and administrative expenses, alleging that the Assessee

served merely as a pass-through vehicle for its ultimate shareholder, the Government of Singapore. Accordingly, the AO concluded that the Assessee failed the PPT test and therefore, was not entitled to the treaty-based capital gains exemption. The AO passed a draft assessment order disallowing the benefit of the Article 13(4A) of the India Singapore DTAA as claimed by the Assessee and making an addition of INR 803 crore. Aggrieved, the Assessee filed its objections before the Hon'ble DRP which confirmed the draft order. Accordingly, the AO passed the final assessment order.

Aggrieved, the Assessee filed an appeal before the Hon'ble Mumbai ITAT. The Hon'ble ITAT observed that the Assessee has furnished a confirmation from Inland Revenue Authority of Singapore which affirms that the Assessee satisfies the prescribed expenditure test under the DTAA along with relevant supporting documentation such as invoices, contracts and schedules of expenditures.

Further, the Hon'ble ITAT noted that the Assessee avails operation related services from Fullerton Financial Holdings International (FFHI), which functions as the management company of FFH group. It was also noted that strategic decisions and board meetings were held in Singapore; operational support was obtained from a management company at arm's length; and the investment was long-term and commercially driven.

Moreover, the Assessee also produced a letter issued by its statutory auditors, certifying that annual operational expenditure exceeded SGD 200,000 (meeting the expenditure test) for the period preceding the date of disposal of shares of FCCI. This clearly demonstrates that the Assessee is not a shell or conduit company under Article 24A(3) and therefore eligible for the benefit available under Article 13(4) of the India-Singapore DTAA.

Accordingly, the Hon'ble ITAT held that the Assessee was a substantive investment holding entity within the Temasek Group. The ITAT also observed that the ultimate beneficial owner, the Government of Singapore, would enjoy sovereign immunity. Therefore, the Assessee satisfied the PPT test under Article 24A(1) and (2) of the India Singapore DTAA and the benefit of the treaty cannot be denied on this basis.

Fullerton Financial Holdings Pte Ltd [TS-1458-ITAT-2025(Mum)]

5. ***Reassessment proceedings initiated on a foreign company based on non-filer algorithm without disproving control and management as well as exemption under Section 115A and Section 194LD quashed***

Argos Holding Pte. Ltd. ("the Assessee") is a company incorporated in and a tax resident of Singapore. The Assessee is a SEBI-registered Category III FPI. During the AY 2015-16, the Assessee subscribed NCDs amounting to INR 448 Crore issued by an Indian company (Sugam Vanijay Holding Pvt. Ltd.). The said investment was sourced from its parent company by way of issue of equity shares, redeemable preference shares, and shareholder loan amounting to USD 74.10 Million. The parent company is incorporated in and a tax resident of Singapore. The interest of INR 8.24 Crore was earned on such NCDs, and taxes were deducted under Section 194LD of the Act.

The Assessee did not have any other source of income in India (except interest income). Accordingly, the Assessee was exempt from filing its ROI as per Section 115A(5) of the Act.

The AO assumed jurisdiction under Section 147 of the Act based on the information which was flagged on Non-filers Management System of the IT Department, alleging that income has escaped assessment. The reopening was also initiated on the basis of a notice issued dated 31.03.2021 under the provision of old Section 148, though the notice was actually served on 25.06.2021, without following the mandatory procedure under Section 148A of the Act. However, the Assessee was wound up in Singapore as per Singapore Companies Act with effect from 05.06.2021. While initiating the reassessment proceedings, the AO did not consider the India-Singapore DTAA provisions and the residential status of the Assessee.

The AO perused the bank statement of the Assessee and found no transaction except for USD 74.10 Million. Accordingly, the AO contended that the Assessee was a shell entity with no genuine business activities. Therefore, the amount invested by parent company was construed as income accrued / arose in India on which no tax was paid and routed through Singapore in disguise of FPI. The AO made addition towards investment of USD 74.10 Million under Section 68 of the

Act and interest income of INR 8.24 crore.

Aggrieved, the Assessee filed its objections before the Hon'ble DRP which rejected the objections. The Assessee filed an appeal before the Hon'ble Delhi ITAT. Before the Hon'ble ITAT, the Assessee contended that it is a Singapore tax resident and have submitted a copy of the TRC during the assessment proceedings. Also, the Assessee submitted various documents like SEBI FPI status, withholding tax certificates, board resolutions, statutory filings before Singapore Authorities, which were accepted by the tax authorities. Further, the reassessment proceedings were initiated without any file note or written satisfaction and merely based on the NMS Non-filer without identifying any facts to suggest that its control and management lay in India. Also, the AO did not refer to any treaty override, undisclosed credits, or escapement trigger. The Assessee relied on ITO vs **Lakhmani Mewal Das**[7] wherein it was held that AO must hold a bona fide reason to believe that it is based on a live causal nexus between the tangible material in possession and the alleged escapement of income. Also, the procedure stated under Section 148A of the Act was not followed by the AO. The notice was sent over the email address of the Assessee (Singapore-based) was not valid as jurisdictional foundation under Section 6(3) of the Act was absent. Moreover, the Assessee relied on the Hon'ble SC decision in case of **Maruti Suzuki**[8] argued that it is a trite law that once a company is dissolved, it ceases to exist in the eyes of the law. Any assessment or demand order passed in the name of the non-existent entity is a nullity. Per contra, the tax authorities contended that Assessee has not submitted any convincible documents and hence, relied on the findings of AO.

The Hon'ble ITAT noted that the AO failed to follow the mandatory Section 148A procedure as clarified by the Supreme Court despite issuing notices after 01.04.2021. The Hon'ble ITAT also held that AO should have verified the fact of remittance of interest post deduction of tax. The tax authorities should know that in case of foreign residents, the treaty provisions are applicable. Further, the Hon'ble ITAT observed that AO did not make note of provisions of Section 115A and Section 194LD of the Act while initiating the reassessment proceedings. The Hon'ble ITAT relied on Hon'ble SC decision in case of Calcutta Discount Co and Hon'ble Delhi HC in case of Sabh Infrastructure Ltd wherein it was held that jurisdictional safeguard for foreign companies that power of reopening is exercised by the tax authorities only when supported by tangible material and recorded proper satisfaction which is clear and specific before initiation of reassessment proceedings and issue of notice. The Hon'ble ITAT held that the Assessee is duly covered by Section 194LD and hence, Section 139 is not applicable. Consequently, the initiation of reassessment proceedings is void ab initio. Accordingly, the Hon'ble ITAT allowed the appeal of the Assessee.

Argos Holdings Pte Ltd [TS-1472-ITAT-2025(DEL)]

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6. Receipt under 'Regional Service Agreement' without transfer of know-how does not amount to royalty / FTS

BCD Travel Asia Pacific Pte Ltd. ("the Assessee"), a tax resident of Singapore and part of the global BCD Travel group, had entered into a Regional Service Agreement ("RSA") with its Indian affiliate to provide various support services for the Asia-Pacific region.

During the scrutiny proceedings for AY 2017-18 to AY 2020-21, the AO held that the amounts received by the Assessee were taxable in India as royalty under Section 9(1)(vi) of the Act and Article 12 of the India–Singapore DTAA, or as FTS. The AO noted that the Indian entity accessed centralised systems, tools, and IT platforms maintained by the Assessee. The AO concluded that the Assessee had a PE in India on account of the functions carried out by the Indian affiliate and accordingly brought the entire amount to tax in India.

Aggrieved, the Assessee filed an appeal before the CIT(A). The Assessee argued that the RSA only covered routine managerial and coordination support and did not involve any transfer of intellectual property, proprietary rights, technical know-how, or any element that would satisfy the make-available requirement under Article 12 of the DTAA. It was further submitted that the centralised systems were operated outside India and the Indian entity merely had limited user access. Also, such access did not constitute the use or right to use any equipment or IP. The Assessee also denied the existence of a PE by demonstrating that the Indian affiliate operated as an independent entity with no authority to conclude contracts or undertake core functions of the Assessee. The CIT(A) agreed with the contention of the Assessee and held that the receipts could not be characterised as royalty or FTS in the

[7] *[TS-3-SC-1976]*
[8] *[TS-429-SC-2019]*

absence of any transfer of technology or rights. The CIT(A) relied on the decision of Hon'ble Mumbai ITAT in case of ***Van Oord Dredging & Marine Contractors B.V. v. DCIT***[9], which held that unless a foreign entity imparts confidential or scientific experience enabling independent use by the payer, the consideration cannot be treated as royalty. The CIT(A) noted that the AO had not produced any substantive material to demonstrate that the Assessee had a PE in India.

Aggrieved, the tax authorities filed an appeal to the Hon'ble Mumbai ITAT. Before the Hon'ble ITAT, the tax authorities stated that the Indian entity was provided with access to proprietary platforms and specialised systems, which amounted to "use of equipment" or "use of IP". It was also argued that the scope of functions showed the existence of a fixed place PE or a dependent agency PE in India.

