

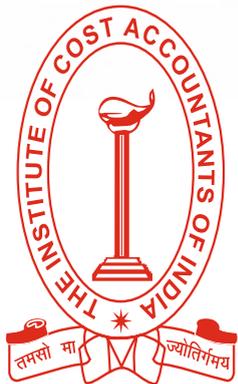
December, 2025

# TAX Bulletin

Volume - 197

02.12.2025

T A X



**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.

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# The Institute of Cost Accountants of India

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[www.icmai.in](http://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/advsc/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

### Modalities

### Eligibility

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

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](mailto: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**

**T**he direct taxation framework in India continues to undergo significant transformation, driven by the objectives of transparency, accountability, and enhanced voluntary compliance. Recent measures initiated by the Central Board of Direct Taxes, including the second phase of the NUDGE campaign focusing on disclosure of foreign assets and income, reaffirm the administration's commitment to data-driven and non-intrusive tax governance. The increasing use of international information-sharing mechanisms such as AEOI, CRS, and FATCA reflects the growing integration of global tax compliance standards within the Indian tax system.

In parallel, amendments to the Capital Gains Account Scheme and a series of notifications granting tax exemptions to specified statutory bodies and institutions demonstrate the Government's ongoing efforts to rationalize provisions and streamline compliance processes. Extensions of statutory due dates and timely issuance of clarificatory circulars further underscore a responsive and taxpayer-centric approach.

In this evolving regulatory environment, it is imperative for taxpayers and professionals to remain updated, exercise due diligence, and ensure accurate reporting.

The Direct Taxation Committee remains dedicated to providing timely updates, practical insights, and informed analysis to support stakeholders in navigating the dynamic landscape of direct taxation effectively.

In furtherance of its academic and capacity-building objectives, the Direct Taxation Committee successfully conducted examinations for the Income Tax Course and the GST Course at Bhonsala Military College, Nasik, on 26 November 2025 and 27 November 2025, respectively. The encouraging participation and active engagement of candidates underscored the growing demand for structured and specialized learning programmes in the field of taxation offered by the Institute.

Additionally, as part of its institutional outreach and stakeholder engagement initiatives, the Department participated in an interactive session during the visit of the Hon'ble Member (Administration & Taxpayer Services), CBDT, Shri P. K. Mishra, to Kolkata. A courtesy meeting was convened with representatives from trade and industry, income-tax practitioners, and chartered accountants, facilitating constructive dialogue and the exchange of practical perspectives on tax administration, compliance, and taxpayer services.

**CMA Rajendra Singh Bhati**

Chairman – Direct Taxation Committee

**The Institute of Cost Accountants of India**

02.12.2025



# Chairman's Message

**CMA Dr. Ashish P. Thatte**

**Chairman Indirect Taxation Committee**



**A**s part of its ongoing capacity-building initiatives, the Indirect Taxation Committee of the Tax Research Department organized focused webinars addressing key procedural and enforcement aspects under GST. The webinar on “Preparedness for Filing of Appeals and Appearing before GSTAT”, conducted on 19 November 2025 by CMA Niranjana Swain, provided practical guidance on appellate procedures, documentation, and effective representation before the GST Appellate Tribunal.

Another important session on “Inspection, Search, Seizure and Arrest Provisions under GST Law” was held on 28 November 2025, wherein CMA Shiba Prasad Padhi deliberated on statutory powers of tax authorities, taxpayer safeguards, and recent enforcement trends.

The indirect taxation regime in India continues to witness progressive reforms aimed at enhancing transparency, simplifying compliance, and strengthening stakeholder engagement. Recent recognition of the Central Board of Indirect Taxes and Customs (CBIC) at the India International Trade Fair (IITF) 2025 underscores the Government's commitment to effective public outreach and taxpayer-centric communication. Initiatives such

as the interactive GST & Customs Pavilion reflect a proactive approach to building awareness, trust, and voluntary compliance among diverse stakeholders.

On the policy and procedural front, amendments to regulations such as the Project Imports Regulations and the rollout of advanced digital platforms like SWIFT 2.0 mark significant milestones in trade facilitation and ease of doing business. The integration of multiple Partner Government Agencies onto a single digital interface represents a major step towards seamless, paperless, and efficient EXIM clearances.

In an evolving compliance environment, timely adherence to statutory requirements, including GST return filings, remains crucial. These developments highlight the increasing role of technology-driven governance and collaborative engagement between tax authorities and taxpayers.

The Indirect Taxation Committee remains committed to disseminating timely updates, practical guidance, and analytical insights to support professionals and stakeholders in navigating the dynamic indirect tax landscape with confidence and clarity.

*Ashish Thatte*

**CMA (Dr) Ashish P Thatte**

Chairman – Indirect Taxation Committee  
**The Institute of Cost Accountants of India**  
02.12.2025

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# C O N T E N T S



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](mailto:trd@icmai.in) / [trd.dd2@icmai.in](mailto:trd.dd2@icmai.in)

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# TDS UNDER GST



**CMA Jitendra Kumar**

**Cost Accountant**

## TDS Under GST w.e.f 01.10.2018 [Section 51(10)]

As per section 51 of the CGST Act, 2017, makes provisions relating to tax deducted at sources. Accordingly, it prescribes the authority and procedure for 'Tax Deduction at Source'.

Further, the procedures as detailed below are to be followed in conformity with the GST Act and Rules as amended from time to time.

## Tax to be Deducted by Specified Person

As per Section 51(1) of the CGST Act, 2017, the tax shall be deducted from the payment made or credited to the supplier of taxable goods or services or both. Where the total value of such supply, under a contract, exceeds ₹2,50,000/- The Government may mandate the following (the deductor) to deduct tax at source:

- A department or an establishment of the Central Government or State Government; or
- Local authority; or
- Governmental agencies; or
- Such persons or category of persons as may be notified by the Government on the recommendations of the Council.

