

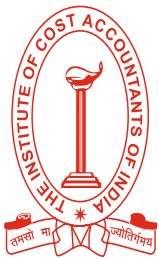
February, 2025



TAX Bulletin

Volume - 177
02.02.2025

2025 BUDGET
SPECIAL EDITION



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

www.icmai.in

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“The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally.”

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1. Preparation of Suggestions and Analysis of various Tax matters for best Management Practices and for the professional development of the members of the Institute in the field of Taxation.
2. Conducting webinars, seminars and conferences etc. on various taxation related matters as per relevance to the profession and use by various stakeholders.
3. Submit representations to the Ministry from time to time for the betterment and financial inclusion of the Economy.
4. Evaluating opportunities for CMAs to make way for further development and sustenance of the opportunities.
5. Conducting and monitoring of Certificate Courses on Direct and Indirect Tax for members, practitioners and stake holders and also Crash Courses on GST for Colleges and Universities.

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1. Certificate Course on GST (CCGST)
2. Advanced Certificate Course on GST (ACCGST)
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Hours	72	40	30	30	30	30	50
Mode of Class	Offline/ Online	Online					
Course Fee* (₹)	10,000	14,000	12,000	10,000	10,000	12,000	10,000
Exam Fee* (₹)	1,000 per attempt						
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Course Details

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Description	Courses for Colleges and Universities	
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Course Fee* (₹)	1,000	1,500
Exam Fee* (₹)	200	500
Duration (Hrs)	32	32

For enquiry about courses, mail at: trd@icmai.in

*18% GST is applicable on both Course fee and Exam fee

Behind every successful business decision, there is always a **CMA**

2025 BUDGET SPECIAL EDITION

Chairman's Message



CMA Rajendra Singh Bhati

Chairman Direct Taxation Committee

The most important discussion at the moment is the announcement of the Union Budget 2025. To start off, the Revised Estimate 2024-25 fiscal deficit is at 4.8 percent of GDP, with Budget Estimates for 2025-26 set at 4.4 percent of GDP. Government receipts (excluding borrowings) for 2025-26 are projected at INR 34.96 trillion, with total expenditure at INR 50.65 trillion, On fiscal consolidation.

The Key growth drivers of the economy are denoted to be Agriculture, MSMEs, investment, and exports. Schemes for the MSME sector, women, farmers, the education sector, boosting exports, etc. have also been announced. The initiatives announced aim to boost self-reliance, with an eye on Atmanirbhar Bharat. The announcement of tax relief has been welcomed which has brought in an air of relief for the middle class people.

In my views, these massive income tax cuts will leave more money in hands of taxpayers and the government hopes that the additional money will be spent, and that will kick-start a growth process that will also incentivize companies to finally start investing in new capacities, thus creating new jobs and incomes. Another point which I would like to discuss here is fiscal discipline maintained, deficit to reduce despite foregone revenue. However, despite the massive tax cut, which will cost the government around ₹ 1 lakh crore in foregone revenues, the fiscal deficit (or the level of money borrowed) of the government will be reduced further to 4.4% (of the GDP) in 2025-26 is expected.

I personally appreciate the contents of the budget and the delicate issues that it has dealt with. It is a welcome move from the present Government.

To discuss about Union Budget 2025, a webinar was organized by the TRD on Budget Day itself, 01.02.2025, themed, 'Union Budget-2025 - On Spot Review'. The Speakers of the session has been Prof. Prabhakar Reddy Tada, Economist on the Economic Aspects of Budget, CMA Ajith Sivasdas and CMA Gopal Krishna Raju on Direct Tax, CMA Mrityunjay Acharjee on Indirect Tax & Customs and the Moderator was CMA B M Gupta. The webinar was participated by almost 450 participants and the discussions were widely appreciated.

I wish the best regards to the department and the Resource Persons for their efforts.



CMA Rajendra Singh Bhati

Chairman – Direct Taxation Committee

The Institute of Cost Accountants of India

02.02.2025

Chairman's Message



CMA Dr. Ashish P. Thatte

Chairman Indirect Taxation Committee

February has always been a month to look out for, it is the Budget month in India and this year also on 01.02.2025 the Budget was placed by Smt Nirmala Sitharaman, Honble Finance Minister of the country.

To start, this budget has very strong positive reviews and the most important reason of it has been the announcement of the income tax rebates for individuals up to an income ₹ 12 lacs per annum. The announcements on the indirect tax front has also been quite important some of which are discussed below:

- With a view to nullify the impact of the recent judgement by the Supreme Court in the case of Safari Retreat, the phrase 'plant or machinery' is proposed to be replaced with 'plant and machinery' in section 17(5)(d) of the Central Goods and Services Tax Act, 2017 (CGST Act), retrospectively from 1 July 2017. A new entry is inserted in Schedule III retrospectively from 1 July 2017.
- Supply of goods warehoused in a Special Economic Zone (SEZ) or Free Trade Warehouse Zone (FTWZ) to any person before clearance for exports or to the Domestic Tariff Area are deemed to be not supply. No refund can be claimed in respect of any tax previously paid in this regard.
- Provisions in relation to time of supply of vouchers are omitted, in view of the intention of the government not to treat transaction in vouchers as supply
- Budget has proposed to remove seven customs tariff rates for industrial goods over and above the seven tariff rates removed in Budget 2023-24. This has reduced the total number tariffs to eight, including the 'zero' rate. Additionally, the social welfare surcharge has been exempted on 82 tariff lines that are subject to cess.

Overall the budget has been optimistic and would surely prove to be productive for the Nation.

The Tax Research Department has also conducted a webinar themed, 'Union Budget-2025 - On Spot Review' to discuss about Union Budget 2025, and it was also conducted on the Budget Day only, 01.02.2025. The Speakers for the session has been Prof. Prabhakar Reddy Tada, Economist on the Economic Aspects of Budget, CMA Ajith Sivasdas and CMA Gopal Krishna Raju on Direct Tax, CMA Mrityunjay Acharjee on Indirect Tax & Customs and the Moderator was CMA B M Gupta. The webinar was participated by almost 450 participants and the discussions were widely appreciated.



Ashish Thatte

CMA (Dr) Ashish P Thatte

Chairman – Indirect Taxation Committee

The Institute of Cost Accountants of India

02.02.2025

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Articles on the Topics of Direct and Indirect Taxation are invited from readers and authors. Along with the article please share a recent passport-sized photograph, a brief profile and the contact details. The articles should be the author's own original.

Please send the articles to
trd@icmai.in / trd.dd2@icmai.in

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Discussion on Union Budget 2025: An Indirect Tax Perspective



CMA Vishwanath Bhat

Practicing Cost Accountant

GST Amendments

Introduction:

The Budget 2025 has introduced several key amendments to the GST law, focusing on improving compliance, clarifying tax provisions, and streamlining ITC distribution mechanisms. These amendments address issues related to ISD distribution for RCM supplies, ITC restrictions, compliance measures for track and trace mechanisms, and tax treatment of SEZ/FTWZ supplies. Notably, certain provisions have been amended retrospectively to remove ambiguities and prevent unintended tax consequences. These changes are expected to enhance clarity and ease of doing business while ensuring greater regulatory control over tax administration.

Comparison of Existing Law & Amended Provisions – Budget 2025 Updates (GST)

1. Distribution of ITC by Input Service Distributor (ISD) for RCM supplies		
Clause No.: 116		
Aspect	Existing Law	Amended Law
Provision	ISD could distribute ITC only for supplies other than RCM.	ISD can distribute ITC for inter-state supplies subject to RCM, referencing Section 5(3) & 5(4) of IGST Act.
Impact	Limited ISD mechanism for RCM ITC distribution.	Clarifies ISD mechanism for businesses distributing ITC related to RCM.
Effective Date	Not applicable	1st April 2025
2. Definition of 'Local Authority'		
Clause No.: 116		
Aspect	Existing Law	Amended Law
Provision	Sub-clause (c) of Clause (69) of Section 2 used "municipal or local fund."	Changed to "municipal fund or local fund" with Explanation defining these terms.
Impact	Ambiguity in tax treatment of local authorities.	Provides clarity and removes ambiguity.
Effective Date	Not applicable	To be notified
3. Definition of Unique Identification Marking (UIM) for Track and Trace		

Clause No.: 116		
Aspect	Existing Law	Amended Law
Provision	No definition for UIM.	New Clause (116A) in Section 2 defines Unique Identification Marking.
Impact	No legal basis for Track & Trace mechanism.	Enables implementation for specific goods.
Effective Date	Not applicable	To be notified
4. Deletion of Time of Supply for Vouchers		
Clause No.: 117, 118		
Aspect	Existing Law	Amended Law
Provision	Sections 12(4) & 13(4) defined time of supply for vouchers.	These sections are deleted.
Impact	Specific provisions existed for voucher-based supply.	Vouchers are now considered neither goods nor services.
Effective Date	Not applicable	To be notified
5. Clarification on ITC Restriction for Plant & Machinery		
Clause No.: 119		
Aspect	Existing Law	Amended Law
Provision	Section 17(5)(d) used “plant or machinery.”	Changed to “plant and machinery.”
Impact	Allowed misinterpretation; Supreme Court ruling in Safari Retreats impacted ITC.	Removes ambiguity and applies retrospectively from 1st July 2017.
Effective Date	Not applicable	Retrospective from 1st July 2017
6. ISD ITC Distribution for RCM Supplies in Section 20		
Clause No.: 120		
Aspect	Existing Law	Amended Law
Provision	ISD could not distribute ITC for RCM.	Section 20(1) & 20(2) amended to allow ISD to distribute ITC for inter-state supplies under RCM.
Impact	Restricted ITC distribution under RCM.	Ensures correct ITC distribution by ISD.
Effective Date	Not applicable	1st April 2025
7. Mandatory ITC Reversal for Credit Notes		
Clause No.: 121		
Aspect	Existing Law	Amended Law
Provision	No mandatory ITC reversal for recipient before supplier adjusts tax liability.	Proviso to Section 34(2) amended to require ITC reversal before tax reduction.



