September, 2025

TAX Bulletin

Volume - 191

02.09.2025

ICMAI
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
भारतीय लागत लेखाकार संस्थान

Statutory Body under an Act of Parliament
(Under the Jurisdiction of Ministry of Corporate Affairs)

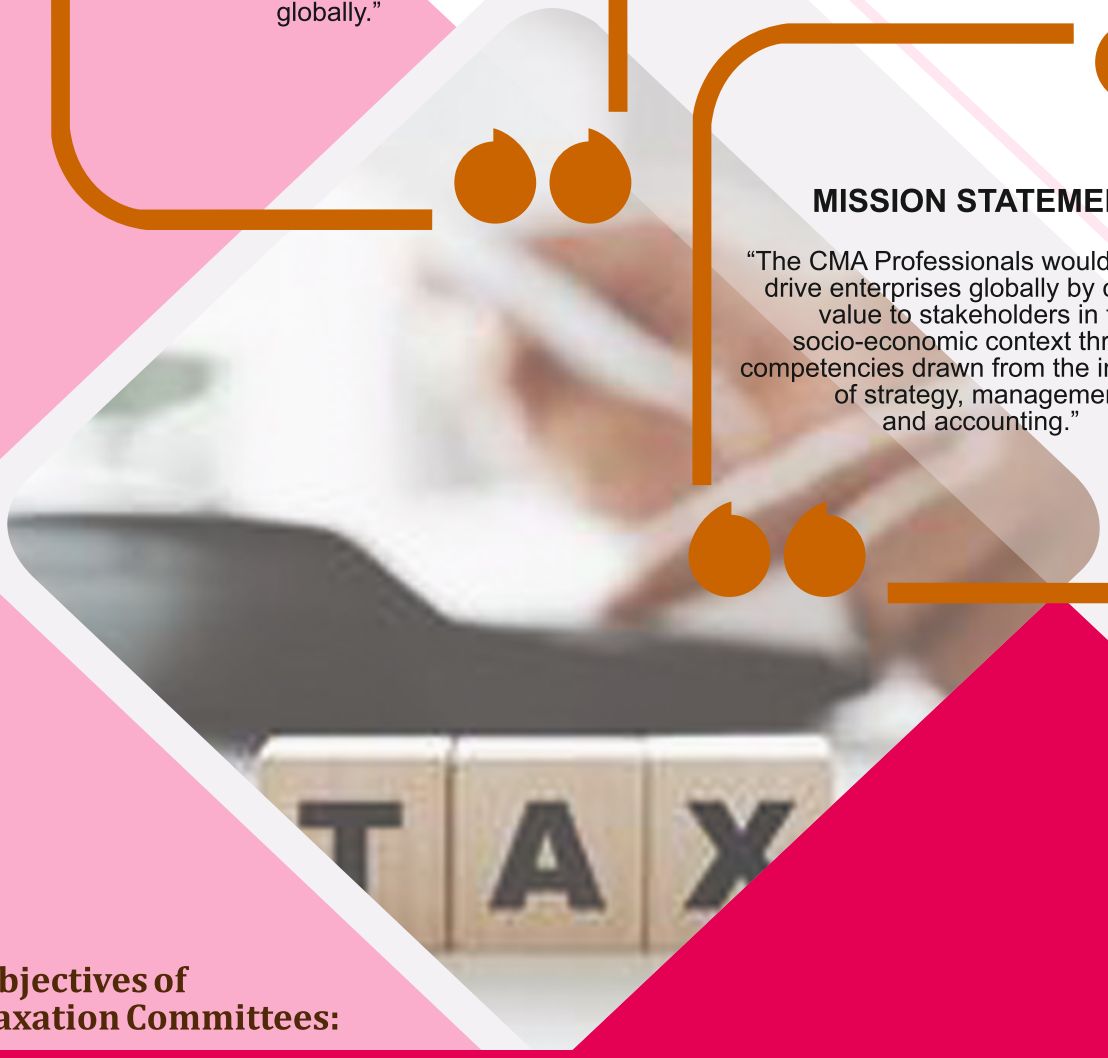
Headquarters: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003. Ph: 091-11-24666100
Kolkata Office: CMA Bhawan, 12, Sudder Street, Kolkata - 700016. Ph: 091-33-2252 1031/34/35/1602/1492

VISION STATEMENT

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

MISSION STATEMENT

"The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."



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.

September, 2025

TAX Bulletin

Volume - 191

02.09.2025

ICMAI
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
भारतीय लागत लेखाकार संस्थान
Statutory Body under an Act of Parliament
(Under the Jurisdiction of Ministry of Corporate Affairs)
Headquarters: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003. Ph: 091-11-24666100
Kolkata Office: CMA Bhawan, 12, Sudder Street, Kolkata - 700016. Ph: 091-33-2252 1031/34/35/1602/1492

The Institute of Cost Accountants of India

Statutory Body under an Act of Parliament

www.icmai.in

Certificate Courses Offered by the Tax Research Department

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						
Discounts	20% Discount for CMA Members, CMA Qualified and CMA Final Pursuing Students						

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

Eligibility Criteria for Admission

- Members of the Institute of Cost Accountants of India
- Other Professionals (CA, CS, MBA, M.Com, Lawyers)
- Executives from Industries and Tax Practitioners
- Students including CMA Qualified and CMA Pursuing

On passing the examination with 50% marks a Certificate would be awarded to the participant with the signature of the President of the Institute

Course Details

https://icmai.in/TaxationPortal/OnlineCourses/index.php

Courses for Colleges & Universities by the Tax Research Department

Eligibility

- B.Com/ BBA pursuing or completed
- M.Com/ MBA pursuing or completed

Modalities

Description	Courses for Colleges and Universities	
	GST Course	Income Tax
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

I would like to congratulate the department for conducting the important workshop for the executives of Steel Authority of India Limited at their MTI Ranchi Campus on the 25th & 26th of August 2025. Middle and senior level executives have been a part of the session. The theme of the workshop has been, 'Advanced GST & ITC Management'.

In the direct tax front, keeping with our objective of supporting clarity and compliance in the evolving tax landscape, I am pleased to share key updates recently introduced by the Central Board of Direct Taxes (CBDT). These developments reflect ongoing efforts to rationalize tax provisions and improve administrative efficiency.

1. Rationalization of Salary Components and Perquisite Valuation

With a view to simplifying the taxation of salaried individuals, the CBDT has notified prescribed monetary thresholds under Section 17 of the Income-tax Act. These thresholds relate to the valuation of certain perquisites and are aimed at ensuring consistent treatment across taxpayers.

Specifically, Rule 3C introduces a salary limit of ₹. 4 lakh, while Rule 3D prescribes a gross total income cap of ₹. 8 lakh, beyond which certain valuation provisions apply. These rules are expected to reduce litigation and enhance uniformity in salary taxation across employers and sectors.

2. Tax Exemptions for Public Authorities and Statutory Bodies

In an important move, the government has notified a range of institutions for tax exemption under Sections 10(46) and 10(46A) of the Income-tax Act. These include:

- Central Board of Secondary Education (CBSE)
- Tamil Nadu Electricity Regulatory Commission
- Karnataka State Building & Other Construction Workers' Welfare Board
- Kanpur and Lucknow Development Authorities
- Maharashtra State Pharmacy Council, among others.

These exemptions are granted to ensure that such entities — which operate in the public interest — can continue their work without being burdened by tax liabilities, provided they meet conditions such as non-engagement in commercial activities and timely return filing.

3. Clarifications for IFSC-Based Insurance Entities

To further support India's growing International Financial Services Centres (IFSCs), the CBDT has amended Form 10CCF under Section 80LA, which deals with tax deductions for units in IFSCs.

The amendment provides clarity on how insurance offices operating in IFSCs should calculate profits and gains

under Section 44 and the First Schedule of the Act. This move aligns Indian tax reporting standards with global financial practices and will assist in reducing compliance ambiguity for IFSC entities.

These recent policy updates, while technical in nature, represent a clear shift toward a transparent, investor-friendly, and administratively efficient tax ecosystem. As members of the Direct Taxation Committee, we remain committed to analyzing these changes, engaging with stakeholders, and providing timely guidance to our fraternity.