Accordingly, Central Board of Indirect Tax & Customs

vide **Notification No. 50/2018 Central Tax, dated 13.09.2018**, has specified the category of person to whom TDS is required to be deducted, are as follows:

- an authority or a board or any other body, -
- set up by an Act of Parliament or a State Legislature; or
- established by any Government,
- with fifty-one percent or more participation by way of equity or control, to carry out any function;
- society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);
- public sector undertakings.

Further, it is also provided that the said persons shall be liable to deduct tax from the payment made or credited to the supplier of taxable goods or services or both with effect from 1st October 2018.

## Rate of Tax

As per Section 51(1) of the CGST Act, 2017, the tax would be deducted on payment made or credited to the supplier (the deductee) of taxable goods or services at the tax rate mentioned below.

Type of Supply	Rate
Intra-State	2% (1% CGST + 1% SGST)
Inter-State	2% (IGST)

As per explanation to the Section 51(1) of the CGST Act, 2017, the value of supply shall be taken as the amount excluding the Central tax, State tax, Union territory tax, Integrated tax and cess indicated in the invoice.

## Point of Taxation

As per Section 51(1) of the CGST Act, 2017, TDS is required to be deducted by the deductor where the total value of supply of taxable goods and/ or services, under a contract, exceeds ₹2,50,000/- (excluding the amount of Central tax, State tax, Union Territory tax, Integrated tax and cess indicated in the invoice).

Thus, individual supplies may be less than ₹2,50,000/- but if contract value is more than ₹2,50,000/-, TDS will have to be deducted.

Let's take the following examples to understand the TDS provision:

The Institute (ICMAI) has entered into three agreements with a supplier, are as follows:

Particulars	Case (I)	Case (II)	Case (III)
Location of Supplier (LOS)	Bihar	Maharashtra	Chhattisgarh
Place of Supply	Bihar	Jharkhand	Rajasthan
Location of Recipient (LOR)	Bihar	Jharkhand	Madhya Pradesh
TDS Applicability	YES @ 2% (1% CGST + 1% SGST)	YES @ 2% (IGST)	NO

## Points to be remember:

- TDS may not be required to be deducted where recipient is liable to pay whole GST under reverse charge mechanism [Section 9(3) of the CGST Act, 2017].
- TDS may not be required to be deducted where supply is not a taxable supply or exempt from GST.
- TDS may not be required to be deducted where

1. Contract for catering: Contract value - ₹2,20,000/- (including GST of ₹20,000/-)
  - ▶ No TDS is required to be deducted as the value of contract is less than ₹2,50,000/-
2. Contract for renting of vehicle Contract value ₹2,95,000/- (including GST of ₹45,000/-)
  - ▶ No TDS is required to be deducted as the value of contract is equal to ₹2,50,000/-(₹2,95,000 - ₹45,000/-)
3. Contract for security guards: Contract value ₹3,50,000/-(including GST of ₹60,000/-)
  - ▶ TDS is required to be deducted as the value of contract exceeds ₹2,50,000/-

## Deduction of TDS

As per provision to Section 51(1) of the CGST Act, 2017, no deduction shall be made if the location of the supplier (LOS) and the place of supply (POS) is in a State or Union territory, which is different from the State, or as the case may be, Union Territory of registration of the recipient(LOR).

These situations can be understood by way of following Table:

supplier is unregistered and recipient is not liable to pay GST under reverse charge mechanism under Section 9(4) of the CGST Act, 2017. Exemption is provided by way of Notification No.9/2017-Central Tax (Rate), dated 28.06.2017 in respect to the intra state supplies received by the deductor from the unregistered suppliers.

- TDS shall not be deducted where contract value is not exceeding the value of ₹2,50,000/-



## Deposit of TDS with the Government

As per Section 51(2) of the CGST Act, 2017, the amount of tax deducted at source should be deposited to the Government account by the deductor by 10th of the succeeding month. The deductor would be liable to pay interest at the rate of 18% p.a. if the tax deducted is not deposited within the prescribed time limit.

## Consequences of Not Complying with TDS Provisions

Sl.	Event	Consequences
1.	TDS not deducted	Applicable Interest to be paid along with the TDS amount else the amount shall be determined and recovered as per the law
2.	TDS certificate not issued or delayed beyond the prescribed period of five days	Late fee of 200/- per day (100 for CGST+100 for SGST)
3.	TDS deducted but not paid to the Government or paid later than 10th of the succeeding month	Applicable Interest to be paid along with the TDS amount else the amount shall be determined and recovered as per the law.

## Refund of TDS Amount

As per Section 51(8) of the CGST Act, 2017, any excess or erroneous amount deducted and paid to the Government account shall be dealt for refund under Section 54 of the CGST Act, 2017. However, if the deducted amount is already credited to the electronic cash ledger of the supplier, the same shall not be refunded.

All the Bill drawing units/Departments are requested to ensure proper compliance of the above TDS provisions.

# Understanding significant changes introduced in “Income Tax Act 2025”



**CMA S. Sankaranarayanan**

**Cost Accountant**

## Simplification

- i. The language has been simplified wherever possible, without disturbing the meaning.
- ii. All definitions continue to be in alphabetical order
- iii. Terms which have been defined at a number of places in the Income-tax Act, 1961 in the same manner have now been placed in section 2 itself.

For example, the definition of ‘senior citizen’, which was appearing at six places in the 1961 Act, has been now placed in section 2

There has been a significant reduction in the text of new Act 2025, in comparison to the existing Income Tax Act, as summarized below.

About 1200 provisos and 900 explanations have been removed.

Particulars	Income Tax Act, 1961	New Income Tax Act 2025
Chapters	47	23
Sections	819	536
Words	5.12 lakhs	2.60 lakhs

While the existing Income-tax Act contains 298 numbered sections, effective sections in the current Act are 819.