Impact	Loophole allowed incorrect tax reductions.	Strengthens compliance and ensures proper credit reversal.
Effective Date	Not applicable	To be notified
8. Removal of 'Auto-Generated' from ITC Statement		
Clause No.: 122		
Aspect	Existing Law	Amended Law
Provision	Section 38(1) & 38(2) used "auto-generated" for ITC statements.	"Auto-generated" removed; "including" added for flexibility.
Impact	ITC statement format was rigid.	Allows flexibility in GST return statement formats.
Effective Date	Not applicable	To be notified
9. Additional Details in ITC Statement		
Clause No.: 122		
Aspect	Existing Law	Amended Law
Provision	No specific provision for additional details in ITC statement.	New Section 38(2)(c) inserted to allow additional details.
Impact	Limited flexibility for ITC reporting.	Enhances reporting capabilities.
Effective Date	Not applicable	To be notified
10. Conditions & Restrictions for GSTR-3B Filing		
Clause No.: 123		
Aspect	Existing Law	Amended Law
Provision	No specific conditions prescribed for return filing.	Section 39(1) amended to allow conditions and restrictions.
Impact	Lack of regulatory control over GSTR-3B filing.	Provides stronger compliance control.
Effective Date	Not applicable	To be notified
11 & 12. Mandatory Pre-Deposit for Penalty-Only Appeals		
Clauses No.: 124, 125		
Aspect	Existing Law	Amended Law
Provision	No specific mandatory pre-deposit for penalty-only appeals.	Section 107(6) mandates 10% pre-deposit; Section 112(8) mandates 20% for Tribunal appeal.
Impact	No deterrent for frivolous appeals.	Strengthens compliance.
Effective Date	Not applicable	To be notified
13 & 14. Track & Trace Mechanism & Penalty		
Clauses No.: 126, 127		

Aspect	Existing Law	Amended Law
Provision	No legal framework for Track & Trace.	Section 122B & 148A inserted for penalties & enabling mechanism.
Impact	Lacked enforcement.	Strengthens supply chain monitoring.
Effective Date	Not applicable	To be notified

Conclusion:

The amendments introduced in Budget 2025 reflect the government’s commitment to refining the GST framework by addressing practical issues faced by businesses and tax administrators. By bringing clarity to ITC distribution, compliance requirements, and supply chain monitoring, these changes are expected to reduce litigation and promote transparency in the tax system. The retrospective applicability of certain amendments further ensures consistency in tax treatment and prevents unwarranted refund claims. Overall, these reforms mark a significant step towards a more efficient and streamlined GST regime.

Customs Amendments

Introduction

The Union Budget 2025 has introduced significant amendments in customs duties and exemptions, aimed at fostering economic growth, supporting key industries, and ensuring affordability of essential goods. The changes reflect a strategic approach to balancing revenue generation with sectoral incentives. While critical sectors such as healthcare, shipbuilding, and electric vehicle (EV) battery manufacturing benefit from duty exemptions, certain high-end consumer electronics and non-essential imports face increased levies to promote domestic manufacturing and revenue augmentation.

Key Changes in Customs Duties and Exemptions

What’s Getting Cheaper?

1. Life-Saving Drugs:

A significant relief has been extended to the

healthcare sector with 36 essential medicines now fully exempt from Basic Customs Duty (BCD). This measure aims to make critical treatments more affordable and accessible to the public.

2. Critical Minerals:

The exemption list for BCD has been expanded to include 12 additional critical minerals such as cobalt powder, lithium-ion battery waste, lead, and zinc. This step is aimed at bolstering India’s domestic manufacturing capabilities, particularly in the renewable energy and electronics sectors.

3. Shipbuilding Industry:

To support the shipbuilding industry, the government has extended the BCD exemption on ships and their parts for another 10 years, fostering investment and growth in the maritime sector.

4. Carrier Grade Ethernet Switches:

The BCD on Carrier Grade Ethernet switches has been reduced from 20% to 10%, bringing it in line with non-Carrier Grade switches, thereby promoting cost-effective network infrastructure.

5. EV and Mobile Battery Manufacturing:

In a bid to accelerate India’s transition to electric mobility and strengthen its battery manufacturing ecosystem, the Budget 2025 has added 35 more goods for EV battery production and 28 for mobile phone battery manufacturing to the BCD exemption list.

6. Open-Cell Displays:

The customs duty on open-cell displays, a key component in television and display manufacturing,



has been reduced to 5%, which is expected to lower the cost of locally assembled television units.

7. Fish & Seafood Industry:

Several reductions have been made to the customs duties on fish and seafood products:

- Fish paste: Duty reduced from 30% to 5%.
- Frozen fish: Duty cut from 30% to 5%.
- Fish hydrolysates: Duty reduced from 15% to 5%.

8. Leather Industry:

Wet blue leather, a crucial raw material for the leather industry, is now fully exempt from duties, providing a boost to domestic leather manufacturers and exporters.

What's Getting Costlier?

1. Flat Panel Displays:

The BCD on flat panel displays has been increased from 10% to 20%, impacting the costs of televisions,

mobile phones, and other display-based electronic products. This move is aimed at encouraging domestic display panel manufacturing.

2. Social Welfare Surcharge:

The exemption on Social Welfare Surcharge has been removed for 82 tariff lines. This will increase costs for certain imported goods that previously enjoyed duty relief under the cess framework.

Conclusion

The amendments in customs duties as announced in Budget 2025 reflect a strategic policy approach that supports domestic industries while ensuring affordability in critical sectors like healthcare, energy, and infrastructure. By reducing duties on essential goods and promoting indigenous manufacturing through selective tariff hikes, the government aims to drive self-reliance, economic competitiveness, and sustainable growth. These changes will have far-reaching implications across multiple industries, making the balance between cost-effectiveness and revenue generation a key factor in India's economic trajectory.

Gradual augmenting of new tax regimes: Setting foundation for litigation free tax system



CMA Pramod Kumar Agarwal

Dy. General Manager | Finance & Accounts- Taxation GAIL (India) Ltd.

The Budget gives big bonanza Relief for low-income and middle-income taxpayers. The Budget brings much-needed tax relief to individual taxpayers while ensuring that compliance remains simple and fair. By revising tax slabs, increasing deductions, and introducing long-term structural changes, the government aims to balance fiscal discipline with economic growth. Proposed tax structure will cause more money in the hands of taxpayers, the budget has been extensively appreciated across various economic and financial circles.

Key Highlights of the Union Budget for FY 2025-26

I. New Direct Tax Bill

One of the most anticipated announcements in the budget is the government's plan to introduce a New Direct Tax Bill by the second week of February 2025. The bill is expected to:

- Replace the Income Tax Act, 1961 with a modern, streamlined structure.
- Reduce the complexity of deductions, exemptions, and tax rates.
- Align India's tax system with global best practices.

This is a significant step towards overhauling the direct tax system.

II. Corporate Tax

1. Transactions or activities of a non-resident in India which are confined to the purchase of goods in India for the purpose of export shall not constitute Significant Economic Presence (SEP) of such non-resident in India.
2. Rationalization of provisions related to ever greening of carry forward of losses in case of Amalgamation
 - ▶ Any loss forming part of the accumulated loss of the predecessor entity, which is deemed to be the loss of the successor entity, shall be eligible to be carried forward for not more than eight assessment years immediately succeeding the assessment year for which such loss was first computed for original predecessor entity.
 - ▶ Aforesaid amendments shall apply to any amalgamation or business re-organization which is affected on or after 01.04.2025.

III. TDS & TCS Provisions

1. The budget has introduced several key changes in TDS and TCS provisions to simplify compliance. These changes aim to reduce the compliance burden on small taxpayers while ensuring that tax collection remains efficient. TDS rates & threshold has been changed as per below:

Section	Nature of payment	TDS rates	Existing threshold (per annum)	Proposed threshold (per annum)
193	Interest on securities	10%	Nil	₹ 10,000
193(v)(a)	Interest on any debentures of a public company	10%	₹ 5,000	₹ 10,000
194	Dividend paid to an individual shareholder	10%	₹ 5,000	₹ 10,000
194A	Interest other than interest on securities paid by banks / co-operative society/ post offices to:			
	- Senior citizens	10%	₹ 50,000	₹ 1,00,000
	- Other individuals	10%	₹ 40,000	₹ 50,000
	- Any other payee	10%	₹ 5,000	₹ 10,000
194B	Winnings from lottery / crossword puzzle / card game / any other game	30%	₹ 10,000	₹ 10,000 in respect of a single transaction
194BB	Winnings from horse races			
194D	Insurance commission	2%	₹ 15,000	₹ 20,000
194G	Income by way of commission, prize etc., on lottery tickets	2%	₹ 15,000	₹ 20,000
194H	Commission or Brokerage	2%	₹ 15,000	₹ 20,000
194I	Rent payment by a person other than an individual or HUF	10%	₹ 240,000	₹ 50,000 per month/ part of the month
194J	Fees for professional / technical services/ royalty	10%	₹ 30,000	₹ 50,000
194K	Income in respect of units of a mutual fund or specified company or undertaking	10%	₹ 5,000	₹ 10,000
194LA	Payment of enhanced compensation on compulsory acquisition of immovable property	10%	₹ 250,000	₹ 5,00,000

1. TCS on sale of goods u/s 206C(1H) is not applicable w.e.f 01-04-2025.
2. Removed higher TDS/TCS for non-filers of return of income from 01.04.2025. Omitted section 206AB of the Act and section 206CCA of the Act
3. Revised TCS Rates Under RBI's Liberalised Remittance Scheme (LRS).

Transaction Type	TCS Rate Before Budget 2025	TCS Rate After Budget 2025
Foreign remittance for education (loan-funded)	0.5% (above ₹7 lakh)	NIL

Transaction Type	TCS Rate Before Budget 2025	TCS Rate After Budget 2025
Foreign remittance for education (self-funded)	5% (above ₹7 lakh)	5% (above ₹10 lakh)
Other foreign remittances (investment, gifts, etc.)	20% (above ₹7 lakh)	20% (above ₹10 lakh)

This revision reduces the upfront tax burden for individuals making foreign payments, particularly those remitting money for education or travel.

gains tax on transfer of equity shares of domestic companies being units of IFSC, engaged in ship leasing.

IV. Personal Tax

Slab Rates are changed under new tax regime. New slabs are as follows.

Slab	Rate
Upto 4 lacs	Nil
4 to 8 Lacs	5
8 to 12 lacs	10
12 to 16 lacs	15
16 to 20 lacs	20
20 to 24 lacs	25
> 24 Lacs	30

Enhanced the limit of total income for rebate from ₹. 7 Lacs to ₹. 12 Lacs and limit of rebate from ₹. 25,000 to ₹. 60,000.

Extended the tax benefits available to the National Pension Scheme (NPS) under Section 80CCD(1b) of the Act to the contributions made to the NPS Vatsalya account.

V. Changes in Gift City IFSC

- Extension of sunset dates for commencement of operations of IFSC units for several tax concessions pertaining to IFSC has been extended till 31.03.2030 from 31.03.2025.
- Extended the exemption u/s 10(4H) - on capital

- Extended the exemption u/s 10(34B) – to dividend paid by a company being a unit of IFSC engaged in ship leasing, to a unit of IFSC engaged in ship leasing
- Any advance or loan between two group entities, where one of the group entity is in IFSC set up as a global or regional corporate treasury centre for undertaking treasury activities or treasury services and the ‘parent entity’ or ‘principal entity’ of such ‘group entity’ is listed on stock exchange, shall not be treated as ‘dividend’.

VI. Transfer Pricing

Rationalization of transfer pricing provisions for carrying out multi-year arm’s length price determination

- It is proposed to carry out TP assessments in a block of 3 years.
- ALP determined in relation to an international transaction or a specified domestic transaction for any previous year shall apply to the similar transaction for the two consecutive previous years immediately following such previous year.

VII. Extension for Filing Updated Tax Returns

- To encourage voluntary compliance, the government has extended the time limit for filing updated tax returns from 2 years to 4 years with additional income tax payment of 60-70% of tax.

Timelines for updated tax return [from end of relevant Assessment Year]	Additional income tax [on tax and interest due]
Up to 12 months	25%



Timelines for updated tax return [from end of relevant Assessment Year]	Additional income tax [on tax and interest due]
After 12 months but before 24 months	50%
After 24 months but before 36 months	60%
After 36 months but before 48 months	70%

This proposal is expected to:

- Reduce litigation and disputes with tax authorities.
- Help honest taxpayers rectify mistakes without severe penalties.

Who Gains the Most from These Changes?

The revised tax structure primarily benefits:

- Salaried and middle-class individuals – Higher standard deduction and revised slabs mean lower tax outflows.
- Senior citizens – Higher TDS exemption on interest income allows better post-retirement cash flow.
- Self-employed professionals – Simplified TDS and compliance measures reduce administrative burdens.
- Small landlords – Higher TDS threshold on rent means fewer compliance requirements.

Economic and Fiscal Impact

From an economic perspective, these tax measures are expected to:

- **Boost disposable income and consumption** – Higher tax reliefs/exemptions mean more spending power for individuals.
- **Improve tax compliance** – Longer return-filing windows and reduced penalties encourage voluntary compliance.

The only concern is potential revenue loss for the government due to lower tax collections, which may need to be compensated through higher indirect tax collections (outcome of potential increase in consumption demand) or increased tax base expansion.

Personal Views -

1. Besides all other changes and proposed overhauling of the Income Tax Act 1961, last few years have witnessed radical changes in tax regimes of all class of tax payers. The shifting process first chosen to bless Indian corporates by bringing in concessional tax regime in September 2019 wherein substantial reduction of tax rate was introduced. Though, this concessional tax regime was in lieu of almost all the deductions, exemptions etc., but extensively welcomed by corporates. Many of corporates adopted from 1st year itself, some of them took time to consume unutilized MAT credit. Since, exercising of option to pay tax under concessional tax regime is non-reversible for corporates, it is prudent to utilize MAT credit before shifting to new & concessional tax regime. Thus, it can be said that, there has been gradual shift of tax regime in case of Indian corporates.
2. Soon after this, another giant move was seen during ensuing Budget 2020, where 1st of its kind the Vivad se Vishwas Scheme was announced. This gave great opportunity to settle long pending cases without interest & penalties to all types of assesses. This announcement assured that law is being suitably amended to reduce future litigation in one hand and taking earnest attempt to resolve past litigations by providing amicable options to the assesses.

With all these, vision of Government is clearly demonstrated that corporates need to focus on productivity instead of litigation management.
3. New tax regime for assesses other than corporates was first brought u/s 115BAC vide Finance Bill 2020. Gradually, this section was made attractive

with every Finance bill thereafter. Intention of this regime has always been to make simplified tax system and reducing scope of litigation.

Further, this Budget 2025 has shown clear vision of Govt. towards litigation free tax systems by significant increase in tax slabs. Personal tax contributes significant amount of total tax collection and only 2~2.5% of total population pay taxes. Still, big bonanza relief has been announced

keeping middle class individual tax payer in mind. This will certainly simplify the process and reduce litigations to great extent.

4. Further comprehensive review of more than 6 decades old act is under advanced stage with the intent of making it simpler, shorter and litigation free.

Let's continue to hope for the best and ready to welcome overhauled & new Income Tax Bill soon.



PRESS RELEASE

PART A

Union Minister for Finance and Corporate Affairs Smt Nirmala Sitharaman presented Union Budget 2025-26 in the Parliament today. The highlights of the budget are as follows:

Budget Estimates 2025-26

- The total receipts other than borrowings and the total expenditure are estimated at ₹ 34.96 lakh crore and ₹ 50.65 lakh crore respectively.
- The net tax receipts are estimated at ₹ 28.37 lakh crore.
- The fiscal deficit is estimated to be 4.4 per cent of GDP.
- The gross market borrowings are estimated at ₹ 14.82 lakh crore.
- Capex Expenditure of ₹11.21 lakh crore (3.1% of GDP) earmarked in FY2025-26.

AGRICULTURE AS THE 1ST ENGINE OF DEVELOPMENT

Prime Minister Dhan-Dhaanya Krishi Yojana - Developing Agri Districts Programme

- The programme to be launched in partnership with the states, covering 100 districts with low productivity, moderate crop intensity and below-average credit parameters, to benefit 1.7 crore farmers.

Building Rural Prosperity and Resilience

- A comprehensive multi-sectoral programme to be launched in partnership with states to address under-employment in agriculture through skilling, investment, technology, and invigorating the rural economy.
- Phase-1 to cover 100 developing agri-districts.

Aatmanirbharta in Pulses

- Government to launch a 6-year “Mission for

Aatmanirbharta in Pulses” with focus on Tur, Urad and Masoor.

- NAFED and NCCF to procure these pulses from farmers during the next 4 years.

Comprehensive Programme for Vegetables & Fruits

- A comprehensive programme to promote production, efficient supplies, processing, and remunerative prices for farmers to be launched in partnership with states.

Makhana Board in Bihar

- A Makhana Board to be established to improve production, processing, value addition, and marketing of makhana.

National Mission on High Yielding Seeds

- A National Mission on High Yielding Seeds to be launched aiming at strengthening the research ecosystem, targeted development and propagation of seeds with high yield, and commercial availability of more than 100 seed varieties.

Fisheries

- Government to bring a framework for sustainable harnessing of fisheries from Indian Exclusive Economic Zone and High Seas, with a special focus on the Andaman & Nicobar and Lakshadweep Islands.

Mission for Cotton Productivity

- A 5-year mission announced to facilitate significant improvements in productivity and sustainability of cotton farming, and promote extra-long staple cotton varieties.

Enhanced Credit through KCC

- The loan limit under the Modified Interest Subvention Scheme to be enhanced from ₹ 3 lakh to ₹ 5 lakh for loans taken through the KCC.

Urea Plant in Assam

- A plant with annual capacity of 12.7 lakh metric

tons to be set up at Namrup, Assam.

MSMEs AS THE 2ND ENGINE OF DEVELOPMENT

Revision in classification criteria for MSMEs

- The investment and turnover limits for classification of all MSMEs to be enhanced to 2.5 and 2 times respectively.

Credit Cards for Micro Enterprises

- Customized Credit Cards with ₹ 5 lakh limit for micro enterprises registered on Udyam portal, 10 lakh cards to be issued in the first year.

Fund of Funds for Startups

- A new Fund of Funds, with expanded scope and a fresh contribution of ₹ 10,000 crore to be set up.

Scheme for First-time Entrepreneurs

- A new scheme for 5 lakh women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs to provide term-loans upto ₹ 2 crore in the next 5 years announced.

Focus Product Scheme for Footwear & Leather Sectors

- To enhance the productivity, quality and competitiveness of India's footwear and leather sector, a focus product scheme announced to facilitate employment for 22 lakh persons, generate turnover of ₹ 4 lakh crore and exports of over ₹ 1.1 lakh crore.

Measures for the Toy Sector

- A scheme to create high-quality, unique, innovative, and sustainable toys, making India a global hub for toys announced.

Support for Food Processing

- A National Institute of Food Technology, Entrepreneurship and Management to be set up in Bihar.

Manufacturing Mission - Furthering "Make in India"

- A National Manufacturing Mission covering small,

medium and large industries for furthering "Make in India" announced.

INVESTMENT AS THE 3RD ENGINE OF DEVELOPMENT

I. Investing in People

Saksham Anganwadi and Poshan 2.0

- The cost norms for the nutritional support to be enhanced appropriately.

Atal Tinkering Labs

- 50,000 Atal Tinkering Labs to be set up in Government schools in next 5 years.

Broadband Connectivity to Government Secondary Schools and PHCs

- Broadband connectivity to be provided to all Government secondary schools and primary health centres in rural areas under the Bharatnet project.

Bharatiya Bhasha Pustak Scheme

- Bharatiya Bhasha Pustak Scheme announced to provide digital-form Indian language books for school and higher education.

National Centres of Excellence for Skilling

- 5 National Centres of Excellence for skilling to be set up with global expertise and partnerships to equip our youth with the skills required for "Make for India, Make for the World" manufacturing.

Expansion of Capacity in IITs

- Additional infrastructure to be created in the 5 IITs started after 2014 to facilitate education for 6,500 more students.

Centre of Excellence in AI for Education

- A Centre of Excellence in Artificial Intelligence for education to be set up with a total outlay of ₹ 500 crore.

Expansion of medical education

- 10,000 additional seats to be added in medical colleges and hospitals next year, adding to 75000 seats in the next 5 years.



Day Care Cancer Centres in all District Hospitals

- Government to set up Day Care Cancer Centres in all district hospitals in the next 3 years, 200 Centres in 2025-26.

Strengthening urban livelihoods

- A scheme for socio-economic upliftment of urban workers to help them improve their incomes and have sustainable livelihoods announced.

PM SVANidhi

- Scheme to be revamped with enhanced loans from banks, UPI linked credit cards with ₹ 30,000 limit, and capacity building support.

Social Security Scheme for Welfare of Online Platform Workers

- Government to arrange for identity cards, registration on e-Shram portal and healthcare under PM Jan Arogya Yojna, for gig-workers.

II. Investing in the Economy

Public Private Partnership in Infrastructure

- Infrastructure-related ministries to come up with a 3-year pipeline of projects in PPP mode, States also encouraged.

Support to States for Infrastructure

- An outlay of ₹1.5 lakh crore proposed for the 50-year interest free loans to states for capital expenditure and incentives for reforms.

Asset Monetization Plan 2025-30

- Second Plan for 2025-30 to plough back capital of ₹ 10 lakh crore in new projects announced.

Jal Jeevan Mission

- Mission to be extended until 2028 with an enhanced total outlay.

Urban Challenge Fund

- An Urban Challenge Fund of ₹ 1 lakh crore announced to implement the proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water and Sanitation', allocation of ₹ 10,000 crore proposed for 2025-26.

Nuclear Energy Mission for Viksit Bharat

- Amendments to the Atomic Energy Act and the Civil Liability for Nuclear Damage Act to be taken up.
- Nuclear Energy Mission for research & development of Small Modular Reactors (SMR) with an outlay of ₹20,000 crore to be set up, 5 indigenously developed SMRs to be operational by 2033.

Shipbuilding

- The Shipbuilding Financial Assistance Policy to be revamped.
- Large ships above a specified size to be included in the infrastructure harmonized master list (HML).

Maritime Development Fund

- A Maritime Development Fund with a corpus of ₹ 25,000 crore to be set up, with up to 49 per cent contribution by the Government, and the balance from ports and private sector.

UDAN - Regional Connectivity Scheme

- A modified UDAN scheme announced to enhance regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years.
- Also to support helipads and smaller airports in hilly, aspirational, and North East region districts.

Greenfield Airport in Bihar

- Greenfield airports announced in Bihar, in addition to the expansion of the capacity of Patna airport and a brownfield airport at Bihta.

Western Koshi Canal Project in Mithilanchal

- Financial support for the Western Koshi Canal ERM Project in Bihar.

Mining Sector Reforms

- A policy for recovery of critical minerals from tailings to be brought out.

SWAMIH Fund 2

- A fund of ₹ 15,000 crore aimed at expeditious completion of another 1 lakh dwelling units, with contribution from the Government, banks and private investors announced.

Tourism for employment-led growth

- Top 50 tourist destination sites in the country to be developed in partnership with states through a challenge mode.

III. Investing in Innovation

Research, Development and Innovation

- ₹20,000 crore to be allocated to implement private sector driven Research, Development and Innovation initiative announced in the July Budget.

Deep Tech Fund of Funds

- Deep Tech Fund of Funds to be explored to catalyze the next generation startups.

PM Research Fellowship

- 10,000 fellowships for technological research in IITs and IISc with enhanced financial support.

Gene Bank for Crops Germplasm

- 2nd Gene Bank with 10 lakh germplasm lines to be set up for future food and nutritional security.

National Geospatial Mission

- A National Geospatial Mission announced to develop foundational geospatial infrastructure and data.

Gyan Bharatam Mission

- A Gyan Bharatam Mission for survey, documentation and conservation of our manuscript heritage with academic institutions, museums, libraries and private collectors to be undertaken to cover more than 1 crore manuscripts announced.

EXPORTS AS THE 4TH ENGINE OF DEVELOPMENT

Export Promotion Mission

- An Export Promotion Mission, with sectoral and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance to be set up.

BharatTradeNet

- 'BharatTradeNet' (BTN) for international trade to be set-up as a unified platform for trade documentation and financing solutions.

National Framework for GCC

- A national framework to be formulated as guidance to states for promoting Global Capability Centres in emerging tier 2 cities.

REFORMS AS FUEL: FINANCIAL SECTOR REFORMS AND DEVELOPMENT

FDI in Insurance Sector

- The FDI limit for the insurance sector to be raised from 74 to 100 per cent, for those companies which invest the entire premium in India.

Credit Enhancement Facility by NaBFID

- NaBFID to set up a 'Partial Credit Enhancement Facility' for corporate bonds for infrastructure.

Grameen Credit Score

- Public Sector Banks to develop 'Grameen Credit Score' framework to serve the credit needs of SHG members and people in rural areas.

Pension Sector

- A forum for regulatory coordination and development of pension products to be set up.

High Level Committee for Regulatory Reforms

- A High-Level Committee for Regulatory Reforms to be set up for a review of all non-financial sector regulations, certifications, licenses, and permissions.

Investment Friendliness Index of States

- An Investment Friendliness Index of States to be launched in 2025 to further the spirit of competitive cooperative federalism announced.

Jan Vishwas Bill 2.0

- The Jan Vishwas Bill 2.0 to decriminalize more than 100 provisions in various laws.

PART B

DIRECT TAX

- No personal income tax payable upto income of ₹ 12 lakh (i.e. average income of ₹ 1 lakh per month other than special rate income such as capital gains) under the new regime.



- This limit will be ₹ 12.75 lakh for salaried tax payers, due to standard deduction of ₹ 75,000.
- The new structure will substantially reduce the taxes of the middle class and leave more money in their hands, boosting household consumption, savings and investment.
- The new Income-Tax Bill to be clear and direct in text so as to make it simple to understand for taxpayers and tax administration, leading to tax certainty and reduced litigation.
- Revenue of about ₹ 1 lakh crore in direct taxes will be forgone.

Revised tax rate structure

- In the new tax regime, the revised tax rate structure will stand as follows:

0-4 lakh rupees	Nil
4-8 lakh rupees	5 percent
8-12 lakh rupees	10 percent
12-16 lakh rupees	15 percent
16-20 lakh rupees	20 percent
20- 24 lakh rupees	25 percent
Above 24 lakh rupees	30 percent

TDS/TCS rationalization for easing difficulties

- Rationalization of Tax Deduction at Source (TDS) by reducing number of rates and thresholds above which TDS is deducted.
- The limit for tax deduction on interest for senior citizens doubled from the present ₹ 50,000 to ₹ 1 lakh.
- The annual limit of ₹ 2.40 lakh for TDS on rent increased to ₹ 6 lakh.
- The threshold to collect tax at source (TCS) on remittances under RBI's Liberalized Remittance Scheme (LRS) increased from ₹ 7 lakh to ₹ 10 lakh.
- The provisions of the higher TDS deduction will apply only in non-PAN cases.
- Decriminalization for the cases of delay of payment of TCS up to the due date of filing statement.

Reducing Compliance Burden

- Reduction of compliance burden for small charitable trusts/institutions by increasing their period of registration from 5 years to 10 years.
- The benefit of claiming the annual value of self-occupied properties as nil will be extended for two such self-occupied properties without any condition.

Ease of Doing Business

- Introduction of a scheme for determining arm's length price of international transaction for a block period of three years.
- Expansion of the scope of safe harbour rules to reduce litigation and provide certainty in international taxation.
- Exemption of withdrawals made from National Savings Scheme (NSS) by individuals on or after the 29th of August, 2024.
- Similar treatment to NPS Vatsalya accounts as is available to normal NPS accounts, subject to overall limits.

Employment and Investment

Tax certainty for electronics manufacturing Schemes

- ▶ Presumptive taxation regime for non-residents who provide services to a resident company that is establishing or operating an electronics manufacturing facility.
- ▶ Introduction of a safe harbour for tax certainty for non-residents who store components for supply to specified electronics manufacturing units.

Tonnage Tax Scheme for Inland Vessels

- ▶ The benefits of existing tonnage tax scheme to be extended to inland vessels registered under the Indian Vessels Act, 2021 to promote inland water transport in the country.

Extension for incorporation of Start-Ups

- ▶ Extension of the period of incorporation by 5 years to allow the benefit available to start-ups incorporated before 1.4.2030.

Alternate Investment Funds (AIFs)

- ▶ Certainty of taxation on the gains from securities to Category I and Category II AIFs which are undertaking investments in infrastructure and other such sectors.

Extension of investment date for Sovereign and Pension Funds

- ▶ Extension of the date of making investments in Sovereign Wealth Funds and Pension Funds by five more years, to 31st March, 2030, to promote funding from them to the infrastructure sector.

INDIRECT TAX

Rationalisation of Customs Tariff Structure for Industrial Goods.

Union Budget 2025-26 proposes to:

- Remove seven tariff rates. This is over and above the seven tariff rates removed in 2023-24 budget. After this, there will be only eight remaining tariff rates including 'zero' rate.
- Apply appropriate cess to broadly maintain effective duty incidence except on a few items, where such incidence will reduce marginally.
- Levy not more than one cess or surcharge. Therefore Social Welfare Surcharge on 82 tariff lines that are subject to a cess, exempted.

Revenue of about ` 2600 crore in indirect taxes will be forgone.

Relief on import of Drugs/Medicines

- 36 lifesaving drugs and medicines fully exempted from Basic Customs Duty (BCD).
- 6 lifesaving medicines to attract concessional customs duty of 5%.
- Specified drugs and medicines under Patient Assistance Programmes run by pharmaceutical companies fully exempted from BCD; 37 more medicines added along with 13 new patient assistance programmes.

Support to Domestic Manufacturing and Value addition

- Critical Minerals : Cobalt powder and waste, the scrap of lithium-ion battery, Lead, Zinc and 12 more critical minerals fully exempted from BCD.
- Textiles: Two more types of shuttle-less looms fully exempted textile machinery. BCD rate on knitted fabrics revised from "10% or 20%" to "20% or ₹ 115 per kg, whichever is higher.
- Electronic Goods: BCD on Interactive Flat Panel Display (IFPD) increased from 10% to 20% .BCD reduced to 5% on Open Cell and other components. BCD on parts of Open Cells exempted.
- Lithium Ion Battery: 35 additional capital goods for EV battery manufacturing, and 28 additional capital goods for mobile phone battery manufacturing exempted.
- Shipping Sector: Exemption of BCD on raw materials, components, consumables or parts for the manufacture of ships extended for another ten years. The same dispensation to continue for ship breaking.
- Telecommunication: BCD reduced from 20% to 10% on Carrier Grade ethernet switches.

Export Promotion

- **Handicraft Goods:**
 - ▶ Time period for export extended from six months to one year, further extendable by another three months, if required. Nine items added to list of duty-free inputs.
 - ▶ Leather sector: BCD on Wet Blue leather fully exempted. Crust leather exempted from 20% export duty.
- **Marine products:**
 - ▶ BCD reduced from 30% to 5% on Frozen Fish Paste (Surimi) for manufacture and export of its analogue products. BCD reduced from 15% to 5% on fish hydrolysate for manufacture of fish and shrimp feeds.

- ▶ Domestic MROs for Railway Goods: Railways MROs to benefit similar to the aircraft and ships MROs in terms of import of repair items. Time limit extended for export of such items from 6 months to one year and made further extendable by one year.
- **Trade facilitation**
 - ▶ Time limit for Provisional Assessment: For finalising the provisional assessment, time-limit of two years fixed, extendable by a year.
 - ▶ Voluntary Compliance: A new provision introduced to enable importers or exporters, after clearance of goods, to voluntarily declare material facts and pay duty with interest but without penalty.
 - ▶ Extended Time for End Use: Time limit for the end-use of imported inputs in the relevant rules extended from six months to one year. Such importers to file only quarterly statements instead of a monthly statement.

NOTIFICATIONS

INDIRECT TAX

GST (Central Tax)

The notification can be read at <https://taxinformation.cbic.gov.in/view-pdf/1010287/ENG/Notifications>.

Notification No. 07/2025 – Central Tax

New Delhi, the 23rd January, 2025

G.S.R... (E). –In exercise of the powers conferred by section 164 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following rules further to amend the Central Goods and Services Tax Rules, 2017, namely: —

- (1) These rules may be called the Central Goods and Services Tax (Amendment) Rules, 2025.
(2) Save as otherwise provided in these rules, they shall come into force on the date of their publication in the Official Gazette.
- In the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the said rules), with effect from a date to be notified, after rule 16, the following rule shall be inserted, namely: -
“16A. Grant of temporary identification number. - Where a person is not liable to registration under the Act but is required to make any payment under the provisions of the Act, the proper officer may grant the said person a temporary identification number and issue an order in Part B of FORM GST REG-12.”.
- In the said rules, with effect from a date to be notified, in rule 19, in sub-rule (1), after the words, letters and figures “FORM GST REG-10”, the words, letters and figures “or in the intimation furnished by the composition taxpayer in FORM GST CMP-02” shall be inserted.

In the said rules, with effect from a date to be notified, in rule 87, in the sub-rule (4), after the words “common portal”, the words, figures and letters “as per rule 16A” shall be inserted.

Notification No. 08/2025 – Central Tax

New Delhi, dated the 23rd January, 2025

S.O (E).– In exercise of the powers conferred by section 128 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereinafter referred to as the said Act), the Central Government, on the recommendations of the Council, hereby waives the amount of late fee referred to in section 47 of the said Act in respect of the return to be furnished under section 44 of the said Act, for the financial years 2017-18 or 2018-19 or 2019-20 or 2020- 21 or 2021-22 or 2022-23, which is in excess of the late fee payable under section 47 of the said Act upto the date of furnishing of FORM GSTR-9 for the said financial year, for the class of registered persons, who were required to furnish reconciliation statement in FORM GSTR-9C along with the annual return in FORM GSTR-9 for the said financial year but failed to furnish the same along with the said return in FORM GSTR-9, and furnish the said statement in FORM GSTR-9C, subsequently on or before the 31st March, 2025:

Provided that no refund of late fee already paid in respect of delayed furnishing of FORM GSTR-9C for the said financial years shall be available.

[No. CBIC-20001/15/2024-GST]

GST (Compensation Cess - Rate)

Notification No. 01/2025

Compensation Cess (Rate)

New Delhi, the 16th January, 2025

G.S.R. (E).-In exercise of the powers conferred by sub-section (1) of section 11 of the Central Goods and



Services Tax Act, 2017 (12 of 2017), read with sub-section (1) of section 11 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017) and sub-section (1) of section 6 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), read with sub-section (2) of section 11 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017), the Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby exempts the intra- state and inter-state supply of taxable goods (hereafter in this notification referred to as “the said goods”) by a registered supplier to a registered recipient for export, from so much of the compensation cess leviable thereon under section 8 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017), as is in excess of the amount calculated at the rate of 0.1 per cent., subject to fulfilment of the following conditions, namely: -

- (i) the registered supplier shall supply the goods to the registered recipient on a tax invoice;
 - (ii) the registered recipient shall export the said goods within a period of ninety days from the date of issue of a tax invoice by the registered supplier;
 - (iii) the registered recipient shall indicate the Goods and Services Tax Identification Number of the registered supplier and the tax invoice number issued by the registered supplier in respect of the said goods in the shipping bill or bill of export, as the case may be;
 - (iv) the registered recipient shall be registered with an Export Promotion Council or a Commodity Board recognized by the Department of Commerce;
 - (v) the registered recipient shall place an order on registered supplier for procuring goods at concessional rate and a copy of the same shall also be provided to the jurisdictional tax officer of the registered supplier;
 - (vi) the registered recipient shall move the said goods from place of registered supplier –
 - (a) directly to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported; or
 - (b) directly to a registered warehouse from where the said goods shall be move to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported;
- (vii) if the registered recipient intends to aggregate supplies from multiple registered suppliers and then export, the goods from each registered supplier shall move to a registered warehouse and after aggregation, the registered recipient shall move goods to the Port, Inland Container Depot, Airport or Land Customs Station from where they shall be exported;
 - (viii) in case of situation referred to in condition (vii), the registered recipient shall endorse receipt of goods on the tax invoice and also obtain acknowledgement of receipt of goods in the registered warehouse from the warehouse operator and the endorsed tax invoice and the acknowledgment of the warehouse operator shall be provided to the registered supplier as well as to the jurisdictional tax officer of such supplier; and
 - (ix) when goods have been exported, the registered recipient shall provide copy of shipping bill or bill of export containing details of Goods and Services Tax Identification Number (GSTIN) and tax invoice of the registered supplier along with proof of export general manifest or export report having been filed to the registered supplier as well as jurisdictional tax officer of such supplier.
2. The registered supplier shall not be eligible for the above-mentioned exemption if the registered recipient fails to export the said goods within a period of ninety days from the date of issue of tax invoice.
 3. This notification shall come into force with immediate effect.

[F. No. 190354/2/2025-TRU]

DIRECT TAX**Notification No. 9/2025****F.No.370142/18/2024-TPL****New Delhi, the 21st January, 2025****INCOME-TAX**

G.S.R. 67(E).—In exercise of the powers conferred by section 295 read with the sub-section (1) of section 44BBC of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:-

1. (1) These rules may be called the Income-tax (First Amendment) Rules, 2025.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Income-tax Rules, 1962, after rule 6GA, the following shall be inserted, namely:-
“CCCB._ Special provisions for computing profits

and gains of business of operation of cruise ships in case of non-residents.

6GB. Conditions for non-resident, engaged in the business of operation of cruise ships for section 44BBC.— For the purposes of section 44BBC, an assessee, being a non-resident, engaged in the business of operation of cruise ships shall :-

- (i) operate a passenger ship having a carrying capacity of more than two hundred passengers or length of seventy-five meters or more, for leisure and recreational purposes and having appropriate dining and cabin facilities for passengers;
- (ii) operate such ship on scheduled voyage or shore excursion touching at least two sea ports of India or same sea ports of India twice;
- (iii) operate such ship primarily for carrying passengers and not for carrying cargo; and
- (iv) operate such ship as per the procedure and guidelines if any, issued by the Ministry of Tourism or Ministry of Shipping.”.



CIRCULARS

INDIRECT TAX

GST

Circular No. 244/01/2025-GST

F. No. CBIC-190354/2/2025-TO(TRU-II)-
CBEC

Dated the 28th of January, 2025

Subject: Regularizing payment of GST on co-insurance premium apportioned by the lead insurer to the co-insurer and on ceding /re-insurance commission deducted from the reinsurance premium paid by the insurer to the reinsurer – reg.

Based on the recommendations of the GST Council in its 53rd meeting held on 22nd June, 2024, at New Delhi, and in exercise of the powers conferred under section 168(1) of the Central Goods and Services Tax Act, 2017, the following clarification is being issued through this Circular:

2. On the recommendations of the 53rd meeting of the GST Council held in New Delhi on 22nd June, 2024, the following activities or transactions were included in Schedule III of the CGST Act, 2017 as activities or transactions which shall be treated neither as a supply of goods nor as a supply of services:
 - (a) Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in co-insurance agreements, subject to the condition that the lead insurer pays the Central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.
 - (b) Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer,

subject to the condition that the Central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.

The above provisions were enacted vide Finance (No. 2) Act, 2024 and have been brought into force on 01.11.2024 vide Notification No. 17/2024-Central Tax dated 27.09.2024.

3. In its 53rd meeting, the GST Council further recommended that the payment of GST on the activities or transactions, as specified in paragraph 2 above, may be regularized for the past period, i.e. from 01.07.2017 to the effective date of amendments in the CGST Act, , on 'as is where is' basis.
4. Thus, as recommended by the 53rd GST Council, the payment of GST on the activities or transactions specified in paragraph 2 above is regularized for the period 01.07.2017 to 31.10.2024, on 'as is where is' basis.
5. Difficulties, if any, in the implementation of this circular may be brought to the notice of the Board.

Circular No. 245/02/2025-GST

F. No. CBIC-190354/2/2025-TO(TRU-II)-
CBEC

Dated the 28th of January, 2025

Subject: Clarifications regarding applicability of GST on certain services – reg.

Based on the recommendations of the GST Council in its 55th meeting held on 21st December 2024, at Jaisalmer, and in exercise of the powers conferred under section 168(1) of the Central Goods and Services Tax

Act, 2017, clarifications on various issues are being issued through this Circular, as under:

2. Applicability of GST on penal charges being levied by the Regulated Entities (REs) in view of RBI instructions dated 18.08.2023 directing such Regulated Entities (REs) to levy penal charges in place of penal interest.
- 2.1 Representations have been received seeking clarification on the applicability of GST on penal charges being levied by the Regulated Entities (REs) in view of RBI instructions dated 18.08.2023 directing such Regulated Entities (REs) to levy penal charges in place of penal interest.

The circular can be read at <https://taxinformation.cbic.gov.in/view-pdf/1003261/ENG/Circulars>.

Circular No. 246/03/2025-GST

F. No. CBIC-20001/14/2024-GST

Dated the 30th January, 2025

Subject: Clarification on applicability of late fee for delay in furnishing of FORM GSTR-9C- reg.

Representations have been received seeking clarification regarding levy of late fee payable for delay in furnishing of reconciliation statement in FORM GSTR-9C. It has been requested to clarify whether late fee under section 47 of Central Goods and Services Tax Act, 2017 (hereinafter referred to as the “CGST Act”) will be leviable where reconciliation statement in FORM GSTR-9C is not furnished by the registered person along with the annual return in FORM GSTR-9 but is filed subsequently beyond the due date of furnishing of annual return.

2. In order to ensure uniformity in the implementation of the provisions of law across the field formations, the Board, in exercise of its powers conferred by sub-section (1) of section 168 of the CGST Act, hereby clarifies the issues as below.
3. Prior to 01.08.2021, sub-section (2) of section 44 of CGST Act provided that a registered person who is required to get his accounts audited in accordance with the provisions of sub-section

(5) of section 35 of the CGST Act shall furnish the annual return under sub-section (1) of the said section along with a copy of the audited annual accounts and a reconciliation statement. From 01.08.2021 onwards, with the omission of the requirement of getting accounts audited in accordance with the provisions of sub-section (5) of section 35 of the CGST Act, sub-section (1) of section 44 of CGST Act provides for furnishing of annual return which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, within such time and in such form and in such manner as may be prescribed. Further, before 01.08.2021, sub-rule (3) of rule 80 of Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the “CGST Rules”) provided that accounts shall be audited as per sub-section (5) of section 35 of the CGST Act in case the aggregate turnover of a registered person exceeded two crore rupees in a financial year and such taxpayer shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in FORM GSTR-9C. From 01.08.2021 onwards, sub-rule (3) of rule 80 of CGST Rules provides that taxpayer with aggregate turnover during a financial year exceeding five crore rupees, shall furnish a self-certified reconciliation statement as specified under section 44 of the CGST Act in FORM GSTR-9C along with the annual return in FORM GSTR-9 on or before the thirty-first day of December following the end of such financial year.

- 3.1 Therefore, on a combined reading of section 44 of CGST Act with rule 80 of the CGST Rules, it can be concluded that both pre and post amendment, the provisions mandated that registered persons required to furnish an annual return in FORM GSTR-9 for a financial year shall also furnish along with it, a duly certified or self-certified reconciliation statement in FORM GSTR-9C, which reconciles the value of supplies declared in FORM GSTR-9 furnished for the said financial year with the audited annual financial statement. It is also mentioned that a reconciliation statement



in FORM GSTR-9C is required to be filed only if the aggregate turnover of the said registered person during a financial year exceeds the specified threshold limit.

3.2 Sub-section (2) of section 47 of the CGST Act provides for a levy of a late fee for failure to furnish the return under section 44 of the CGST Act by its due date, which is to be computed at the specified rate, for each day for which such failure continues, subject to a maximum amount. As per the discussions above, in cases where reconciliation statement in FORM GSTR-9C is not required to be furnished, annual return under section 44 of CGST Act consists only of FORM GSTR-9 and in cases where a reconciliation statement in FORM GSTR-9C is required to be furnished, the annual return under section 44 of CGST Act consists of the return in FORM GSTR-9 along with a reconciliation statement in FORM GSTR-9C. Therefore, in cases where the reconciliation statement in FORM GSTR-9C is required to be furnished along with the annual return in FORM GSTR-9, the furnishing of annual return under section 44 of the CGST Act, may not be said to be complete, unless both return in FORM GSTR-9 and reconciliation statement in FORM GSTR-9C are furnished. If only return in FORM GSTR-9 is furnished and reconciliation statement in FORM GSTR-9C is required but not furnished, annual return under section 44 of CGST Act cannot be said to have been furnished.

3.3 In view of the above, it is clarified that late fee under sub-section (2) of section 47 of the CGST Act, is leviable for the delay in furnishing of complete annual return under section 44 of the CGST Act, i.e. both FORM GSTR-9 and FORM GSTR-9C (where FORM GSTR-9C is also required to be furnished) and the late fee shall be payable for the period from the due date of furnishing of the said annual return upto the date of furnishing of the complete annual return i.e. FORM GSTR-9 and FORM GSTR-9C. It is also to be noted that late fee is not separately leviable for delayed furnishing of FORM GSTR-9 and delayed furnishing of FORM GSTR-9C, but has to be calculated for the period from the due date of furnishing of annual return

under section 44 of the CGST Act till the date of furnishing of complete annual return i.e.:

- i. in cases where FORM GSTR-9C is not required to be furnished, the date of furnishing of FORM GSTR-9;
 - ii. in cases where FORM GSTR-9C is required to be furnished along with FORM GSTR-9,
 - a. the date of furnishing of FORM GSTR-9, if FORM GSTR-9C is furnished along with FORM GSTR-9; or
 - b. the date of furnishing of FORM GSTR-9C, if FORM GSTR-9C is furnished subsequent to furnishing of FORM GSTR-9.
4. It is further mentioned that vide notification No. 08/2025-Central Tax dated 23.01.2025, the late fee in respect of delayed filing of complete annual return for any financial year upto FY 2022-23 has been waived, which is in excess of the late fee payable under sub-section (2) of section 47 of CGST Act upto the date of furnishing of return in FORM GSTR-9 for the said financial year, if the reconciliation statement in FORM GSTR-9C is furnished on or before 31st March 2025. Accordingly, in cases where reconciliation statement in FORM GSTR-9C was required to be furnished along with the return in FORM GSTR-9, but was not furnished so for any financial years upto FY 2022-23, and has been furnished subsequently on or before 31st March, 2025, then no additional late fee shall be payable for delayed furnishing of FORM GSTR-9C which is in excess of the late fee payable under section 47 upto the date of furnishing FORM GSTR-9 for the said financial year. Further, no refund shall be admissible in respect of any amount of late fee already paid in respect of delayed furnishing of FORM GSTR-9C for the said financial years.
5. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.
 6. Difficulty, if any, in the implementation of this Circular may be brought to the notice of the Board.

DIRECT TAX**Circular No. 01/2025****F. No. 500/05/2020/FT&TR-II****Subject: Guidance for application of the Principle Purpose Test (PPT) Under India's Double Taxation Avoidance Agreements-reg.**

The Multilateral Convention to Implement Tax Treaty related Provisions to Prevent Base Erosion and Profit Shifting ("MLI") entered into force for India on 1st October 2019. The MU modifies some of India's Double Taxation Avoidance Agreements (DTAAs). A key provision of the MLI is the Principal Purpose Test (PPT), which seeks to curb revenue leakage by preventing treaty abuse, While the PPT is Included in most of India's DTAAS through the MU, it is part of some other DTAAs through bilateral processes.

2. The PPT reads as follows:

Notwithstanding the other provisions of the Convention (or Agreement), a benefit under this Convention (or Agreement) shall not be granted in respect of an Item of income if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Convention (or Agreement).

3. The PPT envisages denial of benefits under a DTAA where it is reasonable to conclude, having considered all the relevant facts and circumstances that one of the principal purposes of an arrangement or transaction was to obtain a benefit, directly or indirectly, under a DTAA. Where this is the case, however, the last part of the PPT provision allows the person to whom the benefit would otherwise be denied the possibility of establishing that obtaining the benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of the convention. The PPT is

intended to ensure that DTAAs apply in accordance with the objects and purpose for which they were entered into, i.e. to provide benefits in respect of bona fide exchange of goods and services, and movement of capital and persons.

4. The determination of whether one of the principal purposes for entering into transaction(s) or arrangement(s) is to obtain tax advantage(s) should be based on an objective assessment of the relevant facts and circumstances. In order to provide clarity and certainty on the application of the PPT provision under India's DTAAS, the following broad guidance is provided:

A. Period for which the PPT provision is envisaged to be applied:

For ensuring parity and uniformity In the application of the PPT provision under India's DTAAs, It Is clarified that the PPT provision Is Intended to be applied prospectively. Accordingly, the PPT provision under India's DTAAs shall apply as follows:

- a. For DTAAs where the PPT has been Incorporated through bilateral processes (such as Chile, Iran, Hong Kong, China, etc.) from the date of entry into force of the DTAA or the Amending Protocol incorporating the PPT, as the case may be.
- b. For DTAAs where the PPT has been incorporated through the MLI-from the date of entry into effect of the provisions of the MLI with respect to the DTAA specified in Article 3S of the MLI, as under:
 - i. with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after the first day of the precious year that begins on or after the latest of the dates on which the MLI enters into force for the Contracting Jurisdictions to the DTAA:
 - ii. with respect to all other taxes levied by



India for precious years beginning on or after the expiration of a period of six calendar months from the latest of the dates on which the MU enters into force for the Contracting Jurisdictions to the DTAA.

For India, the date of entry into force of the MLI is 1st October 2019. The date of entry into force for the DTAA partner needs to be ascertained using OBCD's MU database. For the above purposes, previous year shall be as defined in section 3 of the Income-tax Act, 1961.

The aforesaid period for the application of PPT shall however, be subject to the interaction of such provisions with Treaty Specific Bilateral commitments as provided for below.

B. Interaction of the PPT provision with certain Treaty-Specific Bilateral Commitments:

India has made certain treaty-specific bilateral commitments in the form of grandfathering provisions under the following DTAA's, as on date:

- i. India-Cyprus DTAA;
- ii. India-Mauritius DTAA; and
- iii. India-Singapore DTAA.

These commitments, as reflected in the bilaterally agreed object and purpose of such grandfathering provisions, are not intended to interact with the PPT provision as such. Therefore, it is clarified that the grandfathering provisions under such DTAA's shall remain outside the purview of the PPT provision, being governed, Instead, by the specific provisions in this regard of the respective DTAA itself.

C. Additional/Supplementary Sources of Guidance:

The application of the PPT provision is expected to be a context-specific fact-based exercise to be carried out on a case-by-case basis, keeping in view the objective facts and in this regard, besides the BEPS Action Plan 6 Final Report, subject to India's reservations, wherever applicable, tax authorities may refer to the Commentary to Articles 1 and 29 of the UN Model Tax Convention (updated in 2021) as additional/supplementary sources of guidance while deciding on the invocation and application of the PPT provision, subject to India's reservations, wherever applicable.

JUDGEMENT

INDIRECT TAX

Anticipatory bail to be granted to applicant as ITC was reversed and co-accused had already been granted bail: HC

FACTS OF THE CASE :

Deepak Kumar v. State of Haryana - [2025] (Punjab & Haryana)

The petitioner was involved in a case where a fake firm had conducted business transactions with number of firms. A complaint was registered against the petitioner and it was alleged that the petitioner was involved in fake firm transaction and he was not aware of the fact that the said firm was fake. He filed application for grant of anticipatory bail and submitted that the ITC availed by the firm of the petitioner, while dealing with the fake firm, had already been reversed.

DECISION OF THE CASE:

The Honorable High Court noted that the FIR was registered by the police on 18.06.2019 and the petitioner was sought to be arrested after more than 05 years and 06 months but co-accused had already been granted anticipatory bail. The Court further noted that the documentary evidence had already been taken into possession by the police, during the course of investigation and the petitioner had reversed the ITC availed by the firm.

Therefore, without commenting on the merits of the case, the Court held that the petitioner would be granted concession of anticipatory bail, subject to the conditions as provided under Section 482 of Code of Criminal Procedure, 1973.

Writ was dismissed as no interference was required at this stage and assessee was directed to file reply to SCN: HC

FACTS OF THE CASE :

Vaishan Traders IV v. Deputy Commissioner of Commercial Taxes - [2025] (Karnataka)

The petitioner was a registered dealer. Pursuant to a search conducted under Section 67(2) of the Karnataka Goods and Services Tax (KGST) Act, 2017, an order of seizure was issued and a communication was also issued where under the petitioner was notified of the discrepancies that had been noticed by the department upon verification of the documents produced by the petitioner.

The petitioner filed writ petition and contended that the procedure under Section 64(2) of the KGST Act had been undertaken without Section 67(1) of the KGST Act having been complied.

DECISION OF THE CASE:

The Honorable High Court noted that the petitioner had merely been afforded an opportunity of hearing after the department had set out the discrepancies as noticed by them. It was open to the petitioner to respond to the discrepancies and take all contentions permissible under law including the contentions with regard to Section 67(1) of the KGST Act. Therefore, the Court held that no interference was required at this stage.

Order to be set aside due to lack of physical service of reminder notices for personal hearing to assessee: HC

FACTS OF THE CASE :

Tvl. Jayam Sai Concrete Works v. State Tax Officer Investigation Gr-I - [2025] (Madras)

The petitioner was a wholesaler/distributor of cement products. The department conducted audit and found certain discrepancies. The reminder notices for personal hearing were only uploaded on GST portal without physical service. Thereafter, the department issued assessment order since the petitioner failed to appear for hearing and it filed writ petition against the assessment order.

DECISION OF THE CASE:

The Honorable High Court noted that the mere



uploading of notices on GST portal without proper service by tender/RPAD would render the assessee unaware of proceedings. In the instant case, the petitioner was unaware of initiated proceedings and was unable to participate in the adjudication proceedings. Therefore, it was held that the order was liable to be set aside and the Court directed the department to verify payment claims and allow objections subject to deposit of balance 25% tax.

Blocking of ITC under Rule 86A is justified even if it is not available in electronic credit ledger: HC

FACTS OF THE CASE :

Sugna Sponge & Power (P.) Ltd. v. Superintendent of Central Tax - [2025] (Andhra Pradesh)

The petitioner was paying taxes either by way of payment of cash or by utilizing the input tax credit (ITC) available in electronic credit ledger. The department blocked electronic credit ledger of the petitioner to an extent of ₹.19,73,299/- by invoking Rule-86A of CGST Rules, 2017. The petitioner filed writ petition against the action of the department and contended that Rule 86A permits blocking of credit, which is actually available in the electronic credit ledger. However, in the instant case, there was no ITC available in the electronic credit ledger of the petitioner as on the date of the blocking order.

DECISION OF THE CASE:

The Honorable High Court noted that Rule 86A permits blocking ITC that was fraudulently availed, irrespective of whether it is currently available in the electronic credit ledger. The term “such credit” in Rule 86A refers to credit availed wrongfully, not just credit currently

available. In the instant case, the initial reasons provided were cryptic but subsequent communications elaborated on reasons sufficiently, satisfying principles of natural justice. Therefore, it was held that there was no merit in instant case and the petition was liable to be dismissed.

Order to be set aside as SCN and order were uploaded under wrong tab and not served through RPAD: HC

FACTS OF THE CASE :

Rajesh Manohar Pujara v. Assistant Commissioner (ST) - [2025] (Madras)

The petitioner was engaged in the business of retailing of Industrial Hardware. The department issued intimation in DRC-01A followed by a notice in Form DRC-01 and it was found that the petitioner had claimed and availed ineligible Input tax credit under GSTR TRAN-1.

It filed writ petition against the demand order and contended that neither the show cause notices nor the impugned order of assessment had been served on the petitioner by tender or sending it by RPAD, instead it had been uploaded in “view additional notices” column in GST Portal, and it was unaware of the impugned order of assessment.

DECISION OF THE CASE:

The Honorable High Court noted that the impugned order was not served on petitioner by tender or sending it by RPAD but was uploaded in ‘View additional notices’ column in GST Portal. Therefore, the Court held that the impugned order was to be set aside and the petitioner would be granted one final opportunity to file objections on payment of 25% of disputed tax.

DIRECT TAX

CIT(E) can't reject trust's application for registration merely on a technical ground: ITAT

FACTS OF THE CASE :

Torna Rajgad Parisar Samajonnati Nyas vs.

Commissioner of Income-tax (Exemptions) - [2025]

Assessee-trust applied for registration in Form 10AB under section 12A(1)(ac)(vi). Commissioner (Exemption) found that the assessee-trust had claimed exemption under section 11, and thus said provisions of section 12A(1)(ac)(vi)(B) were not applicable in the assessee's case. Accordingly, the application filed by

the assessee was rejected by him.

The Assessee approached the Tribunal against the order of rejection.

■ DECISION OF THE CASE :

The Tribunal held that the assessee trust was required to file an application under clause (iii) of section 12A(1)(ac), but due to inadvertent error, the application was filed under clause (vi) of section 12A(1)(ac). For this reason alone, the Commissioner (Exemption) rejected its application for registration.

The Commissioner (Exemption) erred in dismissing the application for registration merely on a technical ground, and accordingly, it is proper to set aside the order passed by the Commissioner (Exemption).

ITAT directed the Commissioner (Exemption) to treat the application already filed by the assessee as under clause (iii) of section 12A(1)(ac) instead of under clause (vi) of section 12A(1)(ac) and decide the same as per fact and law after providing reasonable opportunity of hearing to the assessee.

No additions towards unexplained cash if it was out of savings of family members and gifts from brothers: ITAT

■ FACTS OF THE CASE :

Avinash Singla vs. DCIT - [2025] (Chandigarh - Trib.)

During the search operation, the assessee declared a sum of ₹. 10 lakhs in the company to cover up any irregularity in the explanation of any unexplained item. This amount was assessed in the hands of the company.

The assessee explained that the source of the cash was from past savings of family members and gifts received from brothers. However, the Assessing Officer (AO) added to the assessee's income by stating that unexplained cash had been found at the residential premises.

On appeal, CIT(A) upheld the additions made by AO, and the matter reached the Chandigarh Tribunal.

■ DECISION OF THE CASE :

The Tribunal held that the assessee had declared a sum

of ₹. 10 lakhs in the company during the search to cover up any irregularity in the explanation of any unexplained item. This amount was assessed in the hands of the company, which was framed under section 143(3). The assessee also referred to ITR-V and Computation of Income and these documents disclosed that the assessee had declared additional income of ₹. 10 lakhs.

Therefore, if the explanation is taken into consideration based on cumulative circumstances, namely, ₹. 10 lakhs was declared to cover up such type of issues, past savings of the family members, and gift received from the brothers, then it would be established that the source of cash was available with the assessee. It is difficult to establish cash available in the family with mathematical precision. It is to be appreciated based on the normal human behavior available in the family. If all the family members are assessable to tax, then the possibility of their savings and the availability of ₹. 10 lakhs could never be denied. Accordingly, the impugned additions made by AO were deleted.

Sec. 263 revision justified as AO failed to verify audit party's objections on MF/ Share investments: HC

■ FACTS OF THE CASE :

Principal Commissioner of Income-tax-2 vs Kirti Anand - [2025] (Punjab & Haryana)

The Assessing Officer (AO) passed the assessment order. After the assessment order was passed, audit objections were raised with regard to the inquiry said to have been conducted by the AO. The audit party recorded several major audit objections regarding the assessee's investment in mutual funds/shares. No verification was done by the AO during the assessment proceedings relating to the assessee's explanation.

The Commissioner invoked revision jurisdiction under section 263 and set aside the assessment order passed by the AO. The Tribunal quashed the order passed under section 263 by the Commissioner. The matter reached the High Court.

■ DECISION OF THE CASE :

The High Court held that the sine-qua-non for interference by the Commissioner under section 263 to



the assessment order passed by the AO is the satisfaction of certain conditions, i.e. the order passed by the AO is erroneous, and secondly, the order results in prejudice to the revenue.

After the assessment order, audit objections were raised regarding the Assessing Officer's inquiry, with major concerns over the assessee's investment in mutual funds/shares. The Assessing Officer did not verify the explanation provided by the assessee during the assessment proceedings.

Therefore, the order passed by the Commissioner under section 263 in the facts and circumstances of the case cannot be said to be such that it was to be interfered with by the Tribunal. Accordingly, the appeal of the revenue was allowed.

No additions u/s 69A relying upon statement of husband recorded during survey: ITAT

FACTS OF THE CASE :

ACIT vs. Nisha Jain - [2025] (Jaipur - Trib.)

A survey under section 133A was conducted in the case of the assessee. During the survey, the Assessing Officer (AO) found a cash book belonging to the proprietary concern of the assessee, which showed that a certain sum was deposited in the assessee's bank account during the demonetisation period. Assessee submitted that cash deposited during the demonetisation period was cash withdrawn from bank accounts in the financial year from time to time.

However, AO made an addition on account of the same on the ground that the assessee's husband admitted that the assessee earned said amount from undisclosed sources.

On appeal, CIT(A) held that the statement recorded during the survey was inconclusive and deleted the AO's additions. Aggrieved by the order, an appeal was filed before the Jaipur Tribunal.

DECISION OF THE CASE:

The Jaipur Tribunal held that the assessee had been maintaining regular books of account, consisting of cash books subjected to tax audit. AO had certified,

after due verification of the entire record, including the cash book, that all entries in the cash book were duly supported with bills and vouchers. It also showed entries of cash deposits in the bank.

It was undisputed that there was a considerable turnover, and most transactions were routed through banking channels. The accounts, including the cash book, were produced before the lower authorities during the assessment & appellate proceedings and were not found any fault with nor were rejected invoking section 145. Therefore, as per the mandate of that provision, they were binding upon the authorities below. Cash withdrawals were made from the bank accounts to meet the day-to-day business requirements and to make deposits in the bank accounts.

Further, a statement was made during the survey under section 133A(3)(iii) read with section 131 and does not have binding evidentiary value as is the case of admission made in the statement recorded under section 132(4). In any case, such admission was not corroborated by any document found during the survey except the incomplete cash book, which was not incriminating. Thus, no reason was found for the statement admitting the bank deposits as income (on behalf of the assessee but not even by the assessee) to be accepted.

Since the assessee had already explained the source of cash deposited, the impugned addition made merely based on a statement recorded during the survey was unjustified, and the same was to be deleted.

Assessee entitled to sec. 54F exemption if claim made while filing ITR in response to notice under sec. 148: ITAT

FACTS OF THE CASE:

Satyanarayana Viswanadha vs. Income-tax Officer - [2025] (Visakhapatnam - Trib.)

The assessee-individual executed a development agreement with a firm for the construction of an apartment by transferring his land. The assessee didn't file the return of income for the relevant assessment year and was served a notice under section 148. In response, the assessee filed a return of income admitting total income.

Assessing Officer (AO) issued a notice to the assessee requesting the assessee to show cause as to why the long-term capital gain on the land transfer should not be assessed tax. In response, the assessee submitted an explanation and stated that the assessee had not received any consideration in the relevant assessment year. Thus, the assessee was not liable to tax, and the assessee could claim the total gain as an exemption under section 54F.

Considering that no exemption was claimed under section 54 in return, the AO added long-term capital gain to the assessee's income. On appeal, CIT(A) upheld the order of AO. Aggrieved by the order, the assessee filed the instant appeal before the Tribunal.

■ **DECISION OF THE CASE :**

The Tribunal held that the assessee was eligible for deduction under section 54F of the Act from the long-term capital gains. Though the assessee claimed while filing the return of income in response to the notice under section 148, Appellate Authorities were not barred from entertaining the fresh claim.

Accordingly, the order of the lower authorities was set aside, and the Assessing Officer was directed to verify the facts regarding acquiring the new asset and allow deduction under section 54F in respect of long-term capital gains.



TAX CALENDAR

INDIRECT TAX

Due Date	Returns
Feb 10th, 2025	GSTR-7 (GST-TDS)
	GSTR-8 (GST-TCS)
Feb 11th, 2025	GSTR-1-Other than QRMP scheme
Feb 13th, 2025	GSTR-5-Non-Resident Taxable Person
	GSTR-6-Input Service Distributor

DIRECT TAX

Due Date	Returns
Feb 7th, 2025	Due date for deposit of Tax deducted/collected for the month of January, 2024. However, all the sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan
Feb 14th, 2025	Due date for issue of TDS Certificate in respect of tax deducted under sections 194-IA, 194-IB, 194-M and 194S (by specified person) in the month of December, 2024
Feb 15th, 2025	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of January, 2024 has been paid without the production of a challan
	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2023



E-PUBLICATIONS

Of

TAX RESEARCH DEPARTMENT

Guide Book for GST Professionals

Handbook for Certification for difference between GSTR-2A & GSTR - 3B

Impact of GST on Real Estate

Insight into Customs-Procedure & Practice

Input Tax Credit and In depth Discussion

Taxation on Co-operative Sector

Guidance notes on Preparation and Filing of Form GSTR 9 and 9C

Guidance Note on Anti Profiteering

Handbook on GST on Service Sector

Handbook on Works Contract under GST

Handbook on Impact of GST on MSME Sector

Assessment under the Income Tax Law

Impact on GST on Education Sector

International Taxation and Transfer Pricing

Handbook on E-Way Bill

Handbook on Filing of Returns

Handbook on Special Economic Zone and Export Oriented Units

For E-Publications, Please Visit Taxation Portal
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TAXATION COMMITTEES - PLAN OF ACTION

Proposed Action Plan:

1. Successfully conduct all Taxation Courses.
2. Publication and Circulation of Tax bulletin (both in electronic and printed formats) for the awareness and knowledge updation of stakeholders, members, traders, Chambers of Commerce, Universities.
3. Publication of Handbooks on Taxation related topics helping stakeholders in their job deliberations.
4. Carry out webinars for the Capacity building of Members - Trainers in the locality to facilitate the traders/registered dealers.
5. Conducting Seminars and workshops on industry specific issues, in association with the Trade associations/ Traders/ Chamber of commerce in different location on practical issues/aspects associated with GST.
6. Tendering representation to the Government on practical difficulties faced by the stakeholders in Taxation related matters.
7. Updating Government about the steps taken by the Institute in removing the practical difficulties in implementing various Tax Laws including GST.
8. Facilitating general public other than members through GST Help-Desk opened at Head quarter of the Institute and other places of country.
9. Introducing advance level courses for the professionals on GST and Income Tax.
10. Extending Crash Courses on Taxation to Corporates, Universities, Trade Associations etc.

Disclaimer:

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