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
02.09.2025

Chairman's Message

CMA Dr. Ashish P. Thatte

Chairman Indirect Taxation Committee

The department has conducted one important workshop for the executives of Steel Authority of India Limited at their MTI Ranchi Campus on the 25th & 26th of August 2025. 20 middle and senior level executives have been a part of the session. The theme of the workshop has been, 'ADVANCED GST & ITC MANAGEMENT'.

Also to keep the members updated about the present changes in the Taxation environment 2 important webinars have been conducted. The topics for the webinars has been, 'Appeals before 1st Appellate Authority - Key aspects & procedures' and 'Preparatory for filing Appeal before GSTAT - Key aspects & procedures'. The speaker for both the sessions has been CMA Niranjan Swain, Advocate & Tax Practitioner.

The past month has seen a series of thoughtful and timely measures from the government, particularly in the sphere of indirect taxation. These interventions reflect not only the government's regulatory agility but also its intent to support taxpayers and key sectors of the economy during times of operational stress and uncertainty. As professionals in the domain of tax and compliance, it is crucial that we remain well-informed of these changes and guide our clients and stakeholders accordingly. I would like to highlight three major developments that are of significance.

1. GST Compliance Relief for Maharashtra Flood-Affected Districts

In a commendable move acknowledging the severe monsoon-related disruptions in parts of Maharashtra, the Central Board of Indirect Taxes and Customs (CBIC) has extended the due date for filing GSTR-3B for July 2025 to 27th August 2025. This extension applies specifically to registered persons whose principal place of business lies in Mumbai City, Mumbai Suburban, Thane, Raigad, and Palghar districts.

This relief is not just a procedural adjustment - it is a recognition of the ground realities faced by businesses in affected regions. Power outages, office closures, damaged infrastructure, and connectivity issues can all hamper timely compliance. By extending the deadline, the CBIC has provided affected taxpayers with breathing space to organize their filings without fear of late fees or penalties.

As practitioners, we must ensure our clients in these districts are fully informed and utilize this relief efficiently to remain compliant without incurring unnecessary costs.

2. Customs Duty Exemption on Cotton to Support Textile Sector

The government has also taken a proactive step to address cost pressures in the textile and apparel industry - one of the largest employment-generating sectors in India. Via Notification No. 35/2025-Customs, the basic customs duty (BCD) and Agriculture Infrastructure and Development Cess (AIDC) on the import of raw cotton were initially waived for the period from 19th August to 30th September 2025.

Recognizing the continuing volatility in cotton prices and its impact on small and medium enterprises (SMEs), this exemption has since been extended till 31st December 2025 through a subsequent notification. This measure is expected to provide input cost relief to domestic manufacturers and exporters, enabling them to remain competitive in both domestic and global markets.

This move not only supports economic continuity but also underscores the government's sensitivity to sector-specific challenges and its readiness to deploy fiscal tools in a targeted manner.

The admission for the following Courses are live now: Link for Admissions: https://eicmai.in/OCMAC/TRD/TRD.aspx:

- Certificate Course on GST (CCGST 19)
- Advanced Certificate Course on GST (ACCGST 15)
- Certificate Course on TDS (CCTDS 15)
- Certificate Course on Filing and Filling of Return (CCFR 15)
- Certificate Course ON International Trade(CCIT-9)
- Advanced Course on Income Tax Assessment and Appeal (ACITAA 12)
- Advanced Course on GST Audit and Assessment Procedure (ACGAAP 12)

The conduct of courses is 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
02.09.2025

TAXATION COMMITTEES 2025 - 2026

Indirect Taxation Committee

Permanent Invitees

CMA T C A Srinivasa Prasad - President
CMA Neeraj Dhananjay Joshi - Vice-President

Chairman

1. CMA (Dr.) Ashish Prakash Thatte

Members

2. CMA Bibhuti Bhusan Nayak
3. CMA (Dr.) V. Murali
4. CMA (Dr.) K Ch A V S N Murthy
5. CMA Avijit Goswami
6. CMA Manoj Kumar Anand
7. CMA Rajendra Singh Bhati
8. CMA (Dr.) Sanjay Bhargave, Co-opted
9. CMA Anil Sharma, Co-opted
10. CMA Bhogavalli Mallikarjun Gupta, Co-opted

Secretary

CMA Kushal Sengupta, Director

Direct Taxation Committee

Permanent Invitees

CMA T C A Srinivasa Prasad - President
CMA Neeraj Dhananjay Joshi - Vice-President

Chairman

1. CMA Rajendra Singh Bhati

Members

2. CMA Bibhuti Bhusan Nayak
3. CMA (Dr.) Ashish Prakash Thatte
4. CMA Suresh Rachappa Gunjalli
5. CMA (Dr.) K Ch A V S N Murthy
6. CMA Chittranjan Chattopadhyay
7. CMA Manoj Kumar Anand
8. CMA Rajagopal Viswanathan, Co-opted
9. CMA Mrityunjay Acharjee, Co-opted
10. CMA Sachin Kumar Kathuria, Co-opted

Secretary

CMA Kushal Sengupta, Director

EDITORIAL BOARD

ACKNOWLEDGEMENTS

CMA Mrityunjay Acharjee	CMA Niranjan Swain
CMA Amit Sarker	CMA Anil Sharma
CMA Vishwanath Bhat	CMA Arindam Goswami
CMA Bhogavalli Mallikarjuna Gupta	CMA Manmohan Daga
CMA T K Jagannathan	CMA Harish U
CMA Shiba Prasad Padhi	CMA Pramod Kumar Agarwal

TEAM TAX RESEARCH DEPARTMENT

CMA Kushal Sengupta	-	Director - Tax Research
CMA Priyanka Roy	-	Deputy Director - Tax Research
CMA Debosmita Sengupta	-	Assistant Director - Tax Research
Ms. Mukulika Dey Poddar	-	Senior Officer - Tax Research
CMA Bhawna Yadav	-	Officer - Tax Research

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

Inverted Duty Structure Refund under GST

CMA Harish U

Cost Accountant

The Inverted Duty Structure under GST refers to a situation where the rate of GST on inputs (goods) used for manufacture of products is higher than the GST rate on the output (finished product). This leads to continuous accumulation of GST Input Tax credit in the Electronic Credit Ledger.

To enable the encashment of the accumulated balance lying in the Electronic Credit Ledger, the concept of "Inverted Duty Structure" refund was introduced under the GST law.

For Instance:

GST Rate on raw materials: 18% / 12%	GST rate on finished goods: - 5%

Legal Provision in GST Act

Section 54(3) of CGST Act,2017 provides that "where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the Council"

Eligibility for Refund:

(a) Refund is eligible, if the accumulated ITC is due to rate of GST on inputs (Raw Materials) being higher than the rate of GST on finished goods.

(b) Refund is eligible, even if the tax rates on inputs and output goods are the same. But the output supplies are made at a concessional rate under a specific notification for charging lower rate of tax than the actual rate of tax applicable to the final product.

For Instance: The Government by way of notification recommended to charge GST at lower rate for specified customers (Government institutions, Scientific Research institutions etc)

Clarified vide circular no.173/05/2022-GST Dated 06.07.2022

(c) Refund is eligible, if the accumulation of ITC is due to supply of goods at concessional rate of duty at 0.1% to merchant exporters.

Clarified vide circular no.37/11/2018 dated 15.03.2028 and circular no.125/44/2019 dated 19.11.2019.

Restrictions for filing refund application: -

(a) Goods falling under chapter heading 15 – "Animal or vegetable oils, their cleavage products, waxes, and prepared edible fats"

And

Chapter heading 27 - "Animal or vegetable oils, their cleavage products, waxes, and prepared edible fats"

Source:- Notification No.09/2022 Central Tax (Rate) dated 13.07.2022.

(b) The cases where input and output supplies are same products.

Source:- Circular no.135/05/2020 GST dated 31.03.2020.

(c) Refund not allowed where outward supplies is related to the export with payment of duty under rule 96(10).

(d) The input and output being the same in such cases, though attracting different tax rates at different points in time.

Example:- An applicant trading in goods has purchased, say goods "XYZ" attracting 18% GST. However, subsequently, the rate of GST on "XYZ" has been reduced to, say 12%.

Source:- Circular no.135/05/2020 GST dated 31.03.2020.

Refund Calculation formula as per Rule 89(5) of CGST Rules, 2017:

Formula:
Maximum Refund Amount = {(Turnover of inverted rated supply of goods) X Net ITC ÷ Adjusted Total Turnover} – tax payable on such inverted rated supply of goods and services.

Net ITC: - ITC availed on "Inputs" during the relevant period

Adjusted Turnover: - Total turnover in a state or union territory excluding the exempted supply including zero rated supplies, during the relevant period.

The above formula is inserted vide Notification No. 26/2018 Dated: 13.06.2018 which restricts the "ITC on Inputs Services" to consider the "Net ITC" for the purpose of calculation of eligible refund.

CASE LAW:

In the case of "VKC Footsteps India Pvt Ltd vs Union of India", the Division Bench of Honourable Gujarat High court held that:

"*Explanation (a) to Rule 89(5) which denies the refund of "unutilized input tax" paid on "input services" as part of "input tax credit" accumulated on account of inverted duty structure is ultra vires the provision of Section 54(3) of the CGST Act, 2017.*"

The High Court, therefore, directed the Union Government to allow the claim for refund made by the petitioners before it, considering unutilized ITC on input services as part of "Net ITC" for the purpose of calculating refund in terms of Rule 89(5), in furtherance of Section 54(3).

Ruling of Hon'ble Gujarat High Court was challenged by the Union of India before the Supreme Court. To a sheer surprise, Hon'ble Supreme Court dismissed the ruling of the Hon'ble Gujarat High Court.

Hon'ble Supreme Court held that "*if the legislature had any intention of giving the credit of tax paid on input goods and input services, the legislature would not have restricted the scope of refund in inverted duty structure to only inputs*".

Despite giving an unfavourable decision, *Hon'ble Supreme Court acknowledged the anomaly in the formula covered under rule 89(5) of the Central Goods and Services Rules, 2017 and accordingly directed the GST council to take required corrective action.*

As per the instructions from Honourable Supreme Court and considering the anomaly in the formula, the GST council recommended to amend the formula in 47th GST council meeting.

Accordingly vide Notification No.14/2022 Dated:

05.07.2022 the formula for calculating the eligible refund was amended.

Amended formula vide Notification No.14/2022 Dated 05.07.2022
Maximum Refund Amount = {(Turnover of inverted rated supply of goods) X Net ITC ÷ Adjusted Total Turnover} – tax payable on such inverted rated supply of goods X (Net ITC ÷ ITC availed on inputs and input services)}

The amended formula excludes the ITC on services from the definition of Net ITC for the purpose of calculating the eligible refund. However, this indirectly eliminates the ITC utilised for "input services" from the tax paid on Inverted Duty Structure, thereby removes the anomaly in the formula and resulting in increasing the refund eligibility for the taxpayer.

Circular no.181/13/2022 Dated 10.11.2022 clarifies that the amended formula vide Notification No. 14/2022 Dated 05.07.2022 would be applicable for all the refund applications filed on or after 05.07.2022 irrespective of relevant period of the refund application.

Accordingly, the amened formula is considered to have retrospective effect for the refund applications filed on or after 05.07.2022.

The comparison of eligible refund as per old formula and amended formula along with the consideration if the GST council allowed the "ITC on services" for calculation of eligible refund was provided below: -

Illustration:

Particulars	Taxable Value	GST Amount
Supply @ 5%	95,00,000	4,75,000
Supply @ 18%	60,00,000	10,80,000
Adjusted Turnover & Tax	1,55,00,000	15,55,000

In the given case, outward supply attracts GST 5% and 18%, Whereas the "Inputs" and "Input services" attracts the GST rate of 12%, 18%. Therefore, the outward supply GST rate @ 5% is subject to Inverted Duty Structure refund.

	Particulars	ITC Amount
I	ITC on "Inputs"	22,50,000
II	ITC on "Services"	6,00,000
III	Total ITC	28,50,000

Summary:

	Particulars	Amount
A	Turnover of Inverted Rate of Supply of Goods	95,00,000
B	Net ITC	22,50,000
C	Adjusted Total Turnover	1,55,00,000
D	Tax payable on Inverted Duty Structure	4,75,000
E	Total ITC	28,50,000

Calculation of eligible refund in all the cases:

Old Formula	Amended formula	Formula if ITC on services allowed
(A × B/C)-D	(A × B/C) – (D × I/III)	(A × III/C) - D
9,04,032	10,04,032	12,71,774

Conclusion

The taxpayers are entitled to claim higher refund under the amended formula for calculation of eligible refund under "Inverted Duty Structure" as compared to the refund eligible under the old formula.

However, if the GST council allows ITC on services to "Net ITC" in the refund formula, then the taxpayers would be eligible for higher refund compared to the eligible refund as per amended formula inserted vide Notification No.14/2022 Dated: 05.07.2022.

Tax Interplay on RWAs (1)

From Compliance to Complexity: The Legal Nexus of Income Tax and GST in Housing Societies

CMA Pramod Kumar Agarwal

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

In cities, housing societies, also known as Resident Welfare Associations (RWAs), play an important role in managing residential complexes, maintaining common areas, and ensuring smooth & secured community living. To fund these operations, societies collect maintenance charges from resident members. However, the tax treatment of these charges under direct & indirect taxes are not uniform. It involves a nuanced interplay between Goods and Services Tax (GST) and Income Tax laws, each with its own set of rules and principles. Understanding how these two tax regimes interact is essential for RWAs as well as for its resident members to remain tax compliant and avoid unnecessary confusion.

This article aims to explain the fundamental taxing principles under the Income Tax laws and the GST laws, highlighting the key differences in their structure, application, and impact—particularly how these principles have been interpreted by the Honorable Courts, and how various provisions of the Indian Constitution have been analyzed in the process.

A. Taxing principles under Income Tax Laws on RWA Earnings

The taxation of Resident Welfare Associations (RWAs) under the Income Tax Act in India is guided primarily by the principle of mutuality.

The Income Tax Act 1961, does not make any direct reference to the Principle of Mutuality. However, the definition of the term 'income' in the Act contains specific references of certain mutual businesses such as mutual insurance companies. As there is no reference to other mutual organizations (e.g. RWAs), such mutual organizations claim that their receipts are not taxable on account of the general principle of mutuality. In various judicial precedents, the Supreme Court (SC) has explained the principle of mutuality.

The Principle of Mutuality is based on the concept that "*No man can make a profit out of himself*." Its essence lies in the commonality of contributors and participants, who are also the beneficiaries. This principle refers to a framework where a group of individuals engage in transactions or dealings among themselves as part of a mutual association.

This concept offers a potential tax advantage, provided the mutual nature of the association is preserved. Mutual concerns such as members' clubs, cooperative societies, mutual benefit funds, or chit funds—where individuals form an association for the advancement of shared interests—operate under the principle of mutuality.

In the realm of tax law, mutuality presents a unique perspective on transactions conducted within such associations. Rooted in the idea that one cannot generate taxable profit from oneself, it carries

significant implications for both individuals and collective entities. Just as money received from a close relative or family member is not treated as income, similarly, in legal terms, the principle of mutuality recognizes that transactions within a group formed for mutual benefit do not constitute taxable earnings.

Accordingly, income earned by RWAs from their own members, such as monthly maintenance charges, other common facilities charges etc. are not treated as taxable under the Income Tax Act, because it is considered mutual income and RWA members cannot earn profit from themselves.

The concept was imported into Indian tax law via British legal influence during colonial rule.

Excerpts from relevant Jurisprudence

- **Royal Western India Turf Club Ltd. (1953):** The court held that income derived from mutual dealings among members of a club was not taxable, as it did not constitute "income" under the Income Tax Act. This case emphasized the idea that a person cannot make a profit out of themselves.
- **Cawnpore Club Case:** Another early case that reinforced the principle, especially in the context of clubs and associations where contributors and beneficiaries were the same.
- The doctrine has since evolved through landmark Supreme Court cases like **Bangalore Club v. CIT (2013) and Secunderabad Club v. CIT (2023)**, which refined its application, especially regarding interest income and surplus funds.

Taxability of income from non-mutual sources

When the RWA earns income from sources that fall outside the scope of mutuality—referred to as non-mutual sources—the principle of mutuality ceases to apply. In such cases, the income is treated as taxable under the Income Tax Act. This typically includes earnings that arise from transactions with third parties or from investments made by the association. For example, interest income earned from fixed deposits or savings accounts held in banks (especially non-cooperative banks) is considered taxable, as it originates from an external source and not from member contributions. Similarly, rental income received from leasing out common areas such as rooftops to telecom companies, or halls to non-members for events, is also taxable. Additionally, any income generated through commercial activities—such as hosting advertisements, operating paid parking for outsiders, or offering paid services to non-residents—falls outside the mutual framework and is subject to income tax

Therefore, the taxation of RWA under the Income Tax Act hinges on the delicate balance between mutual and non-mutual income. The principle of mutuality, rooted in the idea that no individual can profit from themselves, provides a valuable exemption for RWAs in respect of member-based contributions and services.

B. Taxing principles under GST Laws on RWA Services

Under the Goods and Services Tax Laws, RWAs are classified as "persons" and "suppliers of services". Even though RWAs are non-profit entities, the GST law does not exempt them solely based on their non-profit status. Instead, GST applies based on the nature of the transaction, specifically whether it qualifies as a "supply" made for "consideration" in the course of "business."

The term Supply includes sale, transfer, barter, exchange, license, rental, lease, or disposal of goods or services for consideration. And the term Business includes provision of facilities or benefits by a club, association, or society to its members for a subscription or fee.

Therefore, when an RWA collects maintenance charges or provides services to its members, it is considered a supply of service in the course of business, and hence, GST is applicable.

The RWAs are liable for GST on maintenance charges only if they breach both the per-member and turnover thresholds in a financial year—

namely, if monthly maintenance exceeds ₹7,500 per member and aggregate turnover crosses ₹20 lakh. If either condition remains unmet, no GST applies. Once both limits are crossed, the society must charge 18 % GST on the entire maintenance amount and issue a compliant invoice. Members owning multiple units benefit from the ₹7,500 exemption on each separately invoiced flat, though the turnover test still applies. Certain receipts stay outside the GST net regardless of turnover, including property and municipal taxes remitted to government bodies, electricity and water charges passed on at actuals.

C. Constitutional Understanding of Taxable Transactions

Historically, the Indian Constitution and judicial interpretation have understood a taxable transaction—whether for goods or services—as one that involves two distinct persons: a supplier and a recipient. This duality is essential to the concept of "supply" or "sale." The principle of mutuality, upheld in landmark cases like Young Men's Indian Association and Calcutta Club Ltd., reinforces that a person cannot make a profit from themselves, and therefore, transactions within a mutual association (club, society, RWA) are not considered taxable.

D. Legislative Deeming vs. Constitutional Limits

With the introduction of Section 7(1)(aa) and Section 2(17)(e) of the CGST Act, the legislature attempted to deem transactions between an association and its members as "supply", thereby bringing them under the GST net—even if mutuality exists.

However, the Kerala High Court recently held these deeming provisions unconstitutional, stating that:

- The concept of "supply" under Article 366(12A) and Article 246A of the Constitution presumes two parties.
- A legislative deeming provision cannot override constitutional interpretation.
- The principle of mutuality remains intact unless the Constitution itself is amended.

Summing up

While the legislature can define and expand the scope of taxable transactions, it cannot deem a transaction involving only one legal person (i.e., club and its members treated as one) as taxable, if doing so contradicts the constitutional framework. The judiciary has made it clear that constitutional interpretation prevails over statutory deeming, unless the Constitution itself is amended.

This issue is far from settled—the Supreme Court will likely be the final arbiter. Until then, the principle of mutuality continues to challenge the reach of GST into member-based associations and RWAs are supposed to charge 18% GST on member's contribution. Press Release

Press Release

Indirect Tax

CBIC extends due date for filing GSTR-3B for July 2025 to 27th August 2025 for GST payers in Mumbai City, Mumbai Suburban, Thane, Raigad and Palghar Districts

Posted On: 21 AUG 2025 2:19PM by PIB Delhi

The Central Board of Indirect Taxes and Customs (CBIC) has issued Notification No. 12/2025–Central Tax, dated 20th August, 2025, extending the due date for filing FORM GSTR-3B for the month of July 2025.

Considering the incessant rains and disruption of public life in parts of Mumbai Region, the due date for filing has been extended till 27th August 2025 for registered taxpayers whose principal place of business is located in the following districts:

- Mumbai City
- Mumbai Suburban
- Thane
- Raigad
- Palghar

Taxpayers in the above districts are advised to avail of this relief and file their returns within the extended due date to avoid late fees and penalties.

NOTIFICATION

INDIRECT TAX

Customs (Tariff)

Notification No. 35/2025-Customs

New Delhi, the 18th August, 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) read with section 124 of the Finance Act, 2021 (13 of 2021), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the goods of the description specified in column (3) of the Table below, falling under the heading of the First Schedule to the Customs Tariff Act, 1975 (51of 1975) (hereinafter referred to as the 'Customs Tariff Act'), specified in the corresponding entry in column (2) of the said Table, when imported into India, from the whole of the duty of customs leviable thereon under the First Schedule to the Customs Tariff Act and from the whole of the Agriculture Infrastructure and Development Cess leviable thereon under the said section of the Finance Act, 2021 (13 of 2021), namely:

Table

Sl. No	Heading	Description of goods
(1)	(2)	(3)
1.	5201	Cotton

2. This notification shall come into force with effect from the 19th day of August, 2025, and shall remain in force up to and inclusive of the 30thday of September, 2025.

Notification No.36/2025-Customs

New Delhi, the 28th of August, 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) read with section124 of the Finance Act, 2021(13of 2021), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.35/2025-Customs, dated the18thAugust, 2025, published in the Gazette of India, Extraordinary, PartII, Section3, Sub-section (i), vide number G.S.R.561 (E), Dated the 18thAugust, 2025, namely: -

In the said notification, in paragraph 2, for the figures, letters and words "30th day of September, 2025", the figures, letters and words "31stday of December, 2025" shall be substituted.

DIRECT TAX

Notification No. 133/2025/F. No. 370142/27/2025-TPL

New Delhi, the 18th August, 2025.

G.S.R. 555(E).—In exercise of the powers conferred by clause (2) of section 17 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following rules further to amend the Income-tax Rules,1962, namely: □

1. (1) These rules may be called the Income tax (Twenty Second Amendment) Rules, 2025.

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

2. In the Income-tax Rules, 1962, after rule 3B, the following rules shall be inserted, namely: —

—3C. Salary income for the purposes of item (c) of sub-clause (iii) of clause (2) of section 17 of the Act.

— For the purposes of item (c) of sub-clause (iii) of clause (2) of section 17 of the Act, the prescribed income under the head "Salaries" shall be four lakh rupees.

3D. Gross total income for the purposes of clause (vi) of Proviso to clause (2) of section 17 of the Act. —

For the purposes of clause (vi) of Proviso to clause (2) of section 17 of the Act, the prescribed gross total income shall be eight lakh rupees.

Notification No. 134/2025/F. No. 196/86/2024-ITA-I

New Delhi, the 19th August, 2025

S.O. 3796(E).— In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Tamil Nadu Electricity Regulatory Commission' (PAN AAAGT0048J), a body constituted by the Government of Tamil Nadu, in respect of the following specified income arising to that Commission, namely:-

(a) Amount received in the form of Government Grants;

(b) Fees levied under clause (g) of sub-section (1) of Section 86 read with Section 181 of the Electricity Act, 2003;

(c) Penalties levied u/s 146 of the Electricity Act, 2003;

(d) Interest earned on bank deposits.

2. This notification shall be effective subject to the conditions that 'Tamil Nadu Electricity Regulatory Commission'-

   (a) shall not engage in any commercial activity;

   (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and

   (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

3. This notification shall be deemed to have been applied for the financial year 2022-2023 relevant to assessment year 2023-2024.

Notification No. 135/2025/F. No. 370142/33/2025-TPL

New Delhi, the 20th August, 2025

G.S.R. 564(E).— In exercise of the powers conferred by clause (i) of sub-section (3) of section 80LA, 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 (Twenty-Third 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, in APPENDIX II, in FORM No. 10CCF, in ANNEXURE A, –

   (a) in serial number no. 6, after the words, brackets, figures and letters "in sub-section (2) of section 80LA (in ₹.)", the brackets, words, letters and figures, "(In case of the Unit being an IFSC Insurance Office undertaking insurance business, the "gross income" will mean to be the profit and gains calculated as per the provisions of section 44 and the First Schedule of the Income-Tax Act)" shall be inserted;

   (b) in serial number no. 9, after the words, brackets and figures "gross eligible income (item 8) (in ₹.)" the brackets, words, letters and figures may be inserted "(In case of the Unit being an IFSC Insurance Office undertaking insurance business, where the profit and gains are calculated as per the provisions of section 44 and the First Schedule of the Income-Tax Act, this field may be submitted as Nil)" shall be inserted.

Notification No. 136/2025/F. No. 370142/29/2025-TPL

New Delhi, the 21st August, 2025

G.S.R. 566(E).— In exercise of the powers conferred by 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 (Twenty-Fourth 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, in rule 21AIA, –

   (a) sub-rule (4) shall be omitted;

   (b) For the Explanation, the following Explanation shall be substituted, namely:—

"Explanation.—For the purpose of this rule, the expression "specified fund" shall have the same meaning as assigned to it in sub-clause (i) of clause (c) of the Explanation to clause (4D) of section 10 of the Act.".

Notification No. 137/2025/F. No. 300195/25/2024-ITA-I.

New Delhi, the 21st August, 2025

S.O. 3838(E).— In exercise of the powers conferred by sub-clause (b) of clause (46A) of section 10 of the Income-tax Act, 1961 (43 of 1961), (hereinafter referred to as "the Income-tax Act"), the Central Government hereby notifies the Kanpur Development Authority (PAN: AAALK0324M) (hereinafter referred to as "the assessee"), an authority constituted under the Uttar Pradesh Urban Planning and Development Act, 1973 (President Act 11 of 1973), for the purposes of the said clause.

2. This notification shall be effective from the assessment year 2024-2025, subject to the condition that the assessee continues to be an authority constituted under the Uttar Pradesh Urban Planning Development Act, 1973 (President's Act 11 of 1973) with one or more of the purposes specified in sub-clause (a) of clause (46A) of section 10 of the Income-tax Act.

Notification No. 138 /2025/F. No. 300196/87/2024-ITA-I

New Delhi, the 22nd August, 2025

S.O. 3853(E).— In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, "Karnataka State Building & Other Construction Workers' Welfare Board" (PAN AAALK0820C)', a board constituted by Government of Karnataka, in respect of the following specified income arising to the said board, as follows:

(a) Grants received from the Central Government;

(b) Sums received from such other sources decided by the Central Government;

(c) Cess collected on construction cost levied u/s 3(1) of the Building and Other Construction Worders' Welfare Cess Act, 1996;

(d) Registration fee and annual subscriptions received from the establishments; and

(e) Interest earned on bank deposits.

2. This notification shall be effective subject to the conditions that 'Karnataka Building & Other Construction Workers' Welfare Board' –

   (a) shall not engage in any commercial activity;

   (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and

   (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

3. This notification shall be applicable for assessment year 2026-2027 to 2030-2031 relevant to financial year 2025-2026 to 2029-2030.

Notification No. 139/2025/F. No. 300196/6/2025-ITA-I

New Delhi, the 22nd August, 2025

S.O. 3854(E).— In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Credit Guarantee Fund Trust for Animal Husbandry and Dairying (PAN: AACTC8610N)', a Trust constituted by Central Government, as part of the Prime Minister's Atma Nirbhar Bharat Abhiyan stimulus package by Department of Animal Husbandary and Dairying, Ministry of Fisheries, Animal Husbandary and Dairying, Govt. of India, in respect of the following specified income arising to the said Trust, namely:

(i) Guarantee Fees from ELI (Eligible Lending Institutions)

(ii) Income from Mutual Funds

(iii) Miscellaneous Income

(iv) Interest income from banks/financial institutions.

2. This notification shall be effective subject to the conditions that 'Credit Guarantee Fund Trust for Animal Husbandry and Dairying'–

   (a) shall not engage in any commercial activity;

   (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and

   (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

3. This notification shall be deemed to have been applied for assessment years 2025-2026 relevant for the financial years 2024-2025 and shall be applicable for assessment years 2026-2027,2027-2028, 2028-2029 & 2029-2030 relevant for the financial years 2025-2026, 2026-2027,2027-2028 & 2028-2029.

F. No. 141/2025/F. No. 370142/30/2025-TPL

New Delhi, the 1st September, 2025

G.S.R. 598(E).— In exercise of the powers conferred by section 295 read with the fourth, fifth and sixth provisos and Explanation 3 to clause (23FE) of section 10 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 (Twenty-Fifth Amendment) Rules, 2025.

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

The entire notification can be read at *https://incometaxindia.gov.in/communications/notification/notification_141-2025.pdf*

Notification No. 142 /2025/F. No. 300195/16/2024-ITA-I

New Delhi, the 2nd September, 2025

S.O. 4008(E).— In exercise of the powers conferred by sub-clause (b) of clause (46A) of section 10 of the Income-tax Act, 1961 (43 of 1961), (hereinafter referred to as "the Income-tax Act"), the Central Government hereby notifies the "Lucknow Development Authority" (PAN AAALL0016F) (hereinafter referred to as "the assessee"), an authority constituted under the Uttar Pradesh Urban Planning and Development Act, 1973 (President Act 11 of 1973), for the purposes of the said clause.

2. This notification shall be effective from the assessment year 2024-25, subject to the condition that the assessee continues to be an authority constituted the Uttar Pradesh Urban Planning and Development Act, 1973 (President's Act 11 of 1973) with one or more of the purposes specified in sub-clause (a) of clause (46A) of section 10 of the Income-tax Act.

Notification No. 143/2025/F. No. 300196/12/2025-ITA-I

New Delhi, the 2nd September, 2025

S.O. 4009(E).— In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'The Commissioners for the Rabindra Setu' Kolkata, (PAN AABTT2734P), a body established under the Howrah Bridge (Amendment) Act, 1965 (West Bengal Act XII of 1965), in respect of the following specified income arising to that body, namely:

(a) Proceeds from Taxes of Municipalities / Municipal Corporation and Railways;

(b) Miscellaneous income from Rental and Maintenance charge, income for laying optical fibre cable, way leave rent, Damage cost recoverable; and

(c) Interest earned on bank deposits.

2. This notification shall be effective subject to the conditions that 'The Commissioners for the Rabindra Setu' Kolkata: -

(a) shall not engage in any commercial activity;

(b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and

(c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

3. This notification shall be deemed to have been applied for assessment years 2024-25, 2025-26, 2026-27, 2027- 28 & 2028-29 relevant to financial years 2023-24, 2024-25, 2025-26, 2026-27 & 2027-28 respectively.

Notification No. 144 /2025/F. No. 300196/15/2019-ITA-I

New Delhi, the 2nd September, 2025

S.O. 4010(E).— In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Maharashtra State Pharmacy Council' (PAN: AAHAM7600C), a body constituted by the Government of Maharashtra, in respect of the following specified income arising to that Council, namely:-

(a) Fees and Subscriptions.

(b) Interest Income

2. This notification shall be effective subject to the conditions that Maharashtra State Pharmacy Council -

(a) shall not engage in any commercial activity;

(b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and

(c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

3. This notification shall be deemed to have been applied for financial years 2018-19, 2019-20, 2020-21, 2021-2022, 2022-23 relevant to assessment year 2019-20, 2020-21, 2021-2022, 2022-23, 2023-24.

Notification No. 145/2025/F. No.196/90/2024-ITA-I

New Delhi, the 2nd September, 2025

S.O. 4011(E).— In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Central Board of Secondary Education', Delhi (PAN AAAAC8859Q), a Board constituted by the Central Government, in respect of the following specified income arising to that Board, namely:

(a) Examination Fees;

(b) Affiliation Fees;

(c) Registration Fees, Sports fees, Training fees and Other Academic receipts;

(e) Receipts from CBSE Projects/Programmes;

(f) Interest on Bank deposits/Securities/ Loan & Advances, and Income Tax Refunds;

(g) Interest earned on (a) to (e) above.

2. This notification shall be effective subject to Central Board of Secondary Education, Delhi:-

(a) shall not engage in any commercial activity;

(b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and

(c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

3. This notification shall be applicable with respect to the financial years 2025-2026 to 2029-30 relevant to Assessment Year 2026-27 to 2030-31.

CIRCULAR

DIRECT TAX

Circular No. 11 of 2025

Dated: 02, September, 2025

Sub:- Modification to Circular No. 9 of 2022 (F. No.370142/2/2022-TPL) dated 09.05.2022 of CBDT-reg.

Reference is invited to Circular No. 9 of 2022 (F.No.370142/2/2022-TPL) dated 09.05.2022 of Central Board of Direct Taxes (the 'Board') vide which guidelines under clause (23FE) of section 10 of the Income-tax Act, 1961 (the Act) were prescribed.

2. Clause (23FE) of section 10 of the Act was amended, vide Finance Act, 2025, so as to extend the date of investment under the said clause from 31st day of March, 2025 to 31st day of March, 2030. The said amendment is effective from the 1st day of April, 2025.

3. In view of the above, reference to the date 31.03.2024 in the opening para and to the date 31 st March, 2024 in paras 4.6.2 and 4.6.3 of the said circular, shall be read as 31st March, 2030 with effect from the 1st day of April, 2025.

JUDGEMENT

INDIRECT TAXATION

Demand of GST from landowner citing non-registration of JDA unsustainable if GST on entire property collected from developer: HC

Facts of the Case :

Shyamaraju and Co (India) (P.) Ltd. vs. Deputy Commissioner of Commercial Taxes (Audit) Bangalore - [2025] (Karnataka)

The petitioner, a landowner, had entered into a joint development agreement with a developer for construction of residential high-rise apartments. Construction services provided by the developer were subjected to GST, and pursuant to adjudication, the developer discharged the entire liability in respect of the entire property, which included the petitioner's share under the agreement. Subsequently, the jurisdictional authority demanded GST from the petitioner, contending that since the joint development agreement was an unregistered document, it could not be made the basis to exempt the petitioner from liability and that the petitioner was independently liable to discharge GST on his share. The petitioner submitted that the entire tax had already been collected from the developer, including in respect of his share, and therefore a further demand against him would amount to double taxation. The matter was accordingly placed before the High Court of Karnataka.

Decision of the Case :

The High Court held that the demand of GST from the petitioner was unsustainable, as it would result in double taxation when the developer had already discharged the entire tax liability on the whole property, including the petitioner's share. It observed that the Deputy Commissioner (Audit) had earlier recognized and acted upon the joint development agreement for the purpose of concluding that the developer was liable, and had accepted tax payment from the developer. In such circumstances, the jurisdictional authority was estopped from taking a contrary view that the unregistered nature of the agreement disentitled the petitioner from exemption. The Court quashed the impugned order, holding that once tax is collected from the developer on the entire property, a further demand from the landowner cannot be sustained.

No bar u/s 6(2)(b) if GST proceedings by two authorities are for distinct infractions even if liability/deficiency similar: SC

Facts of the case :

Armour Security (India) Ltd. vs. Commissioner, CGST, Delhi East Commissionerate - [2025] (SC)

The Petitioner, being the assessee, challenged the applicability of Section 6(2)(b) of the CGST Act and equivalent State GST provisions, which bar the 'initiation of any proceedings' on the 'same subject matter' where proceedings by one authority are already underway. The facts reveal that two departmental proceedings were initiated against the assessee, potentially overlapping in assessing or recovering similar tax liability, deficiency, or obligation. The assessee contended that the bar under Section 6(2)(b) should prevent the second authority from proceeding, asserting that the tax or liability was effectively the same. The Department clarified that the proceedings concerned distinct contraventions, and that actions such as issuance of summons, searches, or seizures do not amount to 'initiation of proceedings' under the statute. The matter was accordingly placed before the Supreme Court.

Decision of the Case :

The Hon'ble Supreme Court held that the bar under Section 6(2)(b) is triggered only when two proceedings pertain to the same subject matter, meaning identical liability, deficiency, or obligation arising from the same contravention. The Court emphasized that formal

adjudicatory proceedings commence solely upon issuance of a show cause notice, while intelligence-based enforcement actions, summons, search, or seizure do not constitute initiation of proceedings. Consequently, where two proceedings relate to distinct infractions, the bar does not apply, even if the tax liability or deficiency is similar. The Court also articulated a clear two-fold test for determining 'same subject matter' whether an authority has already proceeded on an identical liability or offence based on the same facts, and whether the demand or relief sought is identical. Accordingly, the Supreme Court held that parallel proceedings for distinct contraventions are permissible, and the bar under Section 6(2)(b) does not preclude such action even if the resulting liability is the same.

Trading of vouchers purchased from issuer and sold to customers at margin not exigible to GST: HC

Facts of the case :

BI Worldwide India (P.) Ltd. vs. Additional Director, Directorate General of GST Intelligence, New Delhi - [2025] (Karnataka)

The petitioner purchased gift vouchers from a voucher issuer at a discounted rate and subsequently sold them to corporates, sub-distributors, or end-customers, earning a trading margin. The petitioner contended that it was not rendering any marketing, promotional, or distribution services to the voucher issuer and that trading of vouchers was only a part of its business, not the primary activity. The legal issue arose as to whether such trading activity amounted to a taxable supply under Section 9 of CGST and Karnataka GST. The matter was accordingly placed before the High Court.

Decision of the case :

The High Court held that the petitioner was not providing any service to the voucher issuer in relation to marketing, promotion, or distribution of vouchers. The Court noted that distribution of gift vouchers was not the primary business of the petitioner. It observed that the activity of trading vouchers was merely incidental to the petitioner's operations. Consequently, the trading of vouchers did not constitute a supply exigible to GST.

RCM on security services upheld; classification between body corporate and others wasn't violative of Articles 14 or 19: HC

Facts of the case :

Eagle Security & Personnel Services vs. Union of India - [2025] (Bombay)

The petitioner, a proprietorship entity rendering security services, challenged the constitutional validity of the classification of suppliers under the Reverse Charge Mechanism (RCM) introduced with effect from 01-01-2019. Prior to that date, GST on security services was levied under the forward charge mechanism, making the supplier liable to pay tax under the head "Investigation and Security Services." Notification No. 29/2018-Central Tax, dated 31-12-2018, amended Notification No.13/2017-Central Tax, dated 28-06-2017, to shift liability to the recipient under RCM if the supplier was any person other than a body corporate. The petitioner contended that such classification discriminated between proprietorship entities and body corporates, violated Articles 14 and 19 of the Constitution, and restricted the ability to claim Input Tax Credit (ITC), since services supplied under RCM were treated as exempt in the hands of the proprietorship entity, creating higher costs. The petitioner sought to have sections 17(2) and 17(3) of the CGST Act read down to include proprietorship entities along with body corporates. The matter was accordingly placed before the Bombay High Court.

Decision of the case :

The Bombay High Court held that the classification of suppliers into body corporates and others was reasonable, based on an intelligible differentia having a rational nexus with the object of the legislation, and was therefore not violative of Articles 14 or 19. The Court observed that a person whose services are liable under RCM does not have output tax liability, and hence the input tax credit cannot be availed, while the recipient of services can claim ITC. Sections 17(2) and 17(3) could not be read down to include proprietorship entities alongside body corporates, as the legislative policy to cover certain classes under RCM is within the wisdom

of the legislature and not easily subject to judicial interference.

Extension of limitation by Supreme Court during COVID available to litigants and not to authorities: HC

Facts of the case :

Gupthas Constructions Company vs. Joint Commissioner, (ST) - [2025] (Andhra Pradesh)

The petitioner challenged a revisional order passed under Section 108 of the CGST Act read with the Andhra Pradesh GST Act on the ground of limitation. It was submitted that the statutory period of three years from the date of the order sought to be revised had expired, and that the impugned order was issued beyond the permissible period. The petitioner contended that the benefit of extension of limitation granted by the Supreme Court during the COVID-19 pandemic in Cognizance for Extension of Limitation, In re [2022] was applicable only to litigants who approach judicial and quasi-judicial bodies, and not to revenue authorities. It was argued that as the revisional authority could not rely on the said extension, the impugned order was barred by limitation. The matter was accordingly placed before the High Court.

Decision of the case :

The High Court held that the Supreme Court in the aforesaid suo motu proceedings had directed exclusion of the COVID-19 period while computing limitation for judicial and quasi-judicial proceedings. However, it reiterated its earlier ruling that such extension of limitation was available only to litigants and could not be invoked by authorities exercising statutory powers. Applying this principle, the Court concluded that the revisional order was beyond the prescribed period of limitation and was therefore liable to be set aside. The Court accordingly quashed the impugned order, holding that the limitation relief extended during the pandemic did not enlarge the powers of authorities, thereby reinforcing that statutory timelines governing departmental actions must be applied strictly.

Direct Taxation

No additions on basis of unsigned, undated docs found in search without direct nexus with assessee : ITAT

Facts of the case :

Assistant Commissioner of Income-tax (Central) v. Chhattisgarh Distilleries Ltd - [2025] (Raipur - Trib.)

The assessee, Chhattisgarh Distilleries Ltd., a flagship company of the 'K' Group, was engaged in the business of distillery. A search and seizure operation under section 132 was carried out at the residential/business premises of the assessee. Consequently, notice under section 153A was issued. The Assessing Officer (AO) made the addition on account of 2 per cent of the total revenue and on account of capital investment for obtaining 35 group shops under section 69C and to be charged under section 115BBE.

The AO based these additions on certain loose papers seized during the search. These papers contained details of liquor shops in different districts of Chhattisgarh. The AO presumed that the entries represented unaccounted sales and investment by the assessee. Statements of two directors were also recorded under section 132(4), which the AO claimed supported the additions.

On appeal, the CIT(A) deleted the additions made by the AO. Aggrieved by the order, the AO filed the instant appeal before the Tribunal. The matter reached the Tribunal.

The Tribunal noted that the additions made by the AO were solely on the basis of certain loose papers seized during the search. These papers were undated, unsigned, and unsealed. Upon verification, it was found that the figures mentioned therein exactly tallied with the data published by the State Excise Department in its official notification dated 10.02.2016.

The Tribunal observed that such papers could not be considered as incriminating material, since they

neither bore the name of the assessee nor contained any evidence suggesting unaccounted sales or capital investment by it. It was further noted that, being a liquor manufacturer, the assessee was legally barred from obtaining liquor shop licenses, making the allegation of investment in 35 group shops untenable. The statements of directors recorded under section 132(4) were also found unreliable, as one of them had retracted his statement within four days, and the same was never supported by any corroborative evidence.

Decision of the case :

The Tribunal held that in the absence of any independent evidence establishing a nexus between the assessee and the seized documents, the papers were nothing but "dumb documents" and could not form the basis of additions under section 69C read with section 153A.

The ITAT therefore upheld the order of the Commissioner (Appeals) and dismissed the Revenue's appeal, holding that the Assessing Officer was not justified in making additions merely on guesswork and presumption.

Seller's stamp duty and registration fees included in consideration for Sec. 56(2)(x) application: ITAT

Facts of the case :

SPL Shelters (P.) Ltd. vs. DCIT - [2025] (Chennai - Trib.)

The assessee was a private limited company engaged in the business of infrastructure services. The assessee filed the return of income for the relevant year during the search proceedings. The Assessing Officer (AO) noticed that the assessee acquired immovable property for a consideration below the stamp duty valuation. Accordingly, AO made an addition under section 56(2)(x) to the income of the assessee. While computing the differential, AO reduced registration and stamp duty charges from the purchase consideration paid by the assessee. Aggrieved by the order, the assessee filed an appeal to the CIT(A).

The CIT(A) deleted the adjustment made by AO, and the matter reached the Chennai Tribunal.

The Tribunal held that the AO had questioned the logic behind the seller bearing the stamp duty and registration charges. The AO held that the assessee would claim the deduction towards stamp duty and registration charges at the time of selling the property, which would amount to double deduction for the reason that the seller would have paid capital gains only on the actual consideration received from the assessee.

However, the reasons as quoted by the AO were not a valid basis for reducing the stamp duty and registration charges from the consideration paid by the assessee. The assessee paid the consideration as per the Sale deed, which fact was not disputed by the AO.

Therefore, the reduction of consideration paid by the assessee, stating that the stamp duty and registration paid by the seller effectively reduces the cost in the hands of the purchaser, does not have any valid base and is not tenable.

For section 56(2)(x), the consideration is the actual cost paid by the buyer towards the acquisition of the property, and there is no provision under said section for any adjustment towards stamp duty and registration charges born by the seller instead of the buyer.

Decision of the case :

Accordingly, the Tribunal held that there was no infirmity in the decision of the CIT(A) in directing the AO not to reduce stamp duty and registration charges from the actual consideration paid by the assessee towards the acquisition of the property.

Depositing cash in another's bank account to get it credited in own account is a benami transaction: ITAT.

Facts of the case :

Om Samriddhi Banquet & Hospitality LLP vs. Initiating Officer, ACIT Benami Prohibition Unit, Mumbai - [2025] (SAFEMA - New Delhi)

The assessee, Limited Liability Partnership (LLP), discovered that it held currency notes of particular value during the demonetization period. To avoid the hassle of long queues and the risk of being identified by criminal elements, the LLP provided a person with currency notes to deposit into the LLP's bank account,

accompanied by an authority letter, in exchange for a 2% commission.

However, the said amount was erroneously deposited in the account of a proprietorship concern, whose proprietor was that person. The amount was received back from the account of the proprietorship concern on different dates and was credited to the LLP's bank account. After demonetization, the Income Tax Department (I.T. Department) received information that the person used his bank accounts to deposit the demonetized currency notes belonging to the LLP. Accordingly, he passed a provisional attachment order (PAO) in respect of said amount received by the LLP.

The matter reached the Tribunal.

Decision of the case :

The Tribunal held that the person deposited the currency notes in his bank account, and thereafter, transferred back the same through RTGS into the LLP's bank account. It was noted that the accounts of the proprietorship concern were opened in various banks during the demonetization period, without any intention of doing real business.

Furthermore, despite having no prior dealings with the LLP, the person received a substantial amount of cash, rather than depositing it through an employee, accountant, or manager of the LLP.

Thus, the act of the person was a benami transaction. Therefore, the Tribunal held that there was ample material with the I.O. to proceed against the person.

Shares purchased with intention to sell at best price to gain more profit can't be treated as investment: HC

Facts of the case :

Panchsheel Textile Manufacturing and Trading Co. (P.) Ltd. vs. Commissioner of Income-tax (Appeals) - [2025] (Punjab & Haryana)

The assessee was engaged in the business of manufacturing and trading of Yarn/cloth. Up to the Assessment Year 1997-1998, the assessee was not doing any share trading activity. As per the memorandum and articles of association, the assessee was not entitled to carry on such activity.

Later, the memorandum was amended to include the business of trading in shares. The board of directors approved the same, and the assessee started trading in shares. The assessee duly reflected shares as stock-in-trade, and the balance sheet was duly audited by the auditors. For such trading, the assessee borrowed money for purchasing shares.

During the assessment proceedings, the Assessing Officer (AO) disallowed the entire business loss incurred due to interest paid on the borrowed amount for investing in the shares of a company. AO contended that the shares were not sold for a long time, and some of the shares were pledged. Thus, they were not purchased for trading but as an investment.

The matter reached the Punjab & Haryana High Court.

Decision of the case :

The High Court held that the AO treated the shares of the shares as an investment based on assumptions and presumptions. It was not the case that all the shares were pledged. The assessee purchased and sold shares of about 24 various companies during the relevant assessment years, which were accepted as stock-in-trade. It was also not the case that the assessee sold the shares of the company immediately after the purchase. The assessee sold some shares in the subsequent assessment years.

The assessee purchased the shares as stock-in-trade, not as an investment. The assessee was involved in the trading of shares and waited to sell them at the best price to maximise profit. Thus, the AO's contention that the company's shares were not purchased for trading was not justified.

Therefore, the assessee had the intention to engage in the business of trading, even with shares of the company, and does not show an intention to hold the company's shares as an asset. Since the assessee had been selling the shares of the company at different intervals of time, the shares of the company purchased by the assessee should be treated as stock-in-trade and not as an investment.

GAAR can't be invoked merely on basis of timing of share transactions: HC

Facts of the case :

Smt. Anvida Bandi v. Deputy Commissioner of Income-tax - [2025] (Telangana)

Assessee was involved in making investments in shares and securities for many years. During the relevant assessment year, the assessee sold shares of one company and earned LTCG. In the relevant assessment year, the assessee purchased shares of HCL Technologies, which were sold in the same year, incurring STCL.

The Assessing Officer (AO) opined that the transaction of purchase and sale of shares of HCL, resulting in STCL set off against LTCG on the sale of unlisted shares, amounted to an Impermissible Avoidance Arrangement (IAA). Therefore, the provisions of Chapter X-A, the General Anti-Avoidance Rule (GAAR), would become applicable to the said transactions. Aggrieved by the order, the assessee filed a writ petition to the High Court.

Decision of the case :

The High Court held that to hold a transaction of purchase and sale of shares to be an impermissible avoidance arrangement, there must be an arrangement between two or more parties. The said arrangement must have the four ingredients envisaged in section 96(1). The four ingredients that would constitute an impermissible avoidance arrangement are:

(a) The arrangement creating rights or obligations that are otherwise not ordinarily created between persons dealing at arm's length;

(b) There has to be cogent proof of misuse or abuse of the provisions of the Income Tax Act, either directly or indirectly;

(c) The transaction should either lack commercial substance, or it leads to a deemed lack of commercial substance, in whole or in part; and

(d) The arrangement entered into would reflect on the face of it to have been not ordinarily employed for bona fide purposes.

In the instant case, the revenue had not been able to show or collect any material to prove that the purchase and sale of shares made by the assessee were with any of their known persons or entities. Further, all the shares were sold through the stock exchange. The assessee was an investor who had been continuously engaged in the sale and purchase of shares. This would establish that the transaction of sale of shares by the assessee was not one of the isolated transactions specifically made to save tax.

Furthermore, all transactions, including the purchase and sale of shares, were conducted through the assessee's DMAT account. There was no nexus that could be established between the purchase and sale of HCL shares made by the assessee. There was no new material available to support the revenue, which indicated that the so-called arrangement was subject to the provisions of Chapter X-A, i.e., the GAAR provision. There was no material to suggest that the transactions constituted an impermissible avoidance arrangement, except for the timing of the transactions. It was held that the timing of a transaction or a taxpayer would not be questioned under the GAAR provisions on the sale and purchase of shares made by the assessee.

TAX CALENDAR

INDIRECT TAX

Due Date	Returns
Sept 10th, 2025	GSTR – 7 (Aug , 2025)
	GSTR – 8 (Aug , 2025)
Sept 11th, 2025	GSTR – 1 (Aug , 2025)
Sept 13th, 2025	GSTR – 5 (Aug , 2025)
	GSTR – 6 (Aug , 2025)
	IFF (Optional) (Aug , 2025)

DIRECT TAX

Due Date	Return
7 September 2025 -	Due date for deposit of Tax deducted/collected for the month of August, 2025. However, all 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
	Uploading of declarations received in Form 27C from the buyer in the month of August, 2025
14 September 2025 -	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194IB, 194M, 194S in the month of July, 2025
15 September 2025	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of August, 2025 has been paid without the production of a challan
	Second instalment of advance tax for the assessment year 2026-27
	Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of August, 2025
	Return of income for the assessment year 2025-26 for all assessee other than (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited or the spouse of such partner if the provisions of section 5A applies or (d) an assessee who is required to furnish a report under section 92E. **Note:** The due date for furnishing the return of income for Assessment year 2025-26 has been extended from July 31, 2025, to September 15, 2025, vide Circular no. 06/2025, dated 27-05-2025

Due Date	Return
	Furnishing of statement for exercising the option to pay tax at a concessional rate under section 115BBF for income in the nature of royalty arising from patent developed and registered in India (if the assessee is required to submit return of income by July 31, 2025)* * The due date for furnishing the return of income for Assessment year 2025-26 has been extended from July 31, 2025, to September 15, 2025, vide Circular no. 06/2025, dated 27-05-2025. Accordingly, the due date for submission of this form/report shall stand extended to September 15, 2025
	Furnishing of declaration by a taxpayer claiming deduction under section 80GG in respect of the rent paid for residential accommodation (if the assessee is required to submit return of income by July 31, 2025)* * The due date for furnishing the return of income for Assessment year 2025-26 has been extended from July 31, 2025, to September 15, 2025, vide Circular no. 06/2025, dated 27-05-2025. Accordingly, the due date for submission of this form/report shall stand extended to September 15, 2025
	Reporting of details of funds received from eligible persons (either directly or through Alternative Investment Fund) in the previous year 2024-25 (if the assessee is required to submit return of income by July 31, 2025)* * The due date for furnishing the return of income for Assessment year 2025-26 has been extended from July 31, 2025, to September 15, 2025, vide Circular no. 06/2025, dated 27-05-2025. Accordingly, the due date for submission of this form/report shall stand extended to September 15, 2025
	Furnishing of certificate by a resident individual being a patentee claiming deduction under section 80RRB in respect of royalty income on patents (if the assessee is required to submit return of income by July 31, 2025)* * The due date for furnishing the return of income for Assessment year 2025-26 has been extended from July 31, 2025, to September 15, 2025, vide Circular no. 06/2025, dated 27-05-2025. Accordingly, the due date for submission of this form/report shall stand extended to September 15, 2025
	Furnishing of particulars for claiming relief under section 89 (if the assessee is required to submit return of income by July 31, 2025)* * The due date for furnishing the return of income for Assessment year 2025-26 has been extended from July 31, 2025, to September 15, 2025, vide Circular no. 06/2025, dated 27-05-2025. Accordingly, the due date for submission of this form/report shall stand extended to September 15, 2025

Due Date	Return
	Furnishing of statement for exercising the option to claim relief under section 89A for income arising from retirement benefit account maintained in a notified country at the time of withdrawal or redemption (if the assessee is required to submit return of income by July 31, 2025)* * The due date for furnishing the return of income for Assessment year 2025-26 has been extended from July 31, 2025, to September 15, 2025, vide Circular no. 06/2025, dated 27-05-2025. Accordingly, the due date for submission of this form/report shall stand extended to September 15, 2025
	Exercising the option to opt for alternative tax regime under section 115BAD by co-operative society (if assessee is required to submit return of income by July 31, 2025)* * The due date for furnishing the return of income for Assessment year 2025-26 has been extended from July 31, 2025, to September 15, 2025, vide Circular no. 06/2025, dated 27-05-2025. Accordingly, the due date for submission of this form/report shall stand extended to September 15, 2025.
	Furnishing of details of attribution of capital gain taxable under section 45(4) to the capital asset remaining with the firm, AOP, or BOI after reconstitution (if the firm, AOP, or BOI is required to furnish return of income by July 31, 2025) * The due date for furnishing the return of income for Assessment year 2025-26 has been extended from July 31, 2025, to September 15, 2025, vide Circular no. 06/2025, dated 27-05-2025. Accordingly, the due date for submission of this form/report shall stand extended to September 15, 2025
	Furnishing of certificate by a resident individual being an author (including a joint author) claiming deduction under section 80QQB in respect of royalty income (if the assessee is required to submit return of income by July 31, 2025) * The due date for furnishing the return of income for Assessment year 2025-26 has been extended from July 31, 2025, to September 15, 2025, vide Circular no. 06/2025, dated 27-05-2025. Accordingly, the due date for submission of this form/report shall stand extended to September 15, 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/

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.

Contact Details:

Tax Research Department

12, Sudder Street, KolKata - 700016

Phone: +91 33 40364714/ +91 33 40364798

E-mail: trd@icmai.in

ICMAI
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
भारतीय लागत लेखाकार संस्थान

Statutory Body under an Act of Parliament
(Under the Jurisdiction of Ministry of Corporate Affairs)

Headquarters: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003. Ph: 091-11-24666100
Kolkata Office: CMA Bhawan, 12, Sudder Street, Kolkata - 700016. Ph: 091-33-2252 1031/34/35/1602/1492