The Hon'ble ITAT held that merely allowing access to a centralised system maintained outside India does not amount to granting a right to use equipment or intellectual property and therefore cannot be taxed as royalty. The Hon'ble ITAT reaffirmed that, in the absence of any "make-available" of technical knowledge enabling the Indian entity to apply such technology independently, the consideration cannot be considered as FTS under the DTAA.

The Hon'ble ITAT also observed that no factual basis had been established to show that the Assessee had a fixed place of business in India or that the Indian affiliate acted as a dependent agent. The Hon'ble ITAT observed that routine support, coordination, and back-office functions of an Indian subsidiary cannot, by themselves, give rise to a PE. The Hon'ble ITAT reiterated that a PE can be inferred only when core income generating functions or operational control of the foreign entity are shown to be exercised in India.

Therefore, the Hon'ble ITAT upheld the order of the CIT(A) and confirmed that the service fees were not taxable in India. The appeal filed by the tax authorities was accordingly dismissed.

BCD Travel Asia Pacific Pte. Ltd. [TS-1488-ITAT-2025 (Mum)]

[9] *[TS-596-ITAT-2019(Mum)]*

II. TRANSFER PRICING

1. ***Allocation of expenses to another Indian entity, even if disclosed in Form 3CEB, does not amount to SDT if it does not fall within the provision of 80IA(10) of the Act***

Mytrah Vayu (Gujarat) Private Limited ('the Assessee') an SPV entered into related party transaction with its Indian related company named Mytrah Energy (India) Private Limited ('MEIPL'). MEIPL is engaged in the business of generating and selling electricity from wind energy farms by itself and through its subsidiaries. MEIPL sponsors the projects and forms project wise different SPVs. MEIPL renders services to the SPVs and ensures timely execution of the projects. For the services provided to the SPVs, MEIPL allocated the cost on the basis of the direct and immediate benefit of the projects undertaken by the SPVs, (i.e. Mega Watt capacity of the projects). MEIPL allocated costs such as consultancy and salary between the SPVs floated by it. Accordingly, the Assessee reimbursed the allocated costs to MEIPL. The cost allocated to the Assessee by MEIPL was not routed through profit & loss account but was capitalised in the books of accounts. The transaction although capital in nature was reported in Form 3CEB out of abundant caution. The TPO however calculated the fair value of the transaction to be NIL and disallowed the expenses.

The Assessee contended that the SDT provisions of Section 92BA of the Act would not apply in the current case as no benefit under Section 80IA(10) of the Act was availed by the Assessee. The TPO however rejected the contention of the Assessee on the following grounds:

1. The Assessee has itself reported the transaction in Form 3CEB under the relevant SDT clause of business transaction resulting into more than ordinary profits to the eligible Assessee under Section 80IA or 10AA of the Act.
2. Allocation of expense by MEIPL between the SPVs failed the benefit test as the Assessee could not establish the direct nexus of expenses reimbursed and its business connection and failed to explain the benefit derived by the Assessee from reimbursement of such expenses.

Accordingly, the above TP adjustments were made in the final order. Aggrieved by the order, the Assessee filed an appeal before the CIT(A).

The CIT(A) noted that Assessee has submitted all the required documents with the TPO and has explained the nature of expenditure as well as method of apportionment. He further noted that TPO disqualified

the expense on the conclusion that the Assessee has not derived any benefit from the said expenses without identifying any defect or fault in the calculation of total cost or apportionment of expenses between SPVs. Considering the expenses were not debited to profit & loss and but was capitalised towards capital work in progress, the CIT(A) deleted the addition.

On further appeal by the tax authorities, the Hon'ble Ahmedabad ITAT upheld the decision of the Hon'ble CIT(A) by observing that the impugned transaction does not fall within the provision of Section 80IA(10) of the Act. Accordingly, the classification of the transaction under SDT by AO does not hold good and hence no benchmarking will be required. Accordingly, the calculation of FMV by the TPO is wrong and the Hon'ble ITAT issued directions for deleting the TP adjustment.

Mytrah Vayu (Gujarat) Private Limited [TS-633-ITAT-2025(Ahd)-TP]

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2. *CCDs issued to the AEs cannot be recharacterized into Equity by the TPO*

Alfanar Energy Private Limited ('the Assessee') is engaged in generating, developing, accumulating, distributing and supplying electricity through renewable energy power plants in India. The Assessee issued INR-denominated CCDs to its AE. The CCDs were unsecured in nature and were issued for a period of 15 years, carrying interest at the rate of 13% p.a. The Assessee did not claim any expense in its profit & loss account and capitalised the interest on these CCDs as WIP. The Assessee benchmarked the interest rate on the CCD transaction with other debt instruments using Bloomberg database and NSDL database. The TPO at the time of assessment for AY 2020-21 observed that there was no sanctity for the date of conversion of CCD into equity and contended that CCDs are more akin to equity rather than debt. The AO accordingly rejected the benchmarking analysis of the Assessee on the ground that CCDs are of equity nature. The TPO further alleged that since no interest payments are made on equity capital, the ALP of the CCD interest should be NIL. The Assessee contended that since the interest was only accrued & capitalised and not actually paid during the year, the interest transaction does not fall under the definition of International transaction defined under Section 92B(1) of the Act and is not susceptible to any TP adjustments. However, the TPO made TP adjustment in respect of Interest on CCDs amounting to INR 46.52 crores. Accordingly, the AO passed draft assessing order

Aggrieved, the Assessee filed its objection before the DRP which rejected the objections filed by the Assessee.

On appeal, the Hon'ble Delhi ITAT held that CCDs retain their debt character until the moment they are converted. It further emphasised that capitalisation of interest into WIP does not remove the transaction from the scope of Section 92B, because such interest continues to have a bearing on profits, income, losses or assets in later years when the WIP will get reversed. The Hon'ble ITAT relying on the decision of the Pune bench in the case of ***City Corporation Ltd***[10] held that CCDs cannot be treated as equity and that interest capitalised into WIP remains subject to ALP determination, with proportionate disallowances in excess of ALP to be made in subsequent years.

As the TPO has not pointed out any adjustments in the benchmarking made by the Assessee, the Hon'ble ITAT restored the matter to the TPO/AO for fresh benchmarking along with a direction to disallow the excess interest capitalised by the Assessee proportionately in the years in which the WIP containing the amount of such interest standing as on 31.03.2020 is reversed.

Alfanar Energy Private Limited [TS-613-ITAT-2025(DEL)-TP]

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3. *Classification of the expenses in the annual accounts by the Assesssee plays an important role in determining the operating margins.*

Sankalp Semiconductor Private Limited ('the Assessee') is engaged in the business of providing design services for semiconductor industry. The Assessee entered into international transaction with its AE for provision of IT services. The case of the Assessee was selected for scrutiny, and the matter was referred to the TPO for the determination of the ALP. The Assessee benchmarked the service transaction using TNMM as the MAM and selected itself as the tested party with PLI (OP/OC). As per the TPSR, the Assessee selected 15 comparables whose weighted average margin based on three years FS was 18.22%.

The TPO at the time of assessment rejected the benchmarking analysis of the Assessee and made the following changes

[10] *[TS-6631-ITAT-2021(Pune)-O]*

1. Recomputed the margins of the Assessee at 12.06% by considering bonuses/ESOP expense as operating business expense and miscellaneous income/write back of provision of doubtful debts to be non -operating income.
2. Challenged the classification of the nature of Assessee's business and proceeded to benchmark the transaction under 'Engineering & Design Services'
3. Disallowed working capital adjustments on the ground of non-availability of information of comparable companies.

The TPO made a fresh search on the database by applying 7 filters and found 8 new comparables whose margin was 17.79% to 32.49% with a median of 23.58%.

With regard to interest on outstanding receivables with AEs, the TPO considered it to be a separate international transaction and benchmarked the interest using LIBOR as the invoices were raised in US Dollars.

For the transaction of corporate guarantee, the TPO made an ad-hoc adjustment of 2% on the guarantee given by Assessee on behalf of its AE.

The Assessee challenged that the provisions of the faceless assessment was not followed by the AO and contested that the order passed by the TPO was time barred and invalid.

The AO passed the draft assessment order including the adjustments proposed by the TPO. Aggrieved, the Assessee filed its objections before the Hon'ble DRP. The Hon'ble DRP rejected most of the objections but provided a partial relief on the guarantee transaction by relying on safe harbour rules and reduced the addition from 2% to 1%.

On further appeal, the Hon'ble Delhi ITAT observed that all the processes in respect to the reference of the case to TPO was followed in compliance to the Act and relying on the decision of the coordinate bench in the case of ***Ucweb Mobile***[11] held the order passed by the TPO to be valid.

On the grounds of allowance of ESOP/bonus expense, the Hon'ble ITAT observed that neither the Assessee nor the auditor has treated the ESOP/bonus expense as an extraordinary item in its annual accounts or in TPSR. The same is disclosed as an ordinary business expense. Hence the ITAT upheld the decision of the lower authorities by treating the same as a normal operating staff cost which is accounted by the Assessee according to the regularly followed accounting practices and policies along with notes to accounts as disclosed. Further on the ground of write back of the provision for bad and doubtful debts/ Miscellaneous income, the Hon'ble ITAT observed that when the provision was made in the previous years it was considered as an operating expense. Hence the Hon'ble ITAT held that since the provision was allowed as a deductible operating expense then the subsequent write back should also be treated as an operating income.

On the ground of change in the classification of the business activity by the TPO, the Hon'ble ITAT observed the reporting of the business activity in the annual accounts and notes to accounts of the Assessee. Accordingly, the Hon'ble ITAT upheld the classification made by the TPO based on the above disclosures.

On the ground of working capital adjustment and interest on outstanding receivables, the Hon'ble ITAT held that since the comparables were introduced by the TPO, the onus lies on the TPO to negatively prove that the comparable companies did not finance their working capital by borrowed funds and further there is no cost incurred by them. The Hon'ble ITAT further directed that if working capital adjustment is required to be done then adjustment w.r.t interest on receivables will be subsumed therein, and if TPO finds that working capital adjustment is not required to be granted then separate adjustment in respect of interest on outstanding receivables will be required to be done.

On the ground of selection of the comparables, the Hon'ble ITAT rejected those comparables with higher turnover in comparison to that of the Assessee and the comparables not falling within the RPT filter. However, the Hon'ble ITAT remitted the matter back to the AO / TPO with a direction to consider the explanation of the Assessee as to whether the company fails RPT filter or not. If the comparables fails the RPT filter, then it is required to be excluded.

Further on the ground of corporate guarantee, the Hon'ble ITAT held that since the Assessee has not submitted the financials of the AEs and the credit rating of the AEs, the benchmarking of the guarantee transaction would not be possible and hence directed the arm's length rate of 0.5% of the guarantee amount.

[11] *TS-310-ITAT-2025(DEL)-TP*

III. CIRCULARS AND NOTIFICATIONS

1. *CBDT[12] extends deadline for filing ITR for AY 2025-26*

In exercise of powers conferred by Section 119 of the Act, the CBDT extended the due date for filing ITR for FY 2024-25 for specified Assessee (e.g., corporate Assessees, Assessees subject to tax audit / any other audit) from erstwhile 31.10.2025 to 10.12.2025 vide a circular[13].

2. *CG notifies TP tolerance range with retrospective effect from AY 2025-26*

The CG issued a notification to apply the tolerance range used in TP with retrospective effect from the AY 2025–26. When the variation between the price charged in an international transaction or SDT and the ALP as determined under Section 92C of the Act is within the prescribed tolerance range, then the actual price charged in such international transaction / SDT will be accepted as the arm's length price.

The prescribed tolerance range is:

- 1% for wholesale trading transactions.
- 3% for all other types of transactions.

3. *CG amends India–Belgium DTAA vide a Protocol*

CG issued a notification[14] which amended the existing DTAA between India and Belgium and the Protocol (Amending Protocol) which came into force on 26.06.2025.

The summary of the Amending Protocol is as under:

Sr. No.	DTAA Article	Changes in DTAA
01	3	**General Definition:** a. Competent Authority to include the CG in MoF b. Introduced the definition of 'Criminal Matters'
02	26	**Exchange of Information:** Restrictions relating to reasons in respect of banking secrecy or domestic interest were removed rejecting the ground for refusal to provide the information, vide the Amending Protocol. States are obliged to provide the information even if the same is not necessary for its own tax purposes.
03	27	**Replaced old Article 'Aid and Assistance in Recovery' with new Article 'Assistance in the Collection of Taxes'** Scope of recovery broadened to include all 'revenue claims' which include interests, penalties and collection costs. If a revenue claim is legally enforceable in a country and taxpayer cannot prevent its recovery there, the other country must collect it as if it were its own revenue debt.

4. *CG notifies revised India–Qatar DTAA*

The Government of India has notified the revised DTAA with Qatar vide a notification[15] which was signed on 18.02.2025. The DTAA was entered into force on 10.09.2025.

For Indian taxpayers and residents, the new treaty provisions apply to income arising on or after 01.04.2026 (FY 2026-27).

[12] Notification No. 155/2025 dated 27.10.2025
[13] Circular No.15/2025 dated 29 October 2025
[14] [Notification No. 160/2025/F. No. 505/2/1989-FTD-I] dated 10 November 2025
[15] Notification No.154/2025/F. No. 504/6/2004-SO-FTD-II(2)] dated 24 October 2025

Some of the key changes introduced in revised DTAA are:

Sr. No.	DTAA Article	Particulars of Revision in DTAA
1	1	**Introducing concept of Hybrid Entities:** A specific rule for income derived by or through an entity / arrangement which is fully fiscally transparent by clarifying that it is considered as income of resident only to the extent it is treated as such for tax purposes by that country.
2	4	**Tie-breaker rule for non-individuals:** The revised DTAA states that if ultimate tax residency of non-individual dual tax resident entity cannot be determined by competitive entities by mutual agreement, then such entity shall not be entitled to any relief or benefit of exemption from tax under the DTAA.
3	5	**Service PE:** A new condition to determine the applicability of Service PE is introduced. The furnishing of services (including consultancy services) constitutes a PE only if the activities continue (for the same/ connected project) for a period(s) totalling to 90 days within any 12 months.
4	7	**Deduction of hypothetical payments by a PE:** The following payments made by a PE to its HO / other offices shall not be considered as deduction (except for reimbursement of actual expenses): a. Royalties, fees, other similar payments in return for use of patents, know-how, or other rights. b. Commission or other charges for specific services for management c. Interest on moneys lent to the PE (except for banks)
5	10	**Dividends paid to Sovereign entities:** Dividends paid by a company resident in one state shall be taxable only in other Contracting state if the beneficial owner is (1) State, (2) a Political sub-division, (3) a Local Authority.
6	11	**Concept of interest widened:** Interest Income from arrangements such as Islamic financial instruments where the substance of underlying contract can be assimilated to a loan **Protocol to clarify following entities eligible for interest income exemption:** India :: RBI and EXIM Bank Qatar :: Qatar Investment Authority and Qatar Holding LLC
7	13	**Update on indirect transfer of immovable property:** Right to tax permitted to source country in respect of capital gains arising from sale of shares which derives more than 50% of their value directly / indirectly from immovable property situated in other contracting state.
8	20	**Abolition of monetary limit on employment remuneration for a student / business apprentice** The earlier monetary limit of USD 1,000 (or equivalent) applicable to a student / business apprentice is removed if the employment is directly related to studies or maintenance. However, this benefit is available for 6 consecutive years.
9	28	**Introduction of new article – Entitlement to benefits:** This article is similar to PPT which denies a treaty benefit if the arrangement or transaction was entered with the principal purpose of claiming a treaty benefit, unless the benefit is granted in accordance with object and purpose of relevant provisions.

IV. GOODS & SERVICES TAX AND CUSTOMS

A. GST

1. *Uploading SCN under 'Additional Notices and Orders' tab does not constitute due communication*

The Assessing Authority issued a show cause notice (SCN) under Section 73(1) of the CGST Act and uploaded it under the "Additional Notices and Orders" tab on the GST portal and not under the designated tab for SCN issuance. As a result, the Assessee was unaware of the SCN, which led to non-submission of a reply to the SCN. In absence of a reply, the Proper Officer proceeded to issue an ex-parte adjudication order confirming demand of tax, interest, and penalty. The Assessee preferred an appeal upon becoming aware of the order; however, the appeal was dismissed as time-barred on the ground that it exceeded the condonable period of thirty days prescribed under Section 107(4) of the CGST Act. The Assessee argued that service of notice was improper which led to delayed awareness of any SCN being issued and hence a timely submission to the SCN was not filed.

In the Writ Petition filed, the question raised before the Hon'ble Calcutta High Court was whether uploading of the SCN under the "Additional Notices and Orders" tab on the GST portal constitutes as proper service of the SCN.

The Calcutta High Court observed that the issuance of a SCN contemplated an adverse decision, and therefore an opportunity of hearing was statutorily required under Section 75(4) of the Act. The Hon'ble HC held that uploading the SCN solely under the "Additional Notices and Orders" tab cannot be treated as due communication under Section 169 of the Act. Further, the Hon'ble HC observed that such defective uploading does not constitute proper service of notice. As the Assessee was prevented by sufficient cause from submitting a reply, both the ex-parte adjudication order and the appellate dismissal were set aside. The Assessee was granted a final opportunity to file a reply to the SCN within three weeks, and the Proper Officer was directed to pass a fresh order after affording a reasonable opportunity of hearing.

Sankar Agarwala v. Joint Commissioner of CGST & Central Excise (Appeal), High Court of Calcutta, decision dated 3 November 2025, [TS(DB)-GST-HC(CAL)-2025-2908]

2. *Subsequent cancellation of supplier's registration cannot justify ITC reversal when purchases were genuine, and tax liability was discharged*

The Assessee, a registered trader of iron scrap, had purchased goods from a registered supplier against valid tax invoices, duly generated e-way bills, and made payments through banking channels in August 2018. The supplier had filed returns in Form GSTR-1 and GSTR-3B for the relevant period, demonstrating due compliance and tax payments. In January 2019 (after a period of 18 months), the supplier's registration was cancelled. The Tax Authorities initiated proceedings under Section 74 of the CGST Act, alleging that ITC availed on invoices received from this supplier must be reversed along with penalty on the ground that the supplier was later found non-existent.

The question before the Hon'ble Allahabad High Court was whether ITC availed can be denied on the grounds that the supplier is non-existent and the GST registration was cancelled.

In this regard, the Hon'ble High Court held that the **subsequent cancellation of a supplier's GST registration does not invalidate bona fide purchases made when the supplier was duly registered.** It was also observed that the Tax Authorities failed to verify whether the supplier existed at the time of supply and instead relied only on the information received at a later stage. It was informed that the supplier had filed returns in Form GSTR-1 and GSTR-3B and had duly discharged the tax liability and that the invoices received by the Assessee were in accordance with Section 16(2) of the CGST Act. Further, there was no allegation of fraud, collusion, or bogus transportation, made against the Assessee, and hence the burden cast upon the Assessee stood discharged. The Hon'ble High Court held that **it was the duty of the Tax Authorities to verify the genuineness of the transactions at the time of supply.** The Hon'ble High Court, while setting aside the orders held that the ITC reversal and the penalty imposed under Section 74 of the CGST Act, were unsustainable in law.

Singhal Iron Traders v. Additional Commissioner, High Court of Allahabad, decision dated 4 November 2025, [TS-957-HC(ALL)-2025-GST]

3. *Anti-profiteering proceeding closed where contractor voluntarily passed entire differential ITC benefit to recipient*

Indian Oil Corporation filed a complaint alleging that the contractor- M/s Gopal Teknocon Pvt. Ltd. ('Contractor'), did not pass the benefit of ITC by way of commensurate reduction in price for the contracted works undertaken post implementation of GST. The DGAP initiated an anti-profiteering investigation based on this complaint and concluded that there was no profiteering by the contractor. However, the National Anti-profiteering Authority (NAA) directed a reinvestigation, post which the DGAP computed incremental ITC benefit of ₹26.77 lakhs, of which ₹23.22 lakhs had already been passed and that the balance ₹3,55,198 was payable to Indian Oil Corporation.

The issue before GSTAT was whether a voluntary payment by the Contractor to the recipient of services, required continued anti-profiteering proceedings under Section 171 of the CGST Act?

The GSTAT held that since the benefit has been voluntarily passed to the recipient of the service, the obligations and purpose under Section 171 of the Act are fulfilled. It was held that Section 171 of the Act is remedial in nature and is intended to ensure consumer benefit. **Once the entire differential ITC determined by DGAP was passed on and compliance established, no further action was necessary.** The DGAP's quantification was upheld, and proceedings were closed.

DGAP v. Gopal Teknocon Pvt. Ltd., GSTAT Principal Bench, New Delhi, decision dated 4 November 2025, reported at [TS-910-GSTAT(DEL)-2025-GST]

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4. *Appeal cannot be rejected as time-barred when delay under Section 107(4) of CGST Act is directory and Appellate Authority has power to condone delay upon explanation*

The Assessee, holding a valid GST registration, was served an SCN under Section 73(5) of the CGST Act, followed by an adjudicating order under Section 74 of the CGST Act. The Assessee preferred an appeal against the order under Section 107(1) of the CGST Act, which was rejected by the Appellate Authority on the ground that it was filed beyond the maximum limitation period prescribed under Section 107(4). The Appellate Authority rejected the appeal on the grounds that it lacked jurisdiction to condone any delay beyond the statutory cap of three months and another one month for sufficient cause. The Assessee challenged the order of the Appellate Authority which was dismissed by a Single Bench Judge of the Hon'ble Calcutta High Court.

Aggrieved by the dismissal, the Assessee filed an intra-court appeal before the Division Bench of the Hon'ble Calcutta High Court. The issued before the bench was whether the time limit for filing an appeal under Section 107(4) of the Act, is mandatory or directory.

The Assessee argued that the Single Bench relied on the decisions of Singh Enterprises and Hongo India, which were rendered under the Central Excise Act, 1944, and therefore were inapplicable to the provisions under GST laws, which is a different statutory framework. The Assessee drew attention of the bench on the decision in the matter of ***S.K. Chakraborty & Sons vs Union of India***[16], wherein it was categorically held that Section 107(4) is directory and not mandatory, thus permitting condonation of delay beyond the statutory period upon sufficient cause. The Assessee also relied on the decision of the Court in the matter of ***Ram Kumar Sinhal vs. State of West Bengal***[17], wherein another Division Bench reiterated the same legal position even after taking into account the Supreme Court's interim stay in the case of S.K. Chakraborty & Sons, holding that such a stay does not dilute the precedential value of the judgment in other cases.

The Court accepted the submissions of the Assessee, observing that the Supreme Court's interim stay does not render the High Court's earlier judgment ineffective as a precedent, as clarified by the division bench in the case of ***Pijush Kanti Chowdhury vs. State of West Bengal***[18]. The Bench reiterated that the limitation under Section 107(4) of the Act is not mandatory but directory. It was also held that the **Appellate Authority retains the power to condone a delay in appropriate cases when a proper explanation is offered.** As the rejection of the appeal was solely on limitation without examining whether sufficient cause existed for condonation, the order of the Appellate Authority as well as the decision by the Single Bench Judge were set aside and the matter was remitted for consideration.

Ashok Ghosh v. State of West Bengal, High Court of Calcutta, decision dated 4 November 2025, [TS-940-HC(CAL)-2025-GST]

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5. *Appeal cannot be rejected for non-payment of pre-deposit when Appellate Authority has already accepted, registered, and proceeded with the appeal*

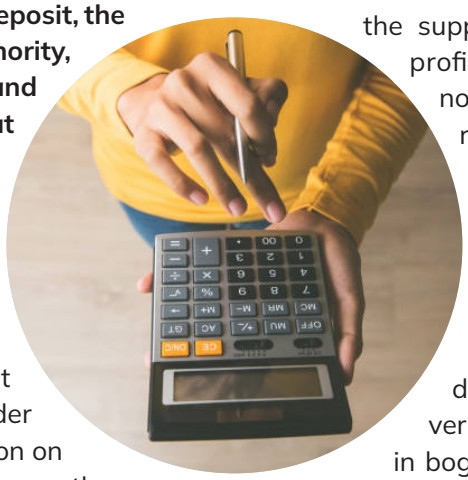
The Assessee filed a Writ challenging the Order-in-

[16] *[TS-663-HC(CAL)-2023-GST]* | [17] *[TS(DB)-GST-HC(CAL)-2025-2907]*
[18] *2007 3 CHN 178*

Appeal, wherein the appeal filed by the Assessee was rejected solely on the ground of non-compliance with the mandatory pre-deposit requirement under Section 107(6) of the CGST/ OGST Act. The Assessee contended that the appeal was filed against the Order-in-Original, wherein the appeal was registered and allotted a number, and hence cannot be rejected subsequently. The Assessee has, however, paid the required pre-deposit at a later stage. Aggrieved by this rejection of appeal, the Assessee filed a Writ Petition before the Orissa High Court.

The question before the High Court was whether an appeal can be rejected for non-compliance of pre-deposit, particularly when the same has been allotted Appeal no. No.518/GST/ BBSR/ADC/2024-25 and listed for hearing.

Before the Hon'ble Orissa High Court, the Assessee produced proof of having paid the required pre-deposit amount and argued that the Authority's prior actions indicated acceptance to proceed on merits. The Hon'ble Orissa High Court held that **although Section 107(6) of the Act prescribes a statutory bar against entertaining an appeal without pre-deposit, the conduct of the First Appellate Authority, accepting the appeal, registering it, and issuing a hearing notice, indicated that the Authority had omitted or waived the defect and intended to adjudicate the matter on merits.** Since the Assessee had subsequently furnished proof of pre-deposit, rejection of the appeal on technical grounds was unjustified. The Court accordingly set aside the rejection order and restored the appeal for adjudication on merits, without expressing any opinion on the substantive issues.



GAEA Engineers and Contractors (P.) Ltd. v. Chief Commissioner of CGST & Central Excise, High Court of Orissa, decision dated 6 November 2025, [TS(DB)-GST-HC(OR)-2025-2904]

6. *Anti-profiteering proceedings dropped as supplier could not be traced, and no evidence was available to establish profiteering*

The DGAP proceedings were initiated vide an order issued on 10 May 2022, wherein it was directed that the supply chain of M/s S R Livescience, should be investigated. The proceedings led to further investigation of two suppliers of M/s S R Livescience which are M/s Shree Suktam Enterprise, Ahmedabad and M/s Baxium Health Science, Ahmedabad with respect to the supply of ECLAT SERUM 30gm, for which the GST rate was reduced from 28% to 18%. Scope of the investigation was to determine whether the benefit of ITC has been passed on, in terms of Section 171 of the CGST Act.

The issue before the GST Appellate Tribunal was whether anti-profiteering proceedings can be sustained against a supplier who is not traceable and whether the investigation cannot be concluded due to lack of evidence.

In the course of the investigation, notices issued were returned undelivered with a remark "LEFT". A spot verification by State Tax authorities revealed that a different firm was operating at the declared address of M/s Shree Suktam Enterprise. Despite repeated attempts through the State GST, Central GST, and DGGI offices, no document, return data, or product-wise supply information could be obtained to determine whether M/s Shree Suktam Enterprise, had made any supply of the product or whether any benefit of rate reduction was passed on.

GSTAT held that in the absence of essential records and the supplier's non-traceability, no finding of profiteering could be sustained. GSTAT noted that although GSTR-3B data was received, it was not useful for product-specific calculations. In these circumstances and considering that the DGAP had exhausted all means to gather evidence, the GSTAT held that an anti-profiteering case could not be established. At the same time, it directed the jurisdictional authorities to verify whether the supplier had engaged in bogus billing with the buyer or any other entity and to take action if warranted. Accordingly, the Tribunal dropped the anti-profiteering proceedings, holding that without requisite evidence, continuation of the inquiry would be legally unsustainable.

DGAP Vs Shree Suktam Enterprise, decided on 12 November 2025, [TS-932-GSTAT(DEL)-2025-GST]

7. *Payments made through DRC-03 during search cannot be treated as voluntary; refund cannot be denied by issuing a deficiency memo*

The Assessee, an infrastructure company, undergoing search and inspection, under Section 67(1) of the CGST Act made payments vide Form GST DRC-03. The investigation did not result in issuance of a SCN, or determination of any tax due. Thus, the Assessee applied for refund of the amount deposited during the investigation under Section 54 of the CGST Act, in Form

RFD-01. However, the Tax Authorities issued a deficiency memo in Form RFD-03 on the grounds that the relevant supporting documents were not appended with the application seeking refund. The Assessee aggrieved by issuance of the deficiency memo, approached the Karnataka High Court challenging the deficiency memo issued.

The issue before the High Court was whether payments made during investigation and search proceedings are "voluntary payments" or not, and whether the deficiency memo suffer from want of legal tenability and requires a direction for processing of refund.

The Karnataka High Court held that **payments made during search cannot be labeled as voluntary since voluntariness requires conscious self-assessment, which was absent in this case.** The Court also ruled that the **deficiency memos cannot be used to deny or delay refunds when applications are complete,** relying on the decision of the Delhi High Court in the matter of ***AB Enterprises vs Commissioner of Goods and Services Tax***[19], amongst others. The Court further held that deficiency memos cannot be used to reject a valid refund claim when the application complies with statutory requirements. Accordingly, the deficiency memo issued by the Deputy Commissioner of Central Tax were set aside, and the refund was ordered to be granted.

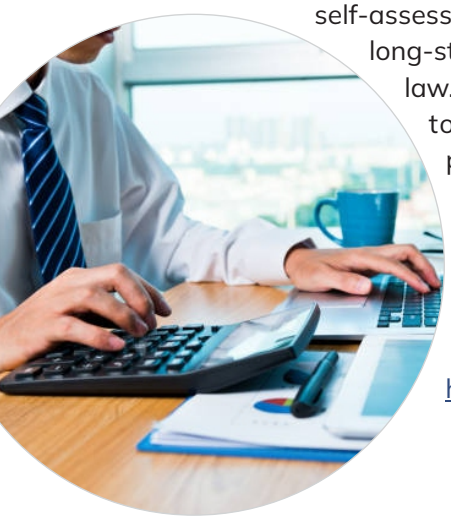
Gunnam Infra Projects Pvt. Ltd. v. Deputy Commissioner of Central Tax (Revenue), Karnataka High Court, dated 7 November 2025, [TS-927-HC(KAR)-2025-GST]

B. CUSTOMS - Notifications, Circulars & Instructions

1.1. Section 18A of the Customs Act, 1962 – now operationalized for revision of entries post clearance of goods

CBIC has issued Notification No. 70/2025–Customs (N.T.) dated 30 October 2025, introducing the Customs (Voluntary Revision of Entries Post Clearance) Regulations, 2025. These Regulations operationalize Section 18A of the Customs Act, enabling importers and exporters to revise entries even after goods have been cleared. The provisions came into effect on 01 November 2025.

Alongside, CBIC released Circular No. 26/2025 – Customs dated 31 October 2025, outlining additional guidelines and explaining the salient features of the new framework. The Circular facilitates implementation of Section 18A through an electronic self-assessment process, bridging a long-standing gap in Customs law. This reform is expected to simplify compliance, promote voluntary corrections post-clearance, and enhance ease of doing business.



For the complete analysis, please click here.

[19] *[TS-604-HC(DEL)-2023-GST]*

1.2. Circular No. 27/2025–Customs dated 31 October 2025

CBIC, through Circular No. 27/2025-Customs dated 31 October 2025, announced the continuation of online application facility for MOOWR Scheme hosted on the Invest India portal. This follows Circular No. 19/2025-Customs dated 23 July 2025, which had extended the facility until 31 October 2025. Under the revised arrangement, the existing portal shall remain operational until 15 November 2025 for submission of applications under Sections 58 and 65 of the Customs Act, 1962.

1.3. Circular No. 28/2025–Customs dated 15 November 2025

The CBIC has issued this circular to announce the launch of a new online module on ICEGATE 2.0 for processing applications related to permissions under Section 65 of the Customs Act, 1962. The module covers permissions under both MOOWR, 2019 and MOOSWR, 2020 and aims to streamline, digitize, and simplify compliance for warehouses and special warehouses.

1.4. Policy Circular No. 07/2025-26 (Dated 11 November 2025): Clarification on Redemption of Advance Authorizations Affected by Erstwhile Rule 96(10)

DGFT has issued Policy Circular to clarify the procedure on redemption of Advance Authorizations ('AA') impacted by the erstwhile Rule 96(10) of the CGST

Rules, 2017 and imports made between 13 October 2017 and 9 January 2019. The Policy Circular has clarified that the Export Obligation Discharge Certificates shall not be withheld provided all other conditions of the AA Scheme are duly met, such as:

i. The importer has paid IGST in cash at the time of clearance of goods under the AA Scheme during the period from 13 October 2017 to 9 January 2019.
ii. The applicant has not availed exemption from IGST, Compensation Cess or any other levy other than Basic Customs Duty.
iii. The pre-import conditions and related procedural requirements applicable during the relevant period have been complied with in full.

This underscores DGFT's commitment to enhancing trade facilitation, ensuring regulatory clarity, and maintaining exporters' compliance continuity within the Foreign Trade Policy framework.

V. REGULATORY UPDATES

1. *IFSCA guidelines on Certification on AML/CFT for Designated Director and Principal Officer*

IFSCA has mandated that all Designated Directors and Principal Officers of regulated entities in the IFSC must obtain and maintain a new certification titled "NISM-IFSCA-01: Certification Course on Anti-Money Laundering and Counter-Terrorist Financing in the IFSC." The course is developed jointly by NISM and the IFSCA Academy and aligned with the IFSCA AML/CFT/KYC Guidelines, 2022.

The course will be launched on 18 November 2025. The circular emphasizes that the certification is mandatory for existing Designated Directors and Principal officers and they must obtain the certification within 4 months of the launch. The certification must continuously be held at all times while discharging their responsibilities.

2. *Video based Customer Identification Process for AML, CFT, and KYC*

IFSCA has issued a circular announcing Video based Customer Identification Process ("V-CIP") for Anti-Money Laundering, Counter-Terrorist Financing and Know Your Customer Guidelines, 2022. These changes mainly focus on strengthening and streamlining V-CIP process for onboarding both Indian nationals and NRIs.

The modifications expand who can conduct V-CIP by allowing not only authorized officials of the regulated entity but also officials of a financial group entity supervised in India or a KYC Registration Agency. The updated framework places strong emphasis on data security, cyber resilience, privacy safeguards, and use of advanced technology such as AI-based liveness checks, spoof detection, GPS tagging, and end-to-end encrypted video sessions.

Regulated Entities using V-CIP must maintain secure in-house or group-level technology infrastructure and ensure that no customer data is stored with third-party service providers. Strict rules are laid out regarding the capture of identity documents, PAN verification, and Aadhaar usage, including masking requirements and time limits.

The circular also introduces a structured framework for onboarding low-risk NRI customers from a specified list of permitted jurisdictions such as the USA, UK, UAE, Singapore, Canada, Australia, EU (excluding Croatia) and others. Their accounts will initially be opened in debit-freeze mode, becoming fully operational only after verification of the first credit from an overseas bank account that matches their proof of address.

All accounts opened via V-CIP must undergo concurrent audit before activation, and regulated entities must report any identity fraud related incidents as cyber events. The updated rules are effective immediately.

3. *IFSCA (CMI) Regulations, 2025*

IFSCA has issued a consultation paper proposing changes to the recently notified Capital Market Intermediaries (CMI) Regulations, 2025. These changes aim to improve ease of doing business in IFSC, especially since stakeholders faced difficulties in meeting new norms.

The proposal covers five areas.

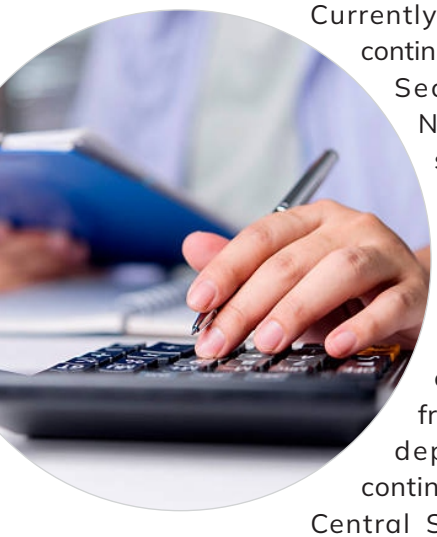
- IFSCA has proposed to include STEM & fintech PG degrees as valid qualification, reducing the experience requirement for graduates from 10 years to 5 years making hiring easy and allow young talent to qualify.
- Allowing one Principal Officer for broker dealer, clearing member, Depository Participant and distributor.
- Under the new CMI regulations, intermediaries are required to maintain liquid net worth. IFSCA has proposed a clarification in this regard by clearly excluding – base minimum capital, interest free

deposit and security deposit out of the purview and including margin deposit with clearing members/exchanges.

- Under the existing CMI rule different net worth requirements have been specified for multiple categories of custodian. IFSCA has proposed to keep USD 1 million as a standard minimum net worth criterion for obtaining registration under IFSCA. Further in case of branch, net worth level maintained at parent entity level would suffice.
- IFSCA has proposed the provision of umbrella registration for capital market entities thereby enabling the entities to undertake multiple activities through a single application form.

4. *Consultation paper on dematerialisation of securities by IFSC entities*

IFSCA has issued a consultation paper proposing a mandatory shift for entities in the IFSC to dematerialise their securities through depositories registered with IFSCA, rather than domestic depositories.



Currently, certain IFSC entities continue to obtain International Securities Identification Numbers (ISINs) and hold securities with domestic depositories in India. Under the proposed framework, all securities and permitted financial products issued by IFSC entities must obtain ISINs from an IFSCA-registered depository. Issuers may continue to use International Central Securities Depositories (ICSDs) for issuance and listing, as permitted under the IFSCA (Listing) Regulations, 2024.

Entities that have already dematerialised securities with domestic depositories must migrate these securities to an IFSC depository by March 31, 2026. Depositories in IFSC shall submit a compliance report to IFSCA by April 30, 2026, confirming completion of migration.

5. *IFSCA International Branch Campuses & Offshore Education Centres Regulations*

IFSCA has issued a public notice to gather suggestions on improving the rules for foreign universities operating in India's GIFT City.

In the 2022–23 Union Budget, the Finance Minister announced that international universities may offer courses in areas like Financial Management, FinTech, Science, Technology, Engineering and Mathematics in GIFT City. These universities would be free from regular Indian education rules, but they must still follow IFSCA regulations.

To implement this and bring such foreign universities/institutions under the regulatory ambit of IFSCA, Government of India issued a notification notifying courses offered by foreign universities in GIFT City will be treated as "financial services".

Later in 2022, IFSCA introduced Setting up and Operation of International Branch Campuses and Offshore Education Centres Regulations, 2022. These rules describe eligibility criteria, permissible subject area, procedure for grant of registration, and other requirements. In 2023, IFSCA also allowed these campuses to use services of Academic Infrastructure Service Providers for facilities, admissions, and student support etc.

GIFT City has already attracted interest from major foreign universities. Two Australian universities have started classes, and three UK universities are expected to begin by 2026. Now, IFSCA wants feedback from the public and stakeholders to update these regulations and match global best practices.

6. *Consultation paper on expanding Lloyd's service company definition in IFSC*

IFSCA has issued a consultation paper proposing amendments to the IFSCA (Registration of Insurance Business) Regulations, 2021. The move aims to broaden the definition of Service Companies of Lloyd's IFSC to include Members of Lloyd's Syndicate and certain group entities, alongside existing Managing Agents and Indian companies.

As regards, Lloyd's Members the same would be permitted to establish service companies in GIFT City, as permitted by Lloyd's.

7. *Regulatory Framework for Implementation Services by Investment Advisers in IFSC*

IFSCA released a consultation paper on the regulatory framework to permit Investment Advisers (IAs) registered with IFSCA to provide implementation services to their advisory clients. Although the CMI Regulations, 2025 already allow such services under Regulations 34(12) and 34(13), the operational procedures and detailed guidelines have not yet been

specified, leading to multiple requests for clarification.

The draft circular proposes that IAs may offer implementation services for financial products listed on foreign stock exchanges only through IFSCA-registered Global Access Providers, while products listed on recognized IFSC exchanges must be routed through IFSCA-registered broker-dealers. For other investment products, IAs may enter formal arrangements with regulated foreign platforms or asset management companies. The framework emphasizes that implementation services must remain purely optional for clients in compliance with Regulation 34(13).

8. *Consultation paper on Pension Fund Regulations, 2025*

IFSCA has proposed new Pension Fund Regulations, 2025 with an aim to establish a robust framework for long-term retirement savings, promote a secure and transparent environment for subscribers and position the IFSC as a global hub for financial services and building a strong and reliable pension system at GIFT IFSC. These regulations are mainly designed to support the interest of Non-Resident Indians (NRIs) and foreign citizens, helping them save for their retirement in a secure, flexible, and globally competitive environment.

The key purpose of these regulations is to protect subscribers' interests, provide a transparent and well-regulated framework, and promote GIFT IFSC as a global pension investment hub. The regulations seek to provide a flexible and modern framework that offers a variety of investment options.

9. *SEBI enables IAs to charge for second opinion on existing distributed assets*

SEBI has issued a circular enabling registered Investment Advisers (IAs) to charge a fee on providing a second opinion on the assets of clients already under a pre-existing distribution arrangement (Mutual funds, banks, etc.). Under the previous framework, IAs could not charge an Asset Under Advice (AUA) fees while providing a second opinion on assets under any pre-existing distribution arrangement, resulting in no compensation for such advisory services.

SEBI has now allowed IAs to charge a fee on such assets subject to a maximum limit of 2.5% of such assets value per annum. IAs need to disclose and seek consent from the clients on an annual basis clarifying that the clients would still incur distribution cost aside from the advisory fees.

10. *Operationalization of Past Risk and Return Verification Agency (PaRRVA)*

SEBI has issued a circular under interim arrangement for past performance of Investment advisors/research analyst prior to operationalization of PaRRVA (Past Risk and Return Verification Agency) which will verify the performance claims of investment advisors and Research analyst. This is meant to bring transparency and prevent misleading performance claims. PaRRVA will check and verify performance data only for the period after an IA/RA gets on board onto PaRRVA.

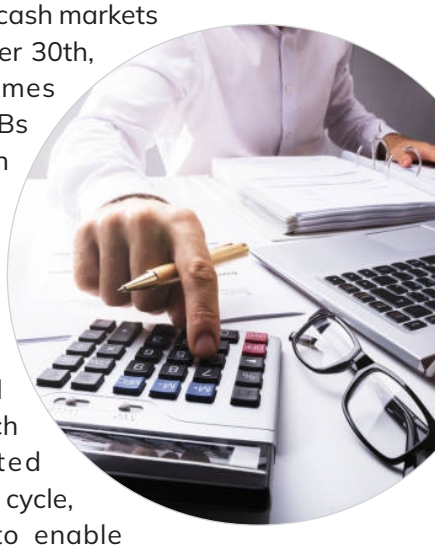
However, the industry requested that SEBI allow them to share past performance with clients. To address this, SEBI has allowed a temporary interim arrangement with certain strict conditions. The data must be certified by ICAI/ICMAI member and to be given only when clients ask for it specifically. It is to be taken care that the certified data cannot be posted publicly.

Furthermore, once PaRRVA becomes operational, IA/RAs must register with PaRRVA within 3 months post which they cannot share certified past performance data after the 3-month window. There is a 2-year sunset clause with says that after 2 years from PaRRVA's launch, IA/Ras can only use PaRRVA – verified data.

The regulatory authorities IAASB/RAASB have been directed to create standard templates so that IA/RAs present data in consistent format.

11. *SEBI extends timeline for QSBs to implement T+0 settlement cycle*

SEBI has announced a further extension of the timeline for Qualified Stock Brokers (QSBs) to implement systems and processes required for the optional T+0 settlement cycle in equity cash markets vide circular dated October 30th, 2025. This decision comes after feedback from QSBs and discussions with market infrastructure institutions to ensure smooth implementation.



SEBI had introduced the optional T+0 settlement cycle vide circular dated December 10, 2024, which was to be implemented alongside the existing T+1 cycle, with QSBs mandated to enable investor participation by May 1, 2025. The deadl ine was later extended to November 1, 2025, via a

circular issued on April 29, 2025.

Considering operational challenges highlighted by QSBs, SEBI has now decided to grant additional time for readiness. Further guidance on the same will be communicated in due course. All other provisions of the December 2024 circular remain unchanged.

12. SEBI – Maintaining pro-rata rights of investors of AIFs

SEBI has released a draft circular clarifying modalities for maintaining pro-rata and pari-passu rights of investors of AIFs. The draft circular follows the amendments to AIF regulations and circular on 'Pro-rata and pari-passu rights of investors of AIFs' dated December 13,2024.

The draft circular clarifies that, for compliance with AIF Regulation 20(21), the term 'commitment' may be construed as either the investor's total commitment or their undrawn commitment for the purpose of drawing down capital and maintaining pro-rata rights. Once the scheme has selected the basis as total commitment or undrawn commitment, the same shall be disclosed in the PPM and remain same for the tenure of the scheme. Existing schemes shall align their drawdown methodology as mentioned above. Drawdown-based pro-rata requirements will not apply to open-ended Category III AIFs (except when the scheme is investing primarily in unlisted securities).

Profit-sharing arrangements such as carried interest shared with managers / sponsors / employees (by whatever name called) are exempt from pro-rata requirements. All investor commitments (resident or non-resident) must be recorded in INR for corpus and drawdown calculations.

13. SEBI - Comprehensive review of Mutual Fund Regulations

SEBI has released a consultation paper proposing a complete overhaul of the SEBI Mutual Fund regulations,1996. The proposed revamp focuses on simplification, transparency, ease of compliance and deletion of redundant clauses.

We have listed below some of the key proposed changes.

A. Simplification and Clarity

- Eligibility criteria for sponsor of Mutual Funds (MF) and MF lite have been presented in a tabular form for easy reference.
- Annual reports may now be sent digitally to investors.
- Valuation guidelines and investment limits have been placed in the Master Circular.

B. Transparency and investor protection

- Statutory expenses like STT, GST, CTT and Stamp duty have been excluded for computing the expense ratio limits.
- Brokerage limit for arbitrage fund transactions has been revised from 12 bps to 2 bps for cash market and 5 bps to 1 bps for derivative transactions.
- Option for AMCs to charge a differential expense ratio based on scheme performance

C. Ease of Compliance

- Minimum trustee meetings to be held during the year have been reduced from 6 to 4.
- Half-yearly portfolio disclosures have been discontinued, as the existing monthly disclosures are considered sufficient.
- Newspaper advertisement for major changes of the Mutual Funds has been replaced with digital modes of disclosures like SMS/email.

D. Definitions and removal of redundant clauses

- The definitions of exit load, total expense ratio, free reserve, liquid net worth and offer document have been added in the regulations.
- Definitions and chapters of Capital Protection Oriented Schemes, Money Market Mutual Fund, Real Estate Mutual Fund Schemes (Chapter VI-A), Infrastructure Debt Fund Schemes (Chapter VI-B) have deleted from the regulations.

14. Issue of Capital and Disclosure Requirements Regulations

SEBI has amended the Issue of Capital and Disclosure Requirements Regulations, 2025. The amendments modify provisions related to anchor investors under Schedule XIII of the 2018 regulations.

The amendment revises the number of anchor investors permitted based on allocation size. For allocations up to ₹250 crore, a minimum of 2 and maximum of 15 investors are allowed with a minimum allotment of ₹5 crore each. For allocations above ₹250 crore, at least 5 and maximum of 15 investors are allowed for the first ₹250 crore, with an additional 15 investors permitted for every subsequent ₹250 crore or

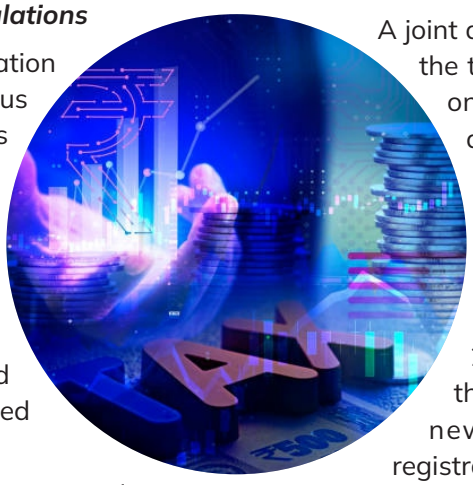
part thereof, subject to the minimum allotment of Rs.5 crore each.

Further, 40% of the anchor investor portion is reserved as under

- 33.33% for domestic mutual funds and
- 6.67% for life insurance companies and pension funds

Any shortfall in the latter category can be reallocated to domestic mutual funds.

15. SEBI – amendments to LODR Regulations



SEBI had released a public consultation paper in August 2025, proposing various amendments to the Listing Obligations and Disclosure Requirements (LODR) regulations.

The consultation paper proposed

a) a new scale-based threshold framework based on annual consolidated turnover of the listed entity for determining material related party transactions (RPT).

b) new thresholds for audit committee approval for subsidiary RPTs.

c) clarifying a "holding company" would mean a "listed holding company".

Further to the consultation paper, SEBI has now amended the LODR regulations vide its notification dated 18th November, 2025.

16. Equity Mutual Funds allowed to invest in REITs

SEBI has now permitted equity mutual funds to invest in Real Estate Investment Trusts (REITs) by including REITs in the definition of equity-related instruments. While determining the price of the units, the mutual fund shall ensure that the repurchase price of an open-ended scheme is not lower than 97% of the Net Asset Value (NAV).

Also, if the MF under all its schemes, owns more than 10% of the units of a single REIT than the SIF shall not own more than 5% of the said REIT.

17. Transfer of Portfolios of Clients by Portfolio Managers

SEBI has issued guidelines to allow Portfolio Managers to transfer select Investment Approaches or complete PMS business to another Portfolio Manager after obtaining prior approval.

There are two types of permitted transfers:

a) Transfer within the same group

A PMS can transfer either its full PMS business or only selected investment approaches to another PMS within the same group. If the entire business is transferred, the old PMS must surrender its registration within 45 working days from the completion of transfer. If only some investment approaches are transferred, the transferor can continue its PMS business for the remaining services.

b) Transfer outside to the same group

A joint application must be submitted by both the transferor and transferee. In this case, only full transfer of PMS business is allowed and partial transfer is not permitted. The new PMS (transferee) must agree to take over all responsibilities such as pending actions, litigations, and obligations. The transfer must be completed within 2 months of SEBI's approval. During this period, the old PMS cannot onboard new clients and must surrender its registration after transfer is finished.

18. SEBI – Accredited Investor Centric Scheme

SEBI has amended the AIF regulations, bringing in focused changes for Accredited Investors (AI) only Fund. Earlier, SEBI had issued a consultation paper titled "Introduction of separate type of AIF scheme for only Accredited Investors".

The proposed changes included –

a) Exemption from requirement of maintaining rights pari-passu among investors of a fund/scheme, subject to a waiver provided by each investor to this effect

b) AI Funds may be permitted to extend term up to 5 years, subject to consent of two-thirds of the investors by value of their investment in the fund/scheme

c) Exemption from NISM certification requirement for key investment team of the manager of AIFs having only AI only schemes

d) Exemption from restriction on maximum number of investors in a scheme

e) Manager to be responsible in the same manner as a trustee

Consequently, SEBI has accepted the proposed changes, and the AIF Regulations have been amended accordingly.

VI. COMPLIANCE CALENDAR FOR DECEMBER 2025

A. Income tax

Sr. No.	Due Dates	Concerned (reporting) Period	Compliance Detail	Applicable to
01	7th Dec.	November 2025	TDS / TCS Payment	Non-Government Deductors
02	7th Dec.	November 2025	Upload of Form 27C declarations from buyers	Deductors under Sec 194IA/IB/IC
03	10th Dec.	FY 2024-25	Filing of ITR for Assessees under audit (Section 44AB)	Corporate & non corporate Assessees covered by audit (non-TP cases)
04	15th Dec.	October – December 2025	Quarterly TDS certificate (non-salary)	Deductors under TDS non-salary provisions
05	15th Dec.	FY 2025-26	Deposit of advance tax for FY 2025 26 (3rd instalment)	All taxpayers required to pay advance tax
06	31st Dec.	FY 2024-25	Filing of Belated / Revised ITR for AY 2025-26	All Assesses

*Note: As per the CBDT Circular dated 29.10.2025, the due date for furnishing the return of income for taxpayers subject to tax audit (excluding transfer pricing cases) has been extended from **31.10.2025 to 10.12.2025**. Further, the due date for furnishing the tax audit report (other than TP cases) has been extended from **30.09.2025 to 31.10.2025.***

B. Goods and Service Tax

Sr. No.	Due Dates	Concerned (reporting) Period	Compliance Detail	Applicable to
01	10th Dec.	November 25	GSTR – 7 (TDS)	Person required to deduct TDS under GST
02	10th Dec.	November 25	GSTR – 8 (TCS)	Person required to collect TCS under GST
03	11th Dec.	November 25	GSTR 1	a) Taxable persons having annual turnover > Rs. 5 crores in FY 2024-25 b) Taxable persons having annual turnover ≤ Rs. 5 crores in FY 2024-25 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
04	13th Dec.	November 25	GSTR – 1 (IFF)- QRMP	Aggregate Turnover is up to Rs. 5 crores
05	13th Dec.	November 25	GSTR – 6 (ISD)	Person registered as ISD
06	20th Dec.	November 25	GSTR – 3B	a) Taxable persons having annual turnover > Rs. 5 crores in FY 2024-25 b) Taxable persons having annual turnover ≤ Rs. 5 crores in FY 2024-25 and not opted for QRMP scheme
07	13th Dec.	November 25	GSTR - 5 (NRTP)	Non-resident taxable person (NRTP)
08	20th Dec.	November 25	GSTR - 5A (OIDAR)	OIDAR services provider
09	25th Dec.	November 25	GSTR – 3B - QRMP scheme- Monthly payment	Aggregate Turnover is up to Rs. 5 crores
10	31st Dec.	FY 2024-25	GSTR-9 & 9C (Annual Return and GST Audit)	Refer below table***

***GSTR 9 & 9C Applicability

Sr. No.	Due Dates	GSTR9	GSTR9C
01	Applicability Turnover	GST regular taxpayer with aggregate turnover during the FY above INR 2 crores	GST regular taxpayer with aggregate annual turnover during the FY above INR 5 crores
02	Exclusions	a) Casual Taxable Person b) Non-Resident Taxable Person c) Input Service Distributor d) Unique Identification Number Holders e) Online Information and Database Access Retrieval (OIDAR) Service providers f) Composition Dealers g) Persons subject to TCS or TDS provisions	Not Applicable
03	Due date	31st December 2025	31st December 2025
04	Late fee / Penalty for delayed filling	Late fees of Rs 200 per day of delay (INR 100 each in case of CGST and SGST) subject to a maximum cap of 0.25% of total turnover in respective State / UT	No specific provision so general penalty under Section 125 i.e., INR 50,000 (25,000 each in case of CGST and SGST)

C. FEMA Compliance

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

GLOSSARY

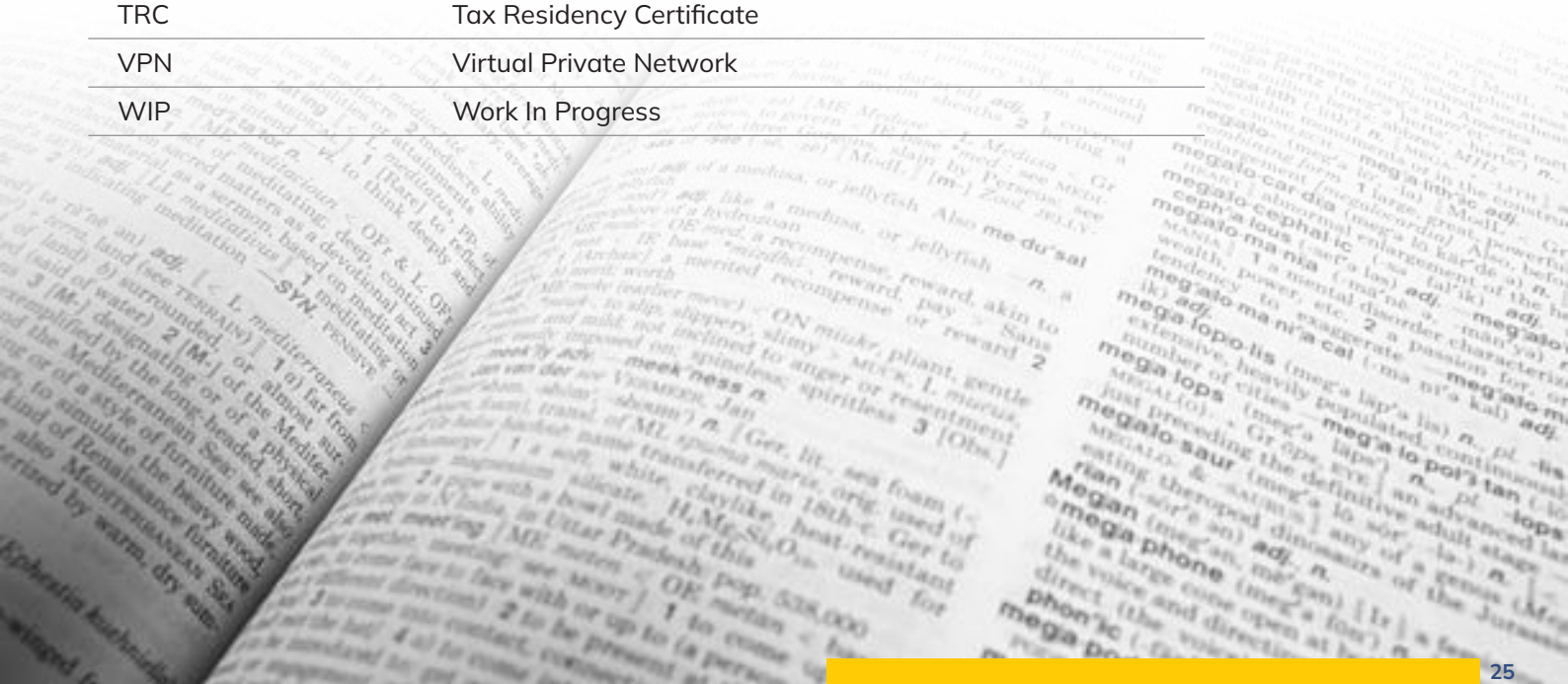
ABBREVIATION	FULL FORM
Act	Income-tax Act, 1961
AE	Associated Enterprise
AIF	Alternative Investment Fund
ALP	Arm's Length Price
AM	Accounting Member
AML	Anti-Money Laundering
AO	Assessing Officer
AOP	Association of Persons
API	Application Program Interface
AY	Assessment Year
CBDT	Central Board of Direct Taxes
CBIC	Central Board of Indirect Tax and Customs
CCD	Compulsory convertible debenture
CFT	Counter-Terrorist Financing
CG	Central Government
CGST	Central Goods & Services Tax
CIT	Commissioner of Income-tax
CIT(Appeals) / CIT(A)	Commissioner of Income-tax (Appeals)
CPC	Centralized Processing Centre
CTT	Commodities Transaction Tax
DCIT	Deputy Commissioner of Income Tax
DGAP	Directorate General of Anti-Profiteering
DGFT	Directorate General of Foreign Trade
DP	Depository Participant
DRP	Dispute Resolution Panel
DTAA	Double Taxation Avoidance Agreement
ECB	External Commercial Borrowings
ESOP	Employee Stock Option Plan
EXIM	Export Import Bank of India
FPI	Foreign Portfolio Investment
FTC	Foreign Tax Credit
FTS	Fees for Technical Services
FY	Financial Year
GIFT	Gujarat International Finance Tec-City
GST	Goods & Service Tax
GSTAT	Goods and Services Tax Appellate Tribunal
HC	High Court

GLOSSARY

ABBREVIATION	FULL FORM
HO	Head Office
Hon'ble	Honourable
HUF	Hindu Undivided Family
IA	Investment Advisors
IBU	IFSC Banking Unit
ICAI	The Institute of Chartered Accountants of India
ICMAI	The Institute of Cost Accountants of India
IFSC	International Financial Service Centre
IFSCA	International Financial Services Centre's Authority
IGST	Input Goods and Services Tax
IP	Intellectual Properties
ITAT	Income Tax Appellate Tribunal
ITC	Input Tax Credit
ITR	Income Tax Return
JAO	Jurisdictional Assessing Officer
JCIT	Joint Commissioner of Income Tax
JM	Judicial Member
KYC	Know your customer
LIBOR	London Inter Bank Offered Rate
LODR	Listing Obligation and Disclosure Requirement
LTCG	Long-term capital gains
MAM	Most Appropriate Method
MD	Managing Director
MoF	Ministry of Finance
NAV	Net Asset Value
NBFC	Non-Banking Financial Company
NCD	Non-Convertible Debentures
NFAC	National Faceless Assessment Centre
NISM	National Institute of Securities Markets
NRI	Non- Resident Individual
NSDL	National Securities Depository Limited
OECD	Organisation for Economic Co-operation and Development
ONGC	Oil and Natural Gas Corporation Limited
OC	Operating Cost
OP	Operating Profit
PAN	Permanent Account Number
PE	Permanent Establishment

GLOSSARY

ABBREVIATION	FULL FORM
PLI	Profit Level Indicator
PMS	Portfolio Management Services
PPM	Private Placement Memorandum
PPT	Principal Purpose Test
QSB	Qualified Stock Brokers
RBI	Reserve Bank of India
ROI	Return of Income
RPT	Related Party Transactions
RTA	Registrar and Transfer Agent
Rules	Income-tax Rules, 1962
SAP	Systems, Applications, and Products
SC	Supreme Court
SDT	Specified Domestic Transaction
SDV	Stamp Duty Value
SEBI	Securities and Exchange Board of India
SGST	State Goods and Services Tax
SIF	Specialised Investment Fund
SPV	Special Purpose Vehicle
STEM	Science, technology, engineering, and mathematics
STT	Securities Transaction Tax
TDS	Tax Deducted at Source
TNMM	Transactional Net Margin Method
TP	Transfer pricing
TPO	Transfer Pricing Officer
TPSR	Transfer Pricing Study Report
TRC	Tax Residency Certificate
VPN	Virtual Private Network
WIP	Work In Progress



BHUTA SHAH & CO LLP
CHARTERED ACCOUNTANTS

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