This is because other than numeric section numbers there are large number of sections with alpha-numeric codes such as 115A to 115WM (117 sections) and so on.

The Income-tax Act not only deals with levy of tax but

it is a comprehensive document, which encompasses all aspects of tax administration. It also includes other aspects such as:

- (a) laying down the administrative framework, assigning roles and responsibilities for assessing officers, taxpayers, tax deductors, and professionals.
- (b) setting out the framework for income determination, timelines, appellate procedures, enforcement, assessments, and penalties.

The new Act proposes 536 sections to meet the above-mentioned requirements.

Further, several sections in the new Act exist primarily to honour the commitments under the existing tax regime, including provisions relating to Minimum Alternate Tax (MAT), various deductions and exemptions, etc. These provisions will remain in force until their respective sunset clauses take effect. Therefore, these are required to be part of new Act to ensure a smooth transition, while maintaining legal and policy continuity.

Following ground rules have been considered for simplifying the existing provisions:

- i. The Act proposes to eliminate redundant provisions, reducing its length by nearly half.
- ii. The drafting style of the new Act is clear, making the provisions easier to understand by incorporating more than 57 tables compared to 18 tables in the Income-tax Act, 1961.



Sub-sections and clauses have been used, instead of relying on provisos and explanations for exceptions and carve-outs. This minimizes cross references and conflict by aggregating all applicable provisions related to a single scenario in one place.

Wherever feasible, procedural aspects and specific details are proposed to be provided by way of Rules.

The new Income-tax Act is approximately half the length of the existing Income-tax Act 1961, with significant re-organization of provisions in different sections.

While undertaking simplification exercise, a conscious attempt has been made to minimise the scope of litigation and fresh interpretations. For this purpose:

- a. Language has been simplified by use of short sentences to the extent possible.
- b. Sections have been translated into row or sub-rows in tables, reducing the number of words and bringing clarity.
- c. Provisions have been made clear to minimize scope for multiple interpretations. The provisos and explanations have been removed and simplified content has been placed as sub-sections and clauses.
- d. Provisions related to international taxation have been dealt with broadly to ensure tax certainty.
- e. NGO chapter has been made more comprehensive with use of plain language.
- f. Exemption sections, for example section 10 in the present Act, has been made simpler through tables and placing large number of provisions in Schedules.
- g. Formulae and tables have been used to enhance clarity, wherever feasible.
- h. Provisions involving same issues and definitions, which were present in different chapters in the existing Act have been consolidated, to the extent possible.

Since there have been regular amendments to the Income Tax Act, 1961 including amendments made in Finance Act, 2025, the Act stands updated from policy perspective.

All amendments made up to Finance Act 2025 have been duly incorporated in the new Income tax Act 2025. Therefore, no major policy related changes have been made in the Act.

## Chapters

The following chapters are contained in the New Income Tax Act ,2025.

1. Preliminary
2. Basis of Charge
3. Income which do not form part of Total Income
4. Computation of Total Income
5. Income of other persons included in Total Income of assessee
6. Aggregation of Income
7. Set off or carry forward and set off of losses
8. Deduction to be made in computing Total Income
9. Rebates and Relief
10. Special provisions relating to avoidance of tax
11. General anti avoidance rules
12. Mode of payment in certain cases
13. Determination of tax in special cases
14. Tax Administration
15. Return of Income
16. Procedure for assessment
17. Special provisions relating to certain persons
18. Appeals, revision and alternate dispute resolutions.
19. Collection and recovery of tax
20. Refunds
21. Penalties
22. Offences and Prosecution
23. Miscellaneous

## Tax Year

The concept of 'tax year' has been introduced replacing 'previous year' and 'assessment year'.

The timelines and computation in the Act are now with reference to the financial year for which the income is liable to be taxed.

It is expected that the use of 'tax year' will make the new Act easier to comprehend.

Further, many of the comparable tax jurisdictions in the world are using one single term, for purpose of denoting the unit period of taxation. 'Tax year' is commonly used in many countries.

A 'tax year' is a period of twelve months contained in a financial year. It replaces the term 'previous year' used in the Income-tax Act, 1961.

Further, with the discontinuance of the use of the term 'assessment year' in the Income-tax Act, now the term 'tax year' will now be used in relation to the rates of income-tax also. In addition, any assessment of total income will also be done for a 'tax year'

With the introduction of 'tax year' broadly the following principles have been adopted:

- i. **Tax Year:** Unit period of taxation. This term shall be referred in respect of all transactions and income for that period.
- ii. **Financial Year:** For purposes of timelines for compliance and for procedural issues.

The tax year 2026-27 of the new Act will pertain to the income of a taxpayer for the financial year 2026-27.

The assessment for income of tax year (financial year) 2026-27 of a taxpayer shall be done as per the provisions of the new Act for tax year 2026-27.

The assessment for income of the previous year (financial year) 2025-26 of a taxpayer shall be done as per the provisions of the Income-tax Act, 1961 for the assessment year 2026-27.

In the Income-tax Act, 1961, the charge of income-tax was on 'total income' of the 'previous year' of a person. Further, income-tax is charged for an 'assessment year' at the rate or rates provided by a Central Act.

In the Income-tax Act 2025, in place of the term 'previous year', the term 'tax year' has been used. Further, the use of term 'assessment year' has been discontinued. Now, the total income also pertains to a 'tax year' and the rate or rates of income tax also pertain to that 'tax year'.

## Provisions related to non-profit organization

The provisions related to Non-Profit Organizations were present at different places in the existing Act, in section 11, section 12, section 12A, section 12AA, section 12AB, section 13, section 115BBC, section 115BBI, section 115TD, section 115TE, section 115TF.

The provisions related to approval are under the first and second proviso to section 80G (5).

These have been simplified and consolidated into one chapter.

All the provisions related to registered Non-Profit Organizations have now been arranged in Part B of Chapter XVII titled- "Special Provisions for Registered Non-Profit Organization" in the new Act which consists of

1. Registration
2. Income
3. Commercial Activities
4. Compliances
5. Violations
6. Approval for Donations
7. Interpretation.

The present provisions related to registered non-profit organisations are contained across the following Chapters:

- i. Chapter I: Charitable Purpose -Section 2(15)
- ii. Chapter III: Section 10(23C), Section 11, Section 12, Section 12A, Section 12AA, Section 12AB, Section 12AC & Section 13



- iii. Chapter VIA: Section 80G
- iv. Chapter XII: Section 115BBC, Section 115BBI, Section 115TD, Section 115TE, Section 115TF.

- i. The present Act uses different terms such as trust, institution, university, educational institution, hospital etc. in different provisions. A common term “registered non-profit organization” has been used in the Act in line with the international practices.
- ii. Section 10(23C) uses the term “approval” while section 12AB uses the term “registration”.

In order to avoid confusion, “registration” has been used in the new Act.

- iii. All the provisions related to registered non-profit organizations have been arranged in Part B of Chapter XVII titled “Special Provisions for Registered Non-Profit Organization” which comprises provisions corresponding to present sections 11, section 12, section 12A, section 12AA, section 12AB, section 13, section 115BBC, section 115BBI, section 115TD, section 115TE, section 115TF, and the provisions related to approval under the first and second proviso to section 80G(5) of the present Income-tax Act.

The term registered non-profit organization has been defined to mean any person having a valid registration under section 12A, 12AA or 12AB or section 10 (23C) of the Income-tax Act, 1961 and such registration has not been cancelled. The use of common term ‘registered non-profit organization’ intends to avoid confusion and for lucid understanding of the provisions of the new Act.

Section 10(23C) uses the term “approval” while section 12AB uses the term “registration”. In order to avoid confusion, “registration” has been defined in the Bill to include provisional registration, provisional approval or approval, as referred to in the second proviso to sections 10(23C) or 12AB (1) of the Income-tax Act, 1961 and under proposed section 332 of the new Income Tax Act, 2025.

There were two regimes for exemption of registered non-profit organizations. The first regime is contained

in section 10(23C) and the second one was contained in section 11 to 13 of the Income Tax Act, 1961.

There were certain provisions common to both the regimes that were contained in section 115BBC, 115BBI, 115TD, 115TE, 115TF and section 2(15) of the Income Tax Act, 1961.

The Finance (No. 2) Act, 2024 provides that no application can be made under the first regime on or after 01st October, 2024. However, the approvals granted under the first regime shall continue to be valid for the period of their approval. They are eligible to apply for registration, subsequently, under the second regime.

As per the provisions of the new Act, all the registered non-profit organizations are eligible to claim benefits. The registered non-profit organization has been defined to mean any person having a valid registration under section 12A, 12AA or 12AB or section 10 (23C) of the Income-tax Act, 1961 and such registration has not been cancelled.

Thus, the new Act proposes to protect the eligibility of existing registered non-profit organizations under the first as well as the second regime.

There is a dedicated proposed section 334 under new Act on the taxability of income of the registered non-profit organizations.

Since most registered non-profit organizations apply 85% of its regular income for charitable or religious purposes, the taxable regular income in their cases shall be Nil and there shall be no tax liability in their hands.

However, if a registered non-profit organization is not able to apply 85% of its regular income or accumulate the same, then regular income for such tax year as reduced by its application for charitable or religious purposes or accumulation thereof, shall be its taxable regular income and chargeable to tax.

## Provisions related to Capital gain u/s 11(1A)

Section 11(1A) of the present Income-tax Act provides that where a capital asset, being property held under trust wholly for charitable or religious purposes,

is transferred and the whole or any part of the net consideration is utilized for acquiring another capital asset to be so held, then, the capital gain arising from the transfer shall be deemed to have been applied to charitable or religious purposes to the extent provided under the said section.

Since the cost of acquisition of an asset for the objects of the registered non-profit organization is considered as application of income, these provisions were redundant and therefore removed.

## Section 10 - Exemptions

The provisions related to exemptions are contained in section 10 of the present Income tax Act, 1961.

There are around 140 clauses in said section 10 providing exemption to different persons and incomes.

Clause 23C of section 10 contains 15 sub-clauses with numbers such as 10(23C)(i), (ii), (iii), (iiia), (iiiaa),

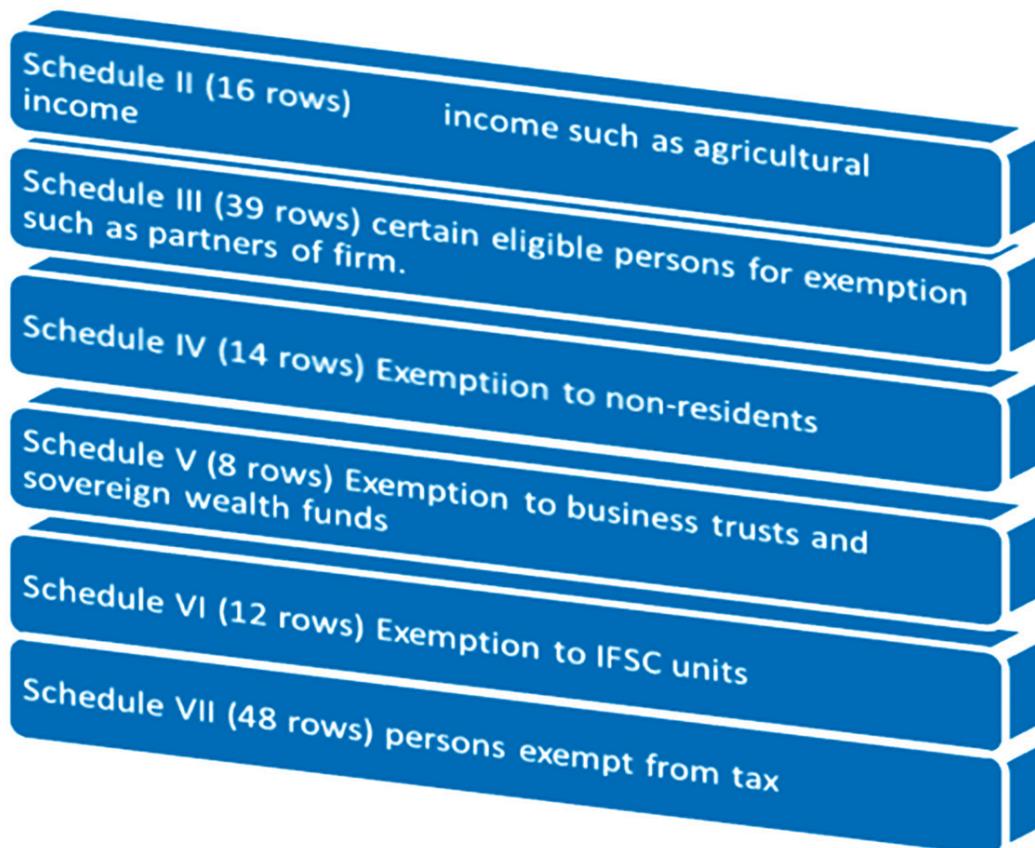
(iiiaaa), (iiiaaaa), (iiiaab), (iiiaac), (iiiaad), (iiiaae), (iv), (v), (vi), and (via). Clause (23C) has 24 provisos.

The 3rd proviso to clause (23C) has 7 Explanations and Explanation 2 to the 3rd proviso has again 8 provisos.

Thus, there are provisos within clauses, Explanations to these provisos and again provisos to the Explanations making it difficult to comprehend the provisions.

The following approach has been followed while redrafting the provisions:

- i. All the provisions related to exemptions have been drafted in 6 different schedules related to specific category of taxpayers, specific income.
- ii. Redundant provisions have been removed.
- iii. Income eligible for exemption, eligible persons and the applicable conditions have been provided in different columns of the Table under each of these Schedules for the ease of understanding.
- iv. All the clauses of section 10 have been placed in 6 different schedules as follows:





The clauses of section 10 of the Income Tax Act, 1961 which have been sun-set have not been included in the Schedules. However, certain exemptions which have been protected for past investments etc. have been protected in the new Act through the saving clause.

Section 11 of the new Act contains certain provisions relating to exemptions while the rest are placed in the Schedules.

As a result of the exercise, there has been a substantial reduction of the words from the approximately 30,000 words presently in Income Tax Act, 1961 to approximately 13,500 words in the new Income Tax Act, 2025, in so far as section 10 is concerned.

## Salary and House property

All the provisions pertaining to salary have been consolidated at one place for ease of understanding so that the taxpayer does not have to refer to separate chapters for filing his return of income.

The deductions which were earlier allowed under section 10 of the Income Tax Act, 1961, like gratuity, leave encashment, commutation of pension, compensation on VRS and retrenchment compensation, are now part of the salary chapter itself.

Some of the allowances like HRA are now provided in Schedule II of the new Act that finds reference in the provisions relating to salary.

The objective was to improve readability by way of providing tables and formulas.

While the chargeability of all the perquisites has been retained in the Act, their valuation, conditions and exceptions have been shifted to Rules as they do not affect every taxpayer.

Redundant and repetitive provisions have also been removed for better readability.

The simplification focus on enhancing clarity and ensuring ease of compliance. The chapter on Salary and House Property has been specifically crafted for this purpose so that the taxpayer can on his own read those chapters and file his own Return of Income.

The restructuring has significantly reduced the length of the chapter while retaining all essential provisions.

All existing provisos and explanations across various sections have been integrated into the main provisions for eliminating fragmentation, improving readability, and ensuring that related provisions are presented cohesively.

The number of words has been reduced from 4401 to 3420 for the Part 'Salaries' and from 1658 to 1177 for the Part 'Income from House Property'

The language is simple to read, clarifying all crucial terminology like Perquisite, Profit in lieu of salary, Standard Deduction etc. and placing them in separate sections.

The legal and technical jargons have been minimized and provisions like Perquisites have been rewritten in a more structured and clear manner.

## Profits and Gains of business & profession

Major changes brought about in the chapter Profits and Gains of Business and Profession are as follows:

- The flow of the sections has been revised to improve coherence, create logical links, and ensure a smoother progression.
- Similar sections, such as those on presumptive taxation for residents and non-residents, have been merged to simplify the content, make it more concise, and consolidate all related scenarios in one place.
- Formula-based explanations have been added to clarify complex concepts that were previously difficult to understand, such as the definition of Written-down Value.

Provisions involving multiple scenarios, like those for determining Actual Cost, which were previously presented as provisos or explanations, have been organized into a table for better readability and comprehension.

All provisos and explanations in the chapter have been

converted into sub-sections to eliminate ambiguity and ensure clarity.

Provisions specific to a single business segment which are used by small sub set of taxpayers have been moved to a new Schedule, while some procedural provisions have been transferred to rules to reduce complexity and focus on the substance of the section.

As a result, the total word count has been reduced by more than half, and the number of sections has decreased from 65 to 41.

Provisions related to general expenditure allowances (section 37) and deductions for actual payments (section 43B) have been placed along with the provisions of sections 40 and 40A.

Provisions on scientific research expenditure, section 35AD (investment-linked deductions), skill development project expenditure and agricultural extension project expenditure have been grouped together in the sections 45,46 and 47 of new Act.

In the Income Tax Act, 1961, provisions related to expenses for contributions to Provident Fund, Gratuity Fund, Superannuation Fund, etc., were spread across various sections, such as 40A(7), (9) and 36(1)(iv), (iva), (v), (va).

To determine the allowability of these expenses, one had to refer to multiple provisions in addition to the charging sections. In the new Act, these provisions have been consolidated under a single section (section 28), making them easier to understand and comply with. While the language has been simplified, there is no change in the tax incidence or deductibility.

In the Income Tax Act, 1961, provisions related to the deduction for bad debts are contained in Section 36(1)(vii),(viiia) and 36(2), which include 10 clauses/subsections, 6 provisos, and 4 explanations.

These provisions have now been consolidated into a separate section, with all provisos and explanations converted into sub-sections/clauses.

Additionally, for banks and financial institutions, the allowance for bad debt provisions has been presented in a tabular format. These changes make the provision easier to understand and comply with.

Section 32 of the Income Tax Act, 1961, which deals with depreciation, has become very complex over

the past 63 years. It includes 6 clauses/subsections, 9 provisos, and 6 explanations.

In the new Act, all provisos and explanations have been converted into subsections/clauses, reducing the word count by 40%.

There has been no change in the rate of depreciation, eligibility, or method of allowance.

The existing provision in Section 35 deals with the deductibility of expenses for scientific research.

In the Income Tax Act 2025, the clarity of scientific research expenditure, deductions has been improved by reorganizing the flow while maintaining the existing policy in the proposed section 45 of new Act.

Provisions related to the Site Restoration Fund, as well as those for the Tea Development Account, Coffee Development Account, and Rubber Development Account, which apply only to specific trades and a small number of taxpayers, have been moved to the Schedules.

Provisions related to the amortization of expenses for telecommunications services, amalgamation, demerger, and voluntary retirement schemes have been presented in a tabular form.

In the Income Tax Act 2025, an effort has been made to consolidate these expenses into one section while simplifying the language, without suggesting any policy changes.

Provisions related to the amortization of preliminary expenses and expenses for prospecting minerals have been kept in a separate section.

Under the current provisions of the Act, residents earning income from business (Section 44AD), profession (Section 44ADA), and the business of plying, hiring, or leasing goods carriages (Section 44AE) are allowed a simplified (Presumptive) taxation regime.

In the Income Tax Act 2025, an effort has been made to consolidate all these identical presumptive taxation schemes into one section in tabular form, while adopting simplified language without suggesting any policy changes.

Common eligibility conditions are listed as sub-sections below the table. This approach offers a clear understanding of the presumptive taxation regimes



for residents, improves readability, and significantly shortens the text compared to the existing provisions.

Under the current provisions of the Act, non-residents earning income from certain business activities are allowed a simplified taxation regime.

Currently, these presumptive taxation schemes are spread across five sections.

The Finance Act 2025 has also proposed a similar scheme for non-residents providing services to domestic electronic goods manufacturing.

In the Income Tax Act 2025, an effort has been made to consolidate these identical presumptive taxation schemes into one section in tabular form, while simplifying the language. The common eligibility conditions are listed as sub-sections below the table.

This approach provides a clear understanding of the presumptive taxation regimes for non-residents, improves readability, and significantly reduces the text length compared to the existing provisions.

The new Act has not made any major policy changes. No new sections have been introduced for revenue recognition of service contracts and inventory valuation.

Section 43CB of the Income tax Act, 1961 already prescribes the methodology for determining the profits and gains of business arising from service contract while section 145A prescribes the method for valuation of inventory.

Clauses 57 and 277 of the new Act have been proposed as clauses for service contracts and inventory valuation corresponding to relevant section under the Income Tax Act, 1961.

Section 37 of the Income Tax Act, 1961 prescribes conditions for allowing deduction of expenditure for the purpose of computing the income chargeable under the head “Profits and gains of business or profession”.

The Income tax Act, 2025 retains the scope of such provisions.

Clause 34 of the new Act provides for similar general conditions for allowing deduction of expenditure for the purposes of business or profession being carried on by taxpayer.

## Clubbing Provisions

There are no changes in incidence of taxation, or methodology of clubbing of income in the new Act. Formula has been introduced for ease of understanding and certainty in computation. For example

### Section in existing income tax Act, 1961

Explanation 3 to Section 64 (1) in IT Act, 1961

For the purposes of clauses (iv) and (vi), where the assets transferred directly or indirectly by an individual to his spouse or son’s wife (hereafter in this Explanation referred to as “the transferee”) are invested by the transferee,-

Section in existing income tax Act, 1961	Section in new Income Tax Act 2025
<p>(i) in any business, such investment being not in the nature of contribution of capital as a partner in a firm or, as the case may be, for being admitted to the benefits of partnership in a firm, that part of the income arising out of the business to the transferee in any previous year, which bears the same proportion to the income of the transferee from the business as the value of the assets aforesaid as on the first day of the previous year bears to the total investment in the business by the transferee as on the said day</p>	<p>Formula:  <math>A = B \times (C/D)</math> where,                      A = Income to be included in the hands of individual for the tax year.                      B = Income or interest or both, arising to the spouse or son’s wife from the business or from the firm, as applicable during the tax year.                      C = Value of such assets invested, or contributed as capital by the spouse or son’s wife as on the first day of the tax year.                      D = Total investment or total capital contribution, as the case may be, by the spouse or son’s wife as on the day for which A is being computed.</p>

(ii) in the nature of contribution of capital as a partner in a firm, that part of the interest receivable by the transferee from the firm in any previous year, which bears the same proportion to the interest receivable by the transferee from the firm as the value of investment aforesaid as on the first day of the previous year bears to the total investment by way of capital contribution as a partner in the firm as on the said day, shall be included in the total income of the individual in that previous year.

Formula:

$A = B \times (C/D)$  where,

A = Income to be included in the hands of individual for the tax year.

B = Income or interest or both, arising to the spouse or son's wife from the business or from the firm, as applicable during the tax year.

C = Value of such assets invested, or contributed as capital by the spouse or son's wife as on the first day of the tax year.

D = Total investment or total capital contribution, as the case may be, by the spouse or son's wife as on the day for which A is being computed.

## Deeming Provisions- Section 68-69D of IT Act, 1961

The provisions have been simplified.

Section 69B has been split and merged with sections 69 and 69A.

In order to reduce disputes on rate of taxation and to

provide certainty, the reference of the section specifying the rates of taxation has been provided in this Chapter.

Towards reducing ambiguity, certainty has been provided as far as possible and rate of taxation has been specified in the chapter itself.

Section 68 of the Income Tax Act, 1961 is concerned with taxing the unexplained credits found in the books of accounts. In the corresponding section 102 of the new Act, the provisions of the section remain the same and will continue to be taxed under this section.

### Set-off and carry forward loss (Section 70-80 of IT Act 1961)

Section in existing Income Tax Act, 1961	Section in new Income Tax Act 2025
Transitional provisions for set off of loss under the head "Income from house property".	
71A. Where in respect of the assessment year commencing on the 1st day of April, 1993 or the 1st day of April, 1994, the net result of the computation under the head "Income from house property" is a loss, such loss in so far as it relates to interest on borrowed capital referred to in clause (vi) of sub-section (1) of section 24 and to the extent it has not been set off shall be carried forward and set off in the assessment year commencing on the 1st day of April, 1995, and the balance, if any, in the assessment year commencing on the 1st day of April, 1996, against the income under any head.	omitted



Section in existing Income Tax Act, 1961	Section in new Income Tax Act 2025
Losses of firms. Where the assessee is a firm, any loss in relation to the assessment year commencing on or before the 1st day of April, 1992, which could not be set off against any other income of the firm and which had been apportioned to a partner of the firm but could not be set off by such partner prior to the assessment year commencing on the 1st day of April, 1993, then, such loss shall be allowed to be set off against the income of the firm subject to the condition that the partner continues in the said firm and to be carried forward for set off under sections 70, 71, 72, 73, 74 and 74A.	omitted

## Chapter VIA of Income tax Act, 1961

In this Chapter, the existing provisos and explanations have been integrated into the main sections, improving clarity and coherence.

Large and complex sections, such as Section 80C, have been streamlined, and detailed provisions have been moved to Schedule XV for better presentation and comprehension.

Further, the provisions of Section 80-IA, 80-IB, 80-IAB, 80-IBA of the Income-tax Act, 1961 would still be applicable for the undertakings or enterprises or projects which were already eligible to avail deductions as per these sections, which is ensured by incorporating necessary savings and repeals clause.

The various sums eligible for deduction under Section 80C, which were previously spread throughout the section, have now been transformed into a simplified arrangement of eligible savings instruments in the proposed Schedule XV.

The deduction limit remains clearly stated within the section, while the Schedule provides an easy-to-understand breakdown of eligible deductions. This simplifies the process for taxpayers, making it more transparent and organized. The changes have been made for better accessibility and comprehension.

Section 80G, which provides deductions for donations, has been revised to clearly segregate deductions based

on the percentage of eligible deductions—100% and 50%, without making any policy change. This makes it easier for taxpayers to identify and claim the correct deduction amount.

Previously, Sections 80TTA and 80TTB provided deductions on interest earned from savings accounts. 80TTA for the general public and 80TTB for senior citizens.

These sections have now been merged into a single proposed section, with clearly defined sub-sections. The eligibility criteria and deduction limits for different categories of assessee are now explicit, reducing the need to refer to multiple sections.

The definition of eligible assessee who can claim deductions on royalties earned from patents u/s 80RRB has been made clear. Additionally, the language has been modified to explain the computation of the deduction amount.

Deduction under 80C, 80CCD, 80D, 80DD, 80DDB, 80EEA, 80EEB, 80U, 80JJAA find place in the new Income Tax Act, 2025.

## Advance tax, refund and interest

There are no policy changes. However, the provisions have been made easy to read with the following approach:

The provisions related to the payment by the assessee

on his own accord and as per the order of the Assessing Officer have been segregated in two different sections to avoid confusion.

Redundant provisions have been removed.

A formula has been provided for the computation of the advance tax liability.

Formulas have been provided for the computation of interest in different situations.

For example, the following formula has been provided for the computation of interest for defaults in furnishing of the return of income:

$$I = 1\% \times A \times T$$

where

I = Interest payable

A = the amount of tax on which interest is payable;

T = number of months comprised in the period commencing on the date immediately following the starting date and ending on the end date.

The computation of interest is based on the period and rate of interest. For the computation of period, the most crucial factors are the start date and the end date and the same have been provided in the form of a Table as follows:

SL NO	CIRCUMSTANCES	STARTING DATE	ENDING DATE	THE AMOUNT OF TAX ON WHICH INTEREST IS PAYABLE
A	B	C	D	E

Thus, the taxpayers will have clarity about the start date and the end date for the computation of the period for which interest is payable in different scenarios and also the amount of tax on which interest is payable.

## Assessment procedure

Section 153 of the Income-tax Act, 1961 which provides limitation for making assessment and reassessment etc. and section 155 of the said Act which deals with other amendments, have been converted into tabular format for ease of readability.

Section 144B of the said Act which lays down the procedure for making faceless assessment has been simplified and redrafted as proposed in section 273 of the new Act.

Part A of the Chapter XVI in the new Income Tax Act, 2025 contains 24 sections as against 33 sections in the Income-tax Act, 1961. Further, number of words has also been reduced from 26,651 words to 13,160 words.

## Return of Income

Chapter XV of the new Act is divided into two parts:

Part A (pertaining to PAN)

Part B (pertaining to the filing of return of income).

The proposed section 263(1)(a) of the new Act lists the

various categories of assesseees who are required to file the returns of income.

Under Section 139 of the Income Tax Act, 1961, these assesseees are scattered across various sub-sections.

In the new Income Tax Act, all assesseees are consolidated in one place which makes it easier for each category of assesseees to locate and fulfil their return filing obligations.

The due dates for filing return of income for each category of assesseees are still the same.

They are now presented in a tabular format for easier understanding.

The provisions regarding belated returns, revised returns, and updated returns remain the same as in the Income Tax Act, 1961 (including amendments made vide Finance Act, 2025).

## Tax Deduction and Collection at source

TDS and TCS provisions have been made easier to comprehend by providing tables. There are separate tables for payment to residents and non-residents, and where no deduction at source is required. For example, the proposed provisions relating to TDS on rent are shown below:



SL NO	NATURE OF INCOME	PAYER	RATE THRESHOLD LIMIT
1	INCOME BY WAY OF RENT	PERSON OTHER THAN SPECIFIED PERSON	RATE – 2% THRESHOLD LIMIT ₹.50,000 for a month or part of month.

In the existing Act, there are 43 sections which specify the various sums which are liable to TDS, depending on the status of the payer/payee, subject to applicable monetary limits. The sections provide the rate at which tax is liable to be deducted at source.

In the new Act, all these sections have been merged into one section. Section 393 of the new Act contains 3 Tables applicable to three broad categories of Payees-Residents, Non residents and any person.

The respective Table for each category in turn, specifies the nature of income or sum, monetary threshold, payer/person and the applicable rate of TDS.

In the table for Resident payees, similar nature of sums have been clubbed together, such as Rent, Interest, dividend etc.

Further, a separate Table has been provided covering the cases/conditions where TDS is not required to be deducted.

Similarly, the provisions relating to TCS have been merged and placed in one section.

Section 394 of the new Act contains one Table which specifies the nature of receipts, monetary threshold, collector and rate of TCS. The said section also lays down the conditions for no collection of TCS.

Furthermore, provisions relating to the following matters, which were present through-out the Chapter in the existing Act, have been merged and placed together as independent sections in the new Act.

- Certificates including Lower Deduction/Collection Certificates
- Compliance and reporting (filing of statements etc.)

- Consequences of failure to deduct or collect tax or pay the tax deducted or collected.
- Processing of Statements

In the new Act, provisions relating to TDS/TCS are contained in 13 sections as against 69 sections in the existing Income Tax Act, 1961.

The relevant parts of the Chapter XIX of the new Act contains 14,606 words as against 27,453 words in the existing Income Tax Act, 1961.

Rates of TDS/TCS as well as thresholds are same as in Income Tax Act, 1961 (being amended upto Finance Act, 2025)

## No Changes in Rates

There are no changes related to rates.

Since there have been regular amendments to the Income Tax Act, 1961 including amendments made in Finance Act, 2025, the Act stands updated from policy perspective.

All amendments made upto Finance Act 2025 have been duly incorporated in the new Income tax Act 2025.

Therefore, no major policy related changes have been made in the Act.

## Substantial reduction of words in new Act 2025

The total words in the new Income Tax Act, 2025 are around 2.6 lakhs, as against 5.12 lakh words in the Income Tax Act, 1961. Some of the Chapters where substantial reduction of words have been achieved are as given below:



Income Tax Act 1961		Income Tax Bill 2025		Reduction of Words
Topic	Words	Topic	Words	
Exemption related provisions	30,000	Exemption related provisions	13,500	<b>16,500</b>
TDS/TCS provisions	27,453	TDS/TCS provisions	14,606	<b>12,847</b>
Non profit organisation	12,800	Non profit organisation	7,600	<b>5,200</b>



# PRESS RELEASE

## INDIRECT TAX

### Central Board of Indirect Taxes and Customs (CBIC) wins top prize in Public Outreach & Communication Category at India International Trade Fair (IITF) 2025

Posted On: 27 NOV 2025 8:50PM by PIB Delhi

In acknowledgement of its comprehensive outreach efforts, innovative public engagement formats and inclusive communication strategy, the **GST & Customs Pavilion has bagged the Gold Prize in the 'Public Outreach and Communication' Category** at IITF 2025 in New Delhi, today.

The Central Board of Indirect Taxes and Customs (CBIC) successfully showcased its flagship '**GST & Customs Pavilion**' at the **India International Trade Fair (IITF) 2025** in New Delhi, from 14<sup>th</sup>-27<sup>th</sup> November 2025.

Built around the theme "**Next-Gen GST: सरल कर, खुशहाल राष्ट्र**", the Pavilion aimed at deepening public understanding of the Government of India's latest reforms in indirect taxation and trade facilitation. Designed as an interactive and educational space, the Pavilion served as an important public interface where **taxpayers, industry representatives, students, and citizens** could engage with CBIC's ongoing initiatives to simplify compliance and enhance service delivery. The CBIC pavilion received overwhelming footfall and active participation from people across age groups, professions and sectors, reflecting strong public interest and optimism toward recent GST reforms.

### Key Highlights of the CBIC Pavilion

#### 1. Expert Helpdesks for Instant Support

Eight helpdesks from GST, Customs, GSTN, ICEGATE and CPGRAMS provided quick, on-the-spot assistance with registration, refunds, return filing, grievances and trade procedures.

#### 2. Multilingual Learning Content

Educational videos and tutorials—available in 10 regional languages plus Hindi and English—simplified GST and Customs processes for all visitors.

#### 3. Interactive Digital Exhibits

Digital screens and interactive displays showcased CBIC's key reforms, technological upgrades and achievements, highlighting smoother, more transparent compliance systems.

#### 4. Engaging Awareness Activities

Magic shows, puppet shows, quizzes, caricature artists, VR games and selfie corners made tax awareness fun and accessible, supported by informative brochures.

#### 5. Youth-Focused Career Guidance

Dedicated sessions introduced students to career opportunities in CBIC and its role in revenue administration and trade facilitation.

The CBIC expresses gratitude to all visitors, stakