April, 2025

TAX Bulletin

Volume - 182

17.04.2025

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

www.icmai.in

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Objectives of Taxation Committees:

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)
3. Advanced Certificate Course on GST Audit and Assessment Procedure (ACGAA)
4. Certificate Course on TDS (CCTDS)
5. Certificate Course on Filing of Returns (CCFOF)
6. Advanced Course on Income Tax Assessment and Appeals (ACIAA)
7. Certificate Course on International Trade (CCIT)

Admission Link - ***https://eicmai.in/advscc/DelegatesApplicationForm-new.aspx***

Modalities

Description	Course Name						
	CCGST	ACCGST	ACGAA	CCTDS	CCFOF	ACIAA	CCIT
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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Courses for Colleges & Universities by the Tax Research Department

Eligibility

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- M.Com/ MBA pursuing or completed

Modalities

Description	Courses for Colleges and Universities	
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Batch Size	Minimum 50 Students per Batch per course	
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

Chairman's Message

CMA Rajendra Singh Bhati

Chairman Direct Taxation Committee

The Institute was invited for its inputs for examining the Income Tax Bill, 2025 by the Select Committee headed by its Chairman, MP Baijayant Panda on the 16th of April 2025. A senior delegation from the Institute comprising of CMA Bibhuti Bhusan Nayak, President, ICMAI, CMA T C A Srinivasa Prasad, Vice – President and other Central Council Members like CMA M K Anand, CMA Ashwin G Dalwadi, CMA Ashish P Thatte, CMA P Vinayaranjan and myself attended the Select committee meeting. The meeting was successful and the inputs provided by the Institute were acknowledged.

On the departmental front an important webinar was also conducted on 09.04.2025 on the topic, "Overview of Income Tax Bill - Leveraging expertise of CMAs". The Faculty for the session had been CMA Niranjan Swain. The key takeaways of the webinar included discussions on topics like:

- Overview of the Income Tax Bill, 2025
- Definitions of a few specific and important terms
- Computation of Income under the new Bill for critical assessees like NRIs, Corporates, Non-Profit organisations
- Reforms – TDS, TCS & Advance Tax – 2006 with data integration process
- Overhaul of TDS/ TCS provisions for clarity and ease of understanding
- Transitional provisions- ITB 2025

The webinar had wide participation.

The examination for Crash Course on Income Tax Overview was conducted for S.A. College of Arts and Science, Chennai on 09.04.2025. The certificates have also been handed over to the College.

Admissions for the ensuing batches of the Taxation Courses has also commenced. Link for Admissions being: https://eicmai.in/OCMAC/TRD/TRD.aspx. The courses include:

- Certificate Course on GST (CCGST 18)
- Advanced Certificate Course on GST (ACCGST 14)
- Certificate Course on TDS (CCTDS 14)
- Certificate Course on Filing and Filling of Return (CCFR 14)
- CERTIFICATE COURSE ON INTERNATIONAL TRADE(CCIT-8)
- Advanced Course on Income Tax Assessment and Appeal (ACITAA 11)
- Advanced Course on GST Audit and Assessment Procedure (ACGAAP 11)

The Tax Bulletins have been published.

The efforts of the members of the Tax Research Department and the Resource Persons who have contributed thoughtfully in the development are appreciated herein.

CMA Rajendra Singh Bhati

Chairman – Direct Taxation Committee

The Institute of Cost Accountants of India

17.04.2025

Chairman's Message

CMA Dr. Ashish P. Thatte

Chairman Indirect Taxation Committee

Some important news for the month of April has been:

1. From the tax period starting from April 2025 onwards, Table-12 of Form GSTR-1 (HSN summary) will be bifurcated into two tables viz., B2B (Table 12A) and B2C (Table 12B). The taxpayers will be required to report the HSN summary of B2B and B2C supplies separately. Further, manual entry of HSN will not be allowed, and the taxpayer must choose the correct HSN from a given Drop Down.

2. Table 3.2 of Form GSTR-3B automatically captures the details of interstate supplies made to unregistered persons, composition taxpayers, and Unique Identification Number holders out of supplies declared in Table 3.1 and 3.1.1 of Form GSTR-3B. The auto-populated details in Table 3.2 of Form GSTR-3B are captured from the details uploaded by the taxpayer in Form GSTR-1/Invoice Furnishing Facility (IFF)/GSTR-1A. Currently, the supplies captured in Table 3.2 of Form GSTR-3B can be edited/ amended. However, for the tax period starting from April 2025 onwards, the auto-populated values in Table 3.2 of Form GSTR-3B will be non-editable. Any modification/ amendment can be done only by amending the corresponding values in respective tables of Form GSTR-1A or through Form GSTR-1/IFF filed for subsequent tax period.

The department in April has conducted two important webinars on Indirect Tax:

- On 11.04.2025 a webinar was conducted on the Topic, "Scrutiny Assessment under GST: Recent Trends & Notices". The faculty for the session was CMA Vishwanath Bhat. The discussion covered topics like: Scrutiny Assessment under GST, Objectives of the Scrutiny Assessment, Automated Return Scrutiny Module, GST Scrutiny Notice in ASMT-10: Forms, Timelines, Mode, and Contents, responding to a Scrutiny Notice using ASMT-11, Procedure after replying to a Scrutiny Notice etc
- The other webinar was conducted on 25.04.2025 on the topic, "Audit, SCN and Adjudication under GST - Issues and challenges". The faculty for the session was CMA Shiba Prasad Padhi. The discussion covered topics like: General principles of adjudication, no collection of tax without authority of law, Proper assumption of jurisdiction by the adjudicating authority, Opportunity of being heard, Speaking and well-reasoned notice and order etc

The Tax Research Department (TRD) also conducted the GST Course for College and University Examination at the following colleges:

- Saradha Gangadharan College (Arts and Science), Velrampet, Puducherry on 02.04.2025 and
- Chevalier T. Thomas Elizabeth College for Women, Chennai on 15.04.2025.

In March, 2025 the Tax Bulletins has been released by the Department along with the conduct of courses which are being carried on regularly. The quiz on indirect tax is conducted on every Friday pan India basis.

Ashish Thatte

CMA (Dr) Ashish P Thatte

Chairman – Indirect Taxation Committee

The Institute of Cost Accountants of India

17.04.2025

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CONTENTS

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

Reopening the GST Return Curtain: A Judicial Nod to Business Reality and Bonafide Errors

CMA Bhogavalli Mallikarjuna Gupta

Co-opted Member, Indirect Taxes Committee

The Goods and Services Tax (GST) return filing framework in India is designed as a technologically driven, self-assessment statute. However, the digitisation of tax compliance has not been a cake walk. A critical area where this friction has been most visible is the **rectification of errors in filed GST returns**.

In the real world of business operations, human errors in return filing are not exceptions but realities—be it due to complex supply chain models, misreporting of GSTINs in "bill-to-ship-to" transactions, or inadvertent classification under the wrong heads (CGST/SGST vs IGST) or lack of knowledge of the taxpayers/ accountants. More often than not, these errors are discovered **after the statutory limitation period** under **Section 39(9)** of the CGST Act, which bars rectification beyond **30th November** of the following financial year.

The GST portal, by design, has no mechanism to accommodate rectification of such genuine mistakes after the prescribed date, as the architecture is based on the provisions of the law as stipulated above. Consequently, businesses and their buyers suffer—especially where **Input Tax Credit (ITC)** is denied, resulting in cascading tax liabilities. The need for a **judicial interpretation that aligns with economic realities** has never been more pressing.

It is against this backdrop that the **Bombay High Court** and subsequently, the **Supreme Court of India**, delivered critical judgments affirming the right to rectify bona fide mistakes in GST returns.

Factual Background: Aberdare Technologies Case

The origin of the matter lies in Writ Petition No. 7912 of 2024 filed by Aberdare Technologies Pvt. Ltd. before the Bombay High Court, where the petitioner had:

- Filed GST returns for July 2021, November 2021, and January 2022 within the prescribed timelines;
- Realised in December 2023 that it had made certain clerical errors in the filed returns;
- Requested rectification from the department, which was denied citing the bar under Section 39(9) of the CGST Act.

The petitioner clarified that there was no revenue loss, and the error primarily impacted the recipient's ITC claim. The department took a technical stance, relying solely on the statutory deadline and system limitations.

Case Laws Referred by the Petitioner

The Petitioner has placed reliance on various judicial precedents to substantiate their claim for rectification of errors in the GST Returns, even beyond the due date stipulated under Section 39(9) of the CGST Act, 2017.1. Star Engineers (I) Pvt. Ltd. v. Union of India

1. Star Engineers (I) Pvt. Ltd. v. Union of India

Citation: [2023] 157 taxmann.com 285 / [2024] 81 G.S.T.L. 460 / 102 GST 33 (Bom.)

The Bombay High Court held that rectification of GST returns should be allowed beyond the prescribed deadline (i.e., 30th November following the end of the financial year), if there is no revenue loss. The court emphasized that technical restrictions on the portal should not override the

substantive right to correct errors when it does not harm government revenue.

2. Sun Dye Chem v. Assistant Commissioner (ST) & Ors.

Court: Madras High Court

An inadvertent human error led to a misclassification of tax (IGST vs. CGST/SGST). The court held that credit should not be denied to customers for such technical mistakes. It supported allowing rectification even beyond the system-imposed deadline, especially when no unjust gain was involved.

3. Pentacle Plant Machineries Pvt. Ltd. v. Office of GST Council & Ors.

Court: Madras High Court

Following the Sun Dye Chem ruling, this case reiterated that bonafide errors in GST filings should be allowed to be corrected. The court stressed the need for an enabling mechanism that helps taxpayers correct their genuine mistakes, especially in the early phase of GST implementation.

4. Shiva Jyoti Construction v. Chairperson, CBEC & Ors.

Court: Orissa High Court

The petitioner erroneously filed B2B invoices as B2C, affecting the ability of a third party to claim ITC. The court held that rectification should be allowed post-deadline as there was no revenue loss, and it was necessary to prevent hardship to the petitioner and third party.

5. Mahalaxmi Infra Contract Ltd. v. GST Council & Ors.

Court: Jharkhand High Court

The court ruled that genuine rectification requests should not be barred merely due to procedural timelines, especially when the error was bonafide and did not cause revenue leakage. The petitioner was permitted to correct its return.

Bombay High Court Judgment: A Progressive and Purposeful Interpretation

In its order dated 29 July 2024, the Division Bench comprising Justices K.R. Shriram and Jitendra Jain undertook a detailed analysis of Sections 37, 38, and 39 of the CGST Act.

Key Legal Reasoning

1. **Purposive Interpretation:** The Court emphasized that Section 39(9), read with the proviso, should be interpreted in harmony with the objective of GST—accurate tax reporting, revenue neutrality, and seamless credit flow.

2. **No Loss of Revenue:** Since the correction sought would not lead to any revenue loss, the denial of rectification was termed as unduly harsh and technical in nature.

3. **Human Errors are Inevitable:** The Court acknowledged that the GST system, being technology-driven and new, will naturally witness bonafide mistakes. It referred to similar judgments from Madras, Orissa, and Jharkhand High Courts—notably Sun Dye Chem, Pentacle Plant Machineries, and Mahalaxmi Infra Contract Ltd.—where such corrections were judicially permitted.

4. **Injustice to Recipients:** The Court also noted that recipients suffer unjustly when suppliers cannot correct errors due to rigid timelines, leading to denial of ITC, although taxes were duly paid.

Order

- The Court directed the department to allow correction of GSTR-1 and GSTR-3B for the said periods.
- If the portal could not facilitate correction, manual amendment was to be accepted.
- The order emphasized departmental flexibility and communication before rejection.

This judgment is notable for recognising the intent and fairness behind tax compliance, not merely the letter of the law.

Supreme Court's Affirmation: Institutionalising the Principle of Fair Correction

The department challenged the Bombay High Court's judgement via Special Leave Petition (SLP) Diary No. 6332/2025 before the Supreme Court of India. The matter was heard on 21 March 2025 by a Bench led by the Hon'ble Chief Justice and Justice Sanjay Kumar.

Observations of the Apex Court:

1. **No Interference:** The Supreme Court categorically stated it was not inclined to interfere, as the High Court's judgment was "just and fair".

2. **Right to Correct Errors:** The Bench went a step further to observe that the right to correct clerical and arithmetical mistakes is a natural extension of the right to do business.

3. **Purchaser Cannot Be Penalised:** It strongly criticized situations where purchasers are denied ITC due to a supplier's filing error, calling it an unfair double payment scenario.

4. **Software Not a Shield:** Perhaps the most significant dictum from the Apex Court was that software limitations cannot justify denial of rights. Systems must aid compliance, not become tools of hardship.

5. **Policy Re-evaluation:** The Court urged the Central Board of Indirect Taxes and Customs (CBIC) to reconsider the statutory timelines for corrections and bring in realistic and compassionate reforms.

Dismissal of SLP

The SLP was dismissed, effectively upholding the Bombay High Court ruling and lending it nationwide precedent value

Conclusion

The twin rulings of the Bombay High Court and the Supreme Court in Aberdare Technologies Pvt. Ltd. signify a landmark judicial shift—one that acknowledges the ground-level challenges of GST compliance and the necessity of compassionate interpretation of procedural laws.

For businesses, this opens a door to seek rectification of errors beyond the rigid timelines, provided:

- The mistake is bonafide and inadvertent;
- There is no loss of revenue to the government;
- The rectification facilitates accurate tax credit claims.

These decisions reiterate that substance must prevail over form in tax administration, especially in a regime as transformative as GST.

While the recent Supreme Court decision is undoubtedly a step in the right direction, it is important to examine its practical implications in a more holistic manner. Based on the judgment, if the department permits rectification of returns, a consequential issue may arise—can the recipient still avail Input Tax Credit (ITC), given that their returns would have been filed in accordance with Section 16(4) of the CGST Act, 2017?

To mitigate such procedural complexities, the authors respectfully suggest that the due date for filing GSTR-9 could be reconsidered. Aligning this deadline with the finalization of accounts—such as the filing of ROC forms and Income Tax Returns—may help in identifying and addressing discrepancies in a more timely and effective manner. At present, many of these issues come to light only during the preparation of annual returns or reconciliation statements.

Amending the timeline for GSTR-9 could potentially reduce the occurrence of such situations. The reconciliation statement, meanwhile, may continue to be filed as per the existing deadlines, as it is not directly affected by this suggested change.

If taxpayers and professionals adopt a more holistic approach—such as implementing effective internal controls, matching books of accounts with returns, and conducting timely reconciliation of inward and outward

supply data across various GST returns—many of these challenges can be proactively mitigated during the monthly return filing process.

Additionally, proactive engagement with suppliers and customers may significantly reduce such issues. Strengthening the accounts and taxation teams, along with providing regular training to keep them abreast of evolving amendments, can further support accuracy and compliance.

These collective efforts could, over time, contribute to a reduction in litigation and help prevent disallowance of Input Tax Credit (ITC) to the recipient, thereby easing compliance burdens and enhancing overall efficiency.

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Updating of Return: Tool for Augmentation of Revenue

Shri Nilay Baran Som

Retired Commissioner of Income Tax

The Finance Act, 2022 introduced a new concept of 'updating of return' in the Income tax Act. The provision of updating a return of income was effectuated by inserting a sub-section, viz, subsection 8A in section 139 of the Act.

2. The Explanatory Memorandum to the provisions of the Finance Bill, 2022 and the Circular No 23 of 2023 adequately explains the background in which the said provision was inserted into the section. Instead of trying to reinvent the wheel, the relevant extract of the circular is being reproduced below so that the readers of the article may get a fair understanding of the rationale of such new concept, hitherto absent in the Income tax Act:

28 Provisions for filing of updated return

28.1 Section 139 of the Act is related to the provisions for filing of Income Tax Return by taxpayers. Sub-section (1) of section 139 casts responsibility on the taxpayer to furnish a return within a definite time period or up to a particular date, that is, the due date which as per this section:

(a) for an assessee who is a company or a person (other than a company) whose accounts are required to be audited under the Act or under any other law for the time being in force, it is 31st day of October of the assessment year;

(b) for an assessee who is required to furnish a report under section 92E, it is 30th day of November of the assessment year; and

(c) for any other assessee, it is 31st day of July of the assessment year,

28.2 Alternatively, sub-section (4) of section 139 facilitates filing of a belated return after the expiry of due date, if such return is furnished before 3 months prior to the end of the relevant assessment year or before the completion of assessment, whichever is earlier. Similarly, sub-section (5) of section 139 provides the taxpayer an opportunity to revise the return filed under sub-section (1) or sub-section (4) in case of any omission or wrong statement, after due date, which is to be filed 3 months before the end of the assessment year or before the completion of assessment, whichever is earlier. Hence, the object of section 139 is to give reasonable time to the taxpayer tc file a correct statement of his income within the duration specified under the Act.

28.3 This provision provides an additional time of approximately 5 months to an individual assessee. 2 months to a company/auditable case and 1 month to an assessee who enters into an international transaction or specified domestic transaction respectively, in a financial year to file belated or revised return. This additional timeline for filing a revised/belated return may not be adequate when we factor in utilization of huge information and data available coupled with the "nudge approach" that motivates the taxpayer towards the desired objective of voluntary tax compliance, starting with filing of correct tax returns.

28.4 Hence, a new provision is introduced in section 139 for filing an updated return of

income by any person, whether he has filed a return previously for the relevant assessment year, or not. This provision for updated return over a period longer than that is provided in the existing provisions of the Act would on the one hand bring use of huge data with the IT Department to a logical conclusion resulting in additional revenue realization and on the other hand, it will facilitate ease of compliance to the taxpayer in a litigation free environment.

28.5 Through this provision, taxpayers are given some more time under the Act to file particulars of their income for a previous year in an updated return. A payment of additional tax by persons opting to furnish their returns in the newly provided timelines is also required. An amount equal to twenty five percent or fifty percent as additional tax on the tax and interest due on the additional income furnished would be required to be paid. The following amendments to the Act are introduced for incorporating the above provisions:

A. A new sub-section (8A) in section 139 has been introduced to provide for furnishing of updated return under the new provisions.

3. The above explanations may be summarised as follows:

(i) The new provision of updating a return of income is over and above the existing provisions of filing belated return or revised return.

(ii) A taxpayer could only file a revised return, if he had filed an original return. However, an updated return can be filed by a non -filer also,once prompted by the department to do so, on the basis of some specific information.

(iii) As the law stood as on 1.4.2022, updated return may be filed within 24 months from the end of the relevant assessment year .

(iv) The form of updated return has been separately designed as ITRU.

4. Over the years, the department has made it mandatory for various authorities and institutions (called specified authorities) to file report on specified financial transactions undertaken by the taxpayers. There is a specific provision in the Income Tax Act, 1961 in the form of section 285BA of the Act. For example, the Registration Authority, after the registration of an immovable property, mandatorily must send the information and allied documents to the Income Tax Department. Apart from that, there are information received from various law enforcement agencies (LEAs) emanating from their enforcement actions which have income tax angle also. Even foreign tax jurisdictions, under guidelines laid down by the OECD, are obligated to send various information as per protocol of spontaneous exchange of information or Automatic Exchange of Information between counties.

5. All the data and information that impinge upon the department are mined and utilised to create a 360-degree profile of taxpayers. Thanks to largescale use of Artificial Intelligence and other technical tools, it is very easy now to find mismatches between the data available for the assessee and the information that has been disclosed in the Income tax return. The traditional approach of the Income Tax Department to address such mismatch of information was to initiate reassessment proceedings against him. However, the culmination of such proceeding is time taking. Further, many a time, the factum of tax evasion made by the assessee is often lost in litigation where the technicalities of reason recorded, service of notice and other paraphernalia of similar nature take precedence. Therefore, the policy makes thought it proper to confront the taxpayer within a reasonable time about the financial information that was required to be disclosed and resulting tax that should have been paid in lieu of the lower tax that has been paid by non-disclosure of such information. The assessee is therefore, given a chance to disclose the correct information within twenty-four months from the end of the relevant assessment year . This window has been kept open for both who have filed a return of income and who have not filed a return of income at all.

6. Interestingly, the Explanatory Notes to the Finance

Act uses the expression 'nudging a taxpayer to motivate to file an updated tax return '. The word 'nudge' perhaps has been used in the CBDT communication for the first time. The concept of 'nudge' was used in the book Nudge: Improving Decisions About Health, Wealth, and Happiness, by behavioural economist Richard Thaler and legal scholar Cass Sunstein, two American scholars at the University of Chicago. It may be added that Richard Thaler was the recipient of noble prize in economics in the year 2017. The crux of the nudge theory is that certain changes in the environment may lead people to take certain steps which are desired by the agent who has set up the change. In other words, nudge is an action which lead people to give positive outcome.

7. Shri Amitabaha Gupta, an economist of repute and an assistant editor of the Bengali Daily, the Ananda Bazar Patrika, in one of his post-editorials, once made a good illustration of Nudge. He illustrated a typical shopping mall, where certain goods like chocolates, socks and the like are kept at the accessible distance and height of the consumer, near the teller the point. The consumer, who has already completed his planed or unplanned purchases, may get further motivated to get things which are kept near him, at accessible distance. Thus, the consumer is nudged to behave in a way desired by the marketer.

8. This concept has been found to be quite popular among the governments across the globe to shape the behavour or action of the citizens to behave in a way desired by them. The key idea is to utilise people's emotion to behave in a particular way. Therefore, when the CBDT speaks about nudging the people to motivate them to update a tax return, in practice, it seeks to influence the people's emotion by presenting a scenario of presenting the positive outcome of compliance as against the negative outcome of non-compliance. That is why, this scheme of government has so far been a success. According to a report published in the e -edition of the Economic Times dated October 11, 2023, updated I-T returns collected ₹ 1,300 crore additional tax for the financial year 2023-24.

9. In a way, the scheme of updating of tax return is a win-win situation for the Government and the taxpayer, may be with a little more tilt in favour of the Government. While the Government gets additional tax revenue from the taxpayers who file such returns of income, the taxpayers, while paying tax and additional tax and interest, do not have to face penalty and prosecution provisions.

10.1. The quantum additional income tax payable at the time of furnishing updated return, in addition to tax payable on updated return and interest, was in accordance with the following schedule, as per provision of the Act as on 1.4.2022:

(i) 25 % of aggregate of tax and interest payable, as per provisions of section 140B (1) and (2), if return is filed before completion of 12 months from the end of the relevant assessment year.

(ii) 50% of aggregate of tax and interest payable, as per provisions of section 140B (1) and (2), if return is filed before completion of 12 months from the end of the relevant assessment year;

10.2. The section 140B (1) and (2) , take care of the tax and interest that might have been paid earlier at the time of filing before filing the earlier return [return under section 139(1), 139(4) or 139(5)].

11.1. Although an updated return is an additional window offered to taxpayers to disclose their true income, there are certain conditionalities attached with it .The conditions laid down in proviso 1 to section 139(8A) are to the effect that an updated return cannot be a return of loss or it should not result in decreasing the total tax liability determined on the basis of return filed under section 139 (1)/ 139(4) or 139(5) of the Act .Provisio 2 to the section also specifically debars certain persons to get the benefit of this provision. The persons who are specifically excluded from the benefit of this section are:

(i) a person who has been searched u/s 132 or in whose case requisition has been made under section 132.

(ii) a person who has been surveyed under section 133A.

(iii) a person to whom notice has been sent that money, bullion, jewellery etc seized or requestioned in the case of any other person belongs to him

(iv) a person to whom notice has been sent that books of account or documents seized or requestioned in the case of any other person pertain to him.

(v) an updated return has been filed been him already (this is in contrast to revised return, which may be filed more than once, within the stipulated timed or before assessment, whichever is earlier.

(vi) any assessment. reassessment or recomputation or revision of his income is pending or has been completed for the relevant assessment year.

(vii) any adverse information has been received from any other authority administering other acts like FEMA, SAFEMPOSA , Black Money Act or the benami Properties Act;

(viii) Any information from foreign jurisdictions under section 90/90A of the Act;

(ix) Any person against whom prosecution proceeding is pending

11.2 Although the list of persons debarred from filing updated return is quite long, the percentage of such assessees against whom some action has already been taken or being contemplated is far less than the taxpayers for whom the department have information in the form mismatch or who are non-filers. However, based on the mismatch or information, a message is sent to the taxpayer before asking him to file an updated return. The success of the scheme has resulted in widening the scope of this section, by increasing the time period for which a return my be furnished.

12. In view of the success of the scheme of Updating of Return, the Finance Act 2025 has increased the time limit for such updating. This has been done to increase voluntary compliance, of course, with the 'nudge approach'. The new timeline and liability for additional tax may be presented in the following table:

SL. No.	No. of months from end of relevant AY	Rate of Additional Income Tax
1	12	25%
2	24	50%
3	36	60%
4	48	70%

Conclusion:

In fine, it may be concluded that updating of return has come to stay in the statue and already a game changer, this transaction-based method of augmentation of additional revenue is going to play a significant role in enriching the exchequer of the country in the coming years . It is only natural that the said provision also finds a place in the new Tax Bill, 2025.

Acknowledgement:

(i) www.incometax.gov.in

(ii) Wikipaedea, for the information on 'Nudge'

(iii) Anandabazar Patrika , for post editorial on 'nudge' by Shri Amitabha Gupta.

NOTIFICATION

INDIRECT TAX

Customs : (Tarif)

Notification No. 23/2025-Customs

New Delhi, the 4th April, 2025

G.S.R… (E).— In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and sub-section (12) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India,

Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 785(E), dated the 30th June, 2017, namely:-

In the said notification, in the Table, against S. No. 515C, in column (6), for the entry "9", the entry "-" shall be substituted.

2. This notification shall come into force with immediate effect.

Customs : (Non-Tarif)

Notification No. 21/2025-Customs (N.T.)

New Delhi, Dated the 03rd April, 2025

S. O. … (E) — In exercise of the powers conferred by section 157 read with sections 84 and 149 of the Customs Act, 1962 (52 of 1962), and in supersession of the Shipping Bill (Post export conversion in relation to Instrument Based Scheme) Regulations, 2022, except as respects things done or omitted to be done before such supersession, the Central Board of Indirect Taxes and Customs, hereby makes the following regulations, namely: -

1. **Short title and commencement** – (1) These regulations may be called the Export Entry (Post export conversion in relation to instrument based scheme) Regulations, 2025.

   (2) They shall come into force on the date of their publication in the Official Gazette.

2. **Definitions** – (1) In these regulations, unless the context otherwise requires, -

   (a) "Act" means the Customs Act, 1962 (52 of 1962);

   (b) "conversion" means amendment of the declaration made in the export entry to any one or more instrument based scheme, after the export goods have been exported;

   (c) "export entry" means entry relating to export as defined in clause (16) of section 2 of the Act and includes an entry made in the Shipping Bills or Bills of Exports under section 50 or entries made for goods to be exported by post or courier under section 84 of the Act;

   (d) "instrument based scheme" means a scheme involving utilisation of instrument referred to in explanation 1 to sub-section (1) of section 28AAA of the Act;

   (e) "jurisdictional Chief Commissioner of Customs" means the Principal Chief Commissioner or Chief Commissioner of Customs who has jurisdiction over the Customs station from where the export has taken place;

   (f) "jurisdictional Commissioner of Customs" means the Principal Commissioner or Commissioner of Customs who has jurisdiction over the

Customs station from where the export has taken place.

(2) Words and expressions used in these regulations and not defined but defined in the Act, shall have the same meanings as assigned to them in the Act.

3. **Manner and time limit for applying for post export conversion of export entry** – (1) The application for conversion shall be filled by an exporter in writing within one year from the date of clearance of goods under sub-section (1) of section 51 or section 69 of the Act or from the date of entry made under section 84 of the Act, as the case may be:

Provided that the jurisdictional Commissioner of Customs may, for the reasons to be recorded in writing, extend the time limit not exceeding six months, if it is satisfied that the circumstances were such which prevented the exporter from filing an application within the period specified under sub-regulation (1):

Provided further that the jurisdictional Chief Commissioner of Customs may, for the reasons to be recorded in writing, extend the time limit not exceeding six months, if it is satisfied that the circumstances were such which prevented the exporter from filing an application for a period exceeding one year and six months.

(2) Where an export entry is filed before the 22nd February, 2022, the period of one year specified under sub-regulation (1) shall be reckoned from the date on which these regulations have come into force.

(3) Where filing of an application under sub-regulation (1) was prevented due to stay or an injunction passed by any court or tribunal, then, in computing the period specified therein, the period of continuance of the stay or order, the day on which it was issued or made, and the day on which it was withdrawn, shall be excluded.

(4) The jurisdictional Commissioner of Customs, may, in his discretion, authorise the conversion of export entry, subject to the following, namely: –

(a) on the basis of documentary evidence, which was in existence at the time the goods were exported;

(b) subject to conditions and restrictions for conversion provided in regulation 4;

The entire notification can be read at https://taxinformation.cbic.gov.in/view-pdf/1010347/ENG/Notifications.

Notification No. 22/2025-Customs (N.T.)

New Delhi, the 7th April, 2025

S.O. (E). – In exercise of the powers conferred by sub-section (1) of section 4, read with section 3 and sub sections (1) and (1A) of section 5 of the Customs Act, 1962 (52 of 1962), the Central Board of Indirect Taxes and Customs, hereby appoints officer mentioned in column (4) of the Table below to exercise the powers and discharge duties conferred or imposed on officers mentioned in column (3) of the said Table in respect of Notice mentioned in column (1) of the Table, for purpose of adjudication of show cause notices mentioned in column (2) therein, namely:-

Table

Name of the Noticee(s) and Address (M/s.)	Show Cause Notice Number and Date	Name of Adjudicating Authorities	Common Adjudicating Authority appointed
(1)	(2)	(3)	(4)
M/s Aardwolf Material Handling Pvt. Ltd.	Show Cause Notice No. 493/2024 dated 16.05.2024 followed by corrigendum no. 2374/2024 dated 27.07.2024	Deputy Commissioner, ICD Whitefield, Bengaluru	Deputy Commissioner, ICD Whitefield, Bengaluru

Name of the Noticee(s) and Address (M/s.)	Show Cause Notice Number and Date	Name of Adjudicating Authorities	Common Adjudicating Authority appointed
(1)	(2)	(3)	(4)
	Show Cause Notice no. 583/2024 dated 15.06.2024.	Deputy Commissioner, ICD, Concor, Kanakpura, Jaipur	

Notification No. 23/2025-CUSTOMS (N.T.)

New Delhi, 8th April, 2025

S.O. … (E).– In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Indirect Taxes & Customs, being satisfied that it is necessary and expedient to do so, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S. O. 748 (E), dated the 3rd August, 2001, namely:-

In the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following

Tables shall be substituted, namely: -

"TABLE-1

Sl. No.	Chapter/ heading/ Sub-heading/tariff Item	Description of goods	Tariff value (US $Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	1158 (i.e., no change)
2	1511 90 10	RBD Palm Oil	1160 (i.e., no change)
3	1511 90 90	Others – Palm Oil	1159 (i.e., no change)
4	1511 10 00	Crude Palmolein	1174 (i.e., no change)
5	1511 90 20	RBD Palmolein	1177 (i.e., no change)
6	1511 90 90	Others– Palmolein	1176 (i.e., no change)
7	1507 10 00	Crude Soya bean Oil	1064 (i.e., no change)
8	7404 00 22	Brass Scrap (all grades)	5698 (i.e., no change)

The entire notification can be read at https://taxinformation.cbic.gov.in/view-pdf/1010352/ENG/Notifications

Notification No. 24/2025-CUSTOMS (N.T.)

New Delhi, 15th April, 2025

S.O. … (E).– In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Indirect Taxes & Customs, being satisfied that it is necessary and expedient to do so, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.

36/2001-Customs (N.T.), dated the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S. O. 748 (E), dated the 3rd August, 2001, namely:-

In the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following Tables shall be substituted, namely: -

"TABLE-1

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US $Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	1153
2	1511 90 10	RBD Palm Oil	1162
3	1511 90 90	Others – Palm Oil	1158
4	1511 10 00	Crude Palmolein	1173
5	1511 90 20	RBD Palmolein	1176
6	1511 90 90	Others – Palmolein	1175
7	1507 10 00	Crude Soya bean Oil	1098
8	7404 00 22	Brass Scrap (all grades)	5469

The entire notification can be read at https://taxinformation.cbic.gov.in/view-pdf/1010355/ENG/Notifications.

Notification No. 26/2025 – Customs (N.T.)

New Delhi, the 17th April, 2025.

G.S.R……. (E). – In exercise of the powers conferred by section 75 of the Customs Act, 1962 (52 of 1962) and sub-section (2) of section 37 of the Central Excise Act, 1944 (1 of 1944), read with rules 3 and 4 of the Customs and Central Excise Duties Drawback Rules, 2017, the Central Government hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 77/2023 – Customs (N.T.), dated the 20th October, 2023, published vide number G.S.R. 792 (E), dated the 20th October, 2023, namely:-

In the said notification, in the Schedule, in Chapter -71, -

(i) against tariff item 711301, in the entry in column (4), for the figures "335.50", the figures "405.40" shall be substituted;

(ii) against tariff item 711302, in the entry in column (4), for the figures "4468.10", the figures "4950.03" shall be substituted;

(iii) against tariff item 711401, in the entry in column (4), for the figures "4468.10", the figures "4950.03" shall be substituted.

Central Excise

Notification No. 02/2025-Central Excise

New Delhi, the 7th April, 2025

G.S.R……(E). – In exercise of the powers conferred by section 5A of the Central Excise Act, 1944 (1 of 1944) read with section 147 of Finance Act, 2002 (20 of 2002), the Central Government being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue) No. 05/2019-Central Excise, dated the 6th July, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 488(E), dated the 6th July, 2019, namely:-

In the said notification, in the Table, -

(i) against Sl. No. 1, in column (4), for the entry, the entry "₹. 13 per litre" shall be substituted;

(ii) against Sl. No. 2, in column (4), for the entry, the entry "₹. 10 per litre" shall be substituted.

2. This notification shall come into force on the 8th day of April, 2025.

DIRECT TAX

Notification No. No. 30/2025

New Delhi, the 7th April, 2025

G.S.R. 221(E).—In exercise of the powers conferred by section 158BC read with section 295 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 (Tenth Amendment) Rules, 2025.

(2) They shall be deemed to have come into force on the 1st day of September, 2024.

2. In the Income-tax Rules, 1962 (hereinafter referred to as the said rules), after rule 12AD, the following rule shall be inserted, namely: —

"12AE. Return of income under section 158BC– (1) The return of income required to be furnished by any person under clause (a) of sub-section (1) of section 158BC, relating to any search initiated under section 132 or requisition made under section 132A on or after the 1st day of September, 2024 shall be in the Form ITR-B and be verified in the manner indicated therein.

(2) The return of income referred to in sub-rule (1) shall be furnished by a person, mentioned in column (2) of the Table below in the manner specified in column (3) thereof: —

TABLE

Sl. No.	Person	Manner of furnishing return of income
(1)	(2)	(3)
1.	(a) person whose accounts are required to be audited under section 44AB of the Act; (b) Company; (c) Political party.	Electronically under digital signature.
2.	Any person other than a person mentioned in column (2) of Sl. No. (1) above.	(A) Electronically under digital signature; (B) Transmitting the data electronically in the return under electronic verification code

Explanation - For the purposes of this sub-rule, "electronic verification code" shall have the same meaning as assigned to it in Explanation to sub-rule (2) of rule 12AC.

(3) The Principal Director-General of Income-tax (Systems) or Director-General of Income-tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing the return in the manners specified in column (3) of the Table.

(4) In a case where claim of credit of the tax payments is made against undisclosed income of the block period other than by way of self-assessment tax for the block period, claim of such credits and the allowability thereof shall be subject to the verification by and satisfaction of, the Assessing Officer."

3. In the said rules, in Appendix-II, after FORM ITR-U, the following FORM ITR-B shall be inserted, namely: -

" FORM	**ITR-B**	**Block period** (Derived by system based on A19-A20)	**INDIAN INCOME TAX RETURN FOR BLOCK ASSESSMENT** **[For search and seizure cases (Chapter XIV-B)]** ***(See section 158BC(1)(a) r.w. rule 12AE of the Income-tax Rules, 1962)*** ***(Refer instructions for eligibility)***

The entire notification can be read at https://incometaxindia.gov.in/communications/notification/notification-no-30-2025.pdf

Notification No. 31/2025

New Delhi, the 7th April, 2025

S.O. 1644(E).—In exercise of the powers conferred by clause (ba) of Explanation to section 54EC of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies that bonds redeemable after five years and issued on or after 01st day of April, 2025, by the Housing and Urban Development Corporation Limited (HUDCO) (a public financial institution notified by the Central Government under section 2(72) of the Companies Act, 2013), as 'long-term specified asset' for the purposes of the said section.

2. HUDCO shall utilise the proceeds from such bonds only for those infrastructure projects which can service the debt out of the project revenues without being dependent on the State Governments for the service of debts.

Explanation: *For the purpose of this notification, (a) 'Infrastructure' includes all infrastructure sub-sectors as defined vide notification no. 262 of the Department of Economic Affairs, Ministry of Finance issued by F.No.13/1/2017-INF dated October 11, 2022 (Updated Harmonised Master List of Infrastructure sub-sectors) and shall include any amendments or additions made thereof; (b) 'Infrastructure project' means any project in Infrastructure sector.*

Notification No. 34 /2025

New Delhi, the 17th April, 2025

S.O. 1774(E).— In exercise of the powers conferred by clause (48) of section 2 of the Income-tax Act, 1961 (43 of 1961), read with clause (ii), clause (iii) and clause (v) of sub-rule (3) and sub-rule (6) of rule 8B of the Incometax Rules, 1962, the Central Government hereby specifies the bond with the following particulars as zero coupon bond for the purposes of the said clause (48) of section 2 of the said Act, namely :-

(a) name of the bond - Ten Year Zero Coupon Bond of Housing and Urban Development Corporation Ltd.

(b) period of life of the bond - Ten years one month

(c) the time schedule of the issue - To be issued on or before the 31st day of of the bond March 2027

(d) the amount to be paid on maturity - ₹. 5,000 crores or redemption of the bond

(e) the discount - ₹. 2,351.49 crores

(f) the number of bonds to be issued - Five lakhs

2. Housing and Urban Development Corporation Ltd. shall utilise the proceeds from such bonds only for those infrastructure projects which can service the debt out of the project revenues without being dependent on the State Governments for the service of debts.

Explanation: *For the purpose of this notification,*

(a) 'Infrastructure' includes all infrastructure sub-sectors as defined vide notification no. 262 of the Department of Economic Affairs, Ministry of Finance issued by F.No.13/1/2017-INF dated October 11, 2022 (Updated Harmonised Master List of Infrastructure sub-sectors) and shall include any amendments or additions made thereof;

(b) 'Infrastructure project' means any project in Infrastructure sector.

CIRCULAR

INDIRECT TAX

Customs

Circular No.11/2025-Customs

Dated the 3rd April, 2025

Subject: Implementation of the Export Entry (Post export conversion in relation to instrument-based scheme) Regulations, 2025–Reg.

Madam/ Sir,

In the recent past, various reform measures have been taken to reduce time and cost of doing business for exporters. This includes seamless credit of drawback on exporters account, single registration for AD Code, extension of RODTEP benefits.

2. In line with Budget Announcement for automation of remaining customs processes and suggestions from the industry, functionality for post export changes in shipping bills is being implemented with following salient features:

   a. Electronic processing of amendments under section 149 of the Customs Act;

   b. Electronic processing of provisional assessment in exports;

   c. Re-transmission of relevant details to the agencies concerned.

The entire Circular can be read at https://taxinformation.cbic.gov.in/view-pdf/1003274/ENG/Circulars

Circular No. 12/2025-Customs

Dated: 07th April, 2025

Subject: Clarification on the classification and applicable Basic Customs Duty (BCD) on Interactive Flat Panel Displays (IFPDs) and other monitors - reg.

Madam/Sir,

Prior to 2025-26 Budget, all goods classified under tariff item 85285900 attracted Basic Customs Duty (BCD) of 10%. In the 2025-26 Budget, BCD on Interactive Flat Panel Displays (IFPDs) classified under tariff item 85285900 was increased from 10% to 20% with effect from 2nd February, 2025 vide Section 103 (a) read with Second Schedule of the Finance Act , 2025 and declaration under the Provisional Collection of Taxes Act, 2023. However, all goods classified under tariff item 85285900 other than IFPD was continued at 10% BCD with IGCR condition vide entry at S. No. 515C of the Notification No. 50/2017-Customs dated 30.06.2017. This was to prevent circumvention of the higher duty on IFPDs . The intent was not to charge 20% on monitors other than IFPDs.

2. Industry associations have sought clarification regarding compliance with IGCR condition under said entry at S. No. 515C of the Notification No. 50/2017-Customs since the imported monitors are not used in further manufacturing activity. After examining the issue, vide Notification No. 23/2025-Customs dated 04.04.2025, the entry at S. No. 515C of the Notification No. 50/2017-Customs dated 30.06.2017 has been amended to remove the IGCR condition. For distinguishing IFPDs from monitors other than IFPDs, based on the technical inputs from Ministry of Electronics and Information Technology (MeitY) received vi d e their OM dated 13.03.2025, the following may be used as a technical guide :

The entire Circular can be read at https://taxinformation.cbic.gov.in/view-pdf/1003275/ENG/Circulars

Circular No. 13/2025-Customs

Dated 8th April, 2025

Subject: Rescinding of Circular No. 29/2020-Customs dated 29.06.2020 in respect of Transhipment of Export Cargo from Bangladesh to third countries

through Land Customs Stations (LCSs) to Port / Airport, in containers or closed bodied trucks- reg.

Attention is invited to Circular No. 29/2020-Customs dated 29.06.2020, as amended from time to time, issued by the Central Board of Indirect Taxes and Customs (CBIC), which provides for transshipment of export cargo from Bangladesh destined to third countries through Land Customs Stations (LCSs) to Ports and Airports.

2. It has been decided to rescind the aforesaid Circular No. 29/2020-Customs dated 29.06.2020, as amended with immediate effect. Cargo already entered into India may be allowed to exit the Indian territory as per procedure given in the Circular No. 29/2020- Customs.

3. Difficulty, if any, in the implementation of this Circular may be brought to the notice of the Board.

4. Hindi version follows.

JUDGEMENT

INDIRECT TAXATION

ITC not to be denied to purchasing dealer on selling dealer's failure to deposit collected tax: HC

Facts of the Case:

McLeod Russel India Ltd. vs. Union of India - [2025] (Gauhati)

The assessee, a purchasing dealer, challenged the validity of Section 16(2)(aa) and Section 16(2)(c) of the CGST Act, 2017, and Assan GST Act, 2017, before the Hon'ble High Court. The assessee argued that these provisions unjustly restricted input tax credit (ITC) by making it contingent on the selling dealer's deposit of collected tax. Citing a prior ruling, the assessee contended that the department should recover unpaid tax from the defaulting selling dealer rather than deny ITC to the purchasing dealer. The revenue department did not object to applying the earlier ruling to this case.

Decision of the Case:

The Hon'ble High Court held that Section 16(2) must be read down in line with the prior ruling, reaffirming that ITC cannot be denied due to the selling dealer's failure to deposit tax. Instead, the department must pursue recovery from the defaulting seller. The court emphasized that burdening compliant purchasing dealers with such consequences is inequitable. Accordingly, the ruling favored the assessee, ensuring ITC entitlement despite the selling dealer's non-compliance.

Writ petition disposed with direction to assessee to respond to objections regarding refund rejection within three weeks: HC

Facts of the Case:

Pacific Exports and Imports vs. Additional Commissioner of Central Tax - [2025] (Delhi)

The assessee sought a refund under Section 54 of the CGST Act, 2017, and the Delhi GST Act, 2017, which was rejected by the revenue authorities due to a mismatch between the claimed Input Tax Credit (ITC) and the Form GSTR-2A returns. The revenue contended that, as per statutory provisions, refund claims could not be granted for invoices not reflecting in Form GSTR-2A. Despite being granted time to file a rejoinder contesting the rejection, the assessee failed to do so. Aggrieved by the rejection, the assessee filed a writ petition before the Hon'ble High Court, challenging the decision of the revenue authorities.

Decision of the Case:

The Hon'ble High Court held that the assessee was permitted to file a response to the revenue's objections within three weeks from the date of the order. The competent authority was directed to examine the response and pass a detailed, reasoned order within four weeks thereafter. The court clarified that all rights and contentions of both parties on merits remained open. Accordingly, the writ petition was disposed of with these directions.

HC upheld refund since Circular restricting IGST refund where drawback is claimed cannot override Rule 96

Facts of the Case:

Assistant Commissioner of Customs vs. Modern India Products - [2025] (Madras)

The assessee, an exporter, sought a refund of IGST paid on exports under Section 16 of the IGST Act, 2017, and Section 54 of the CGST Act, 2017, read with Rule 96 of the CGST Rules, 2017. As the refund was not processed, the assessee filed a writ petition, which the Single Judge allowed. The revenue appealed, citing Circular No. 37/2018–Customs, dated 09-10-2018, which barred IGST refunds where duty drawback was claimed.

Decision of the Case :

The Hon'ble High Court held that the said circular could

not override Rule 96 of the CGST Rules. As multiple High Courts had upheld this position, the Single Judge's order granting relief was not to be disturbed. The appeal was dismissed, affirming the assessee's right to an IGST refund despite claiming duty drawback.

Order to be set aside as assessee's explanation for mismatch in GSTR-1 and GSTR-3B was dismissed without proper reasoning: HC

Facts of the Case:

Masany Construction Equipment (P.) Ltd. vs. State Tax Officer - [2025] (Kerala)

The Revenue issued a show cause notice under Section 73 of the CGST Act, 2017, alleging a mismatch between the assessee's GSTR-1 and GSTR-3B for Financial Year 2019-2020. The assessee explained that the discrepancy arose due to an entry error in GSTR-1, later corrected in GSTR-3B, with no tax liability as sufficient ITC was available. However, the reply was summarily rejected as 'not convincing and non-explanatory' leading to an adverse order, which the assessee challenged before the High Court on grounds of violation of natural justice.

Decision of the Case:

The Hon'ble High Court held that dismissing a reply with a mere sentence does not constitute a speaking order. The officer was obligated to verify the bona fides of the discrepancy and examine relevant records. The failure to provide proper reasoning, despite an opportunity for a hearing, rendered the order unsustainable. Accordingly, the order was set aside, and the matter remanded for reconsideration with a fresh opportunity of hearing.

Assessee cannot be held liable for cancellation of selling dealer's registration post-transaction as all transaction were available in GSTR-2A: HC

Facts of the Case:

Solvi Enterprises. v. Additional Commissioner Grade 2 - [2025] (Allahabad)

The petitioner challenged the demand order issued under Section 74 of the CGST/UPGST Act, wherein input tax credit (ITC) was denied on the ground that the registration of the selling dealer was cancelled. The petitioner had purchased goods from a registered dealer whose registration was subsequently cancelled. The tax invoice was generated through the GST Portal, the seller had filed returns, and Form GSTR-2A was auto-populated, showing that the transaction was duly recorded in the GST system.

The petitioner contended that at the time of the transaction, the seller was a validly registered dealer, and mere subsequent cancellation of registration could not be a ground to deny ITC. It was also argued that the tax had been paid by the seller through Form GSTR-3B and was reflected in Form GSTR-2A, which was accessible to the purchaser. However, the adjudicating authority and the appellate authority failed to examine these material facts and passed the impugned orders without proper verification or appreciation of the GST filings.

Decision of the Case:

The High Court held that since the seller was registered on the date of the transaction and the relevant returns i.e. Form GSTR-1 and Form GSTR-3B were filed, the transaction was genuine. The authorities failed to verify the GST portal records regarding tax payment and instead drew adverse inferences without basis. Accordingly, the Court quashed the impugned demand and appellate orders, and remanded the matter to the adjudicating authority for fresh consideration in accordance with law.

Direct Taxation

HC can't issue a mandamus to ITAT to admit and consider additional evidence if order of ITAT wasn't challenged: HC

Facts of the Case:

Commissioner of Income-tax (IT-4) vs. Income-tax Appellate Tribunal - [2025] 173 taxmann.com 356 (Bombay)

The writ petition was filed by the CIT seeking the following reliefs:

(a) Issue a Writ of Mandamus directing the ITAT to consider and admit the additional evidence filed in ITA No.1926/Mum/2015 & connected matters.

(b) Issue a Writ of Mandamus permitting CIT to call upon the assessee to file crucial documents and to conduct cross-examination to rebut the evidence sought to be relied upon by the assessee in respect of the subject matter involved in IT A No.1926/Mum/2015 & connected matters.

(c) Issue a Writ of Mandamus directing ITAT to ascertain the veracity/ genuineness of the documents relied upon by the assessee before the ITAT, especially in view of the fact that Bombay High Court has taken a prima facie view regarding the business model of the assessee; and

(d) Direct the ITAT to maintain the status quo in relation to ITA No.1926/Mum/2015 and related matters until the disposal of the instant Petition.

Decision of the Case:

The High Court held that the petition was replete with allegations against the assessee of suppressing facts, etc. Still, the assessee was not made a Respondent in this petition, and it was moved urgently to obtain ad-interim reliefs since the arguments before the ITAT were ongoing. This was not proper, and the petition could be dismissed on this ground alone.

The petition seeks a Writ of Mandamus to the ITAT to admit and consider the additional evidence tendered by the CIT. However, the record shows that by order dated 29 January 2025, the ITAT permitted documents to be produced, which means, by implication, that it rejected the production of the other documents regarding which a mandamus is now applied.

This order, dated 29 January 2025, was not challenged in this petition. Still, it was almost urged that the court ignore it and issue a mandamus to ITAT to admit and consider the remaining documents. According to the court, this was not permissible without any challenge to the order.

Supposing the CIT was ultimately aggrieved by the orders that ITAT may issue in the appeal, including the non-consideration of any relevant or crucial documents. The CIT had an alternative and effective remedy against such orders if and when they were made.

Sec. 43CB not applicable to real estate developers selling self-constructed properties: ITAT

Facts of the Case:

Deputy Commissioner of Income-tax vs. Aaryan Buildspace LLP - [2025] (Ahmedabad - Trib.)

The assessee, Aaryan Buildspace LLP, was engaged in the business of real estate development. It filed its return of income for the relevant assessment year in accordance with Accounting Standard-9 ("AS-9") and the ICAI Guidance Note on Real Estate Transactions (2012, Revised) to recognize revenue on execution of conveyance deeds and possession transfers.

The case was selected for scrutiny, and notices under Section 143(2) and Section 142(1) of the Act were issued. The assessee was developing a real estate project on its own land. During the relevant year, 27 units were sold, and revenue was recognised accordingly.

The Assessing Officer (AO) held that since the assessee was engaged in a "construction contract", its income should have been computed under Section 43CB, which mandates revenue recognition on a Percentage Completion Method (PCM) basis. On appeal, CIT(A) deleted the additions. Aggrieved by the order, the AO filed the instant appeal before the Tribunal.

Decision of the Case:

The Tribunal held that the AO's reliance on Section 43CB is misplaced because this provision applies only to construction contracts and contracts for providing services, whereas the assessee is a real estate developer engaged in constructing and selling residential units on its own land.

The legislative intent behind Section 43CB of the Act and its placement within the framework of the Act clarify that it governs income recognition for contractors undertaking construction projects for clients, not for developers executing real estate projects on their own account.

Section 43CB was introduced through the Finance Act 2018, with a retrospective application from 01.04.2017 to regulate the computation of income from construction contracts and contracts for providing services. The section explicitly mandates that profits and gains from a "construction contract" or "contract for services" must be determined based on the PCM in accordance with the Income Computation and Disclosure Standards (ICDS).

The phrase "construction contract" is critical to understanding the section's applicability, as it indicates that the provision applies only to contractors executing projects on behalf of a third party where a contractual obligation exists. In accounting and legal parlance, a construction contract refers to an agreement where a contractor undertakes to execute construction work for a specified price under a contract with a customer. These contracts can include fixed-price contracts, cost-plus contracts, and time-and-material contracts, but they inherently require the contractor to perform work for another party.

Since the assessee does not provide construction services to any third party under a contract, it does not fall within the ambit of Section 43CB of the Act, which is specifically designed to regulate the revenue recognition of contractors executing construction projects for clients rather than developers selling self-constructed properties.

No disallowance of cost of improvement just because it wasn't mentioned in sale deed: ITAT

Facts of the Case:

Nagajyothi Myneni vs. ADIT (Int-Taxn.) - [2025] (Hyderabad - Trib.)

Assessee-individual, a non-resident, sold an immovable property during the relevant assessment year. While computing the long-term capital gains, the assessee claimed the cost of acquisition with indexation, including additional amount spent on cost of interiors and modifications. The assessee declared long-term capital gains in the return of income.

During the assessment proceedings, the Assessing Officer (AO) noticed that the assessee made additional payments for the cost of acquisition, which were not mentioned in the purchase deed. The assessee also made payments for infra expenses and additional interior works, which were not mentioned in the deed. Thus, AO disallowed the claim of the assessee for cost of acquisition and improvement and computed the long-term capital gains accordingly.

Aggrieved by the order, the assessee preferred an appeal to the Hyderabad Tribunal.

Decision of the Case:

The Tribunal held that the assessee paid an additional amount to the seller for the purchase of the property. The seller confirmed the receipt of the amount towards the additional consideration put-up in the property. Once the assessee furnished relevant evidence, including confirmation from the seller, and proved that an additional amount has been paid for the purpose of purchase of the property, it cannot be said that the amount paid by the assessee is not for the purpose of purchase of the property.

Similarly, the assessee paid a sum to the original developer of the property for infra expenses. Although the assessee purchased the property from the seller, the property was under the maintenance from the developer. While transferring the property to the assessee, whatever dues payable to the developer has been cleared by the assessee. This fact has been confirmed by the developer. Therefore, it cannot be said that the payment is not for the purpose of purchase of the property.

Likewise, the assessee claimed that she had paid a sum for carrying out further interior works to the flat after she purchased it. To support her contention, the

assessee furnished a bill from the contractor. When the payment is made by cheque and the person who carried out the work has confirmed the payment for the purpose of interior works, merely for the reason of no VAT registration for the vendor, the genuineness of payment cannot be doubted.

Since the assessee furnished relevant evidence to prove payment to the contractor for carrying out interior works, the said payment is in the nature of the cost of improvement to the building, and the same needs to be allowed as the cost of acquisition and improvement while computing long-term capital gains from the sale of property.

Surcharge to be levied on private discretionary trust shall be computed as per slab rates: ITAT Special Bench

Facts of the Case:

Araadhya Jain Trust vs. Income-tax Officer - [2025] (Mumbai - Trib.)

The assessee, Araadhya Jain Trust, a Private Discretionary Trust, filed its return of income for AY 2023–24, declaring income of ₹. 4,85,290. It paid tax at the "maximum marginal rate" as per section 164 read with section 2(29C) of the Income-tax Act.

While processing ITR, the Centralized Processing Centre (CPC) levied a surcharge at the highest rate on the computed tax. The assessee contended that the surcharge should not apply since the total income was below ₹. 50 lakhs. Both the CPC and the CIT(A) rejected this argument, citing that the definition of "maximum marginal rate" includes the highest surcharge, hence applicable regardless of income level.

A Special Bench was constituted by the Hon'ble President of ITAT, in terms of section 255(3) of the Income Tax Act, 1961, to decide the following issue:

"Whether, in the case of private discretionary trusts whose income is chargeable to tax at maximum marginal rate, surcharge is chargeable at the highest applicable rate or at a slab rates?

Decision of the Case:

The Tribunal held that section 2(29C) of the Act defines the maximum marginal rate as the highest slab rate of income tax in the case of an individual or association of persons, as specified in the Finance Act. The section does not make any reference to the levy of surcharge.

The expression 'including Surcharge on income-tax, if any' within the bracketed portion of section 2(29C) of the Income Tax Act, would mean the surcharge as provided in the computation mechanism under the heading 'surcharge on income tax' provided in section 2 of the Finance Act.

The different rates of surcharge on income tax provided under the First Schedule to the Finance Act, 2023 for different slabs of income would become meaningless so far as discretionary trusts are concerned if the highest rate of surcharge is applied to the maximum marginal rate of tax.

In other words, the rate of surcharge has to be determined in terms with the rate prescribed under the schedule to section 2(1) of the relevant Finance Act and not at the maximum marginal rate, irrespective of the quantum of income or the rates provided under the schedule.

The Finance Act contains separate provisions for the levy of surcharge, and there is no reference to the maximum marginal rate in those provisions. Therefore, the surcharge must be computed at the rates prescribed in the Finance Act for the relevant assessment year. The levy of surcharge at the maximum marginal rate was not justified.

Accepting Revenue's view would render the entire slab-based surcharge mechanism meaningless and cause absurd results. Accordingly, it held that a surcharge should be levied based on the slab rates applicable to the total income.

GST collected by non-resident Co. not included in gross receipts for income computation u/s 44BB: ITAT

Facts of the case:

Oceaneering International GMBH vs. Deputy Commissioner of Income-tax (International Taxation) - [2025] (Mumbai - Trib.)

The assessee, a non-resident Swiss company, provides equipment and services for oil and gas drilling

operations in India. It filed its return of income for AY 2021–22 under the presumptive scheme of Section 44BB, offering gross receipts of ₹. 92.44 crores.

₹. 13.10 crores in goods and service tax (GST) collected from customers was not included in gross receipts, as the assessee claimed it was collected in a fiduciary capacity on behalf of the Government.

Assessing Officer (AO), relying on Section 145A and certain judicial precedents, included GST in gross receipts under Section 44BB and made additions accordingly.

Dispute Resolution Panel (DRP) upheld the AO's view. The matter reached before the Tribunal.

Decision of the Case:

The Mumbai Tribunal held that GST is a statutory levy collected on behalf of the Government and does not represent the assessee's income. It cannot be treated as part of gross receipts for the purposes of computing deemed income under Section 44BB. Section 44BB overrides general provisions, and income should only be computed on amounts received for services and not taxes collected.

The Tribunal distinguished GST from business receipts, emphasised its fiduciary nature, and applied the principle that including GST in the assessee's income would amount to taxing a tax. It also followed the decisions of Coordinate Benches and held that GST, shown as a separate line item in invoices, must be excluded from gross receipts.

Accordingly, the tribunal directed the deletion of the addition of ₹. 13.10 crores towards GST.

Tax Calendar

Indirect Tax

Due Date	Returns
Apr 18th, 2025	CMP - 08 (Jan – Mar, 2025)
Apr 20th, 2025	GSTR – 3B (Mar, 2025)
	GSTR – 5A (Mar, 2025)
Apr 22nd,24th,2025	GSTR – 3B (Jan -Mar, 2025)

Direct Tax

Due Date	Returns
Apr 30th, 2025	Due date for furnishing of form 24G by an office of the government where TDS/TCS for the month of March, 2025 has been paid without production of a challan.
	Due date for furnishing of challan-cum statement in respect of tax deducted under section 194-IA, 194-IB, 194M, 194S.
	Due date for deposit of Tax deducted by an assessee other than an office of the government for the month of March, 2025.
	Due date for e-filing of a declaration in Form No. 61 containing particulars of Form No. 60 received during the period October 1, 2024 to March 31, 2025.
	Due date for uploading declarations received from recipients in Form. 15G/15H during the quarter ending March, 2025.
	Due date for deposit of TDS for the period January 2025 to March 2025 when Assessing officer has permitted quarterly deposit of TDS under section 192, 194A, 194D, or 194 H.
	Intimation by a pension fund in respect of investment made in India for Quarter ending March 31, 2025.
	Intimation by Sovereign Wealth Fund in respect of investment made in India for Quarter ending March 31, 2025.

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
https://icmai.in/TaxationPortal/

NOTES:

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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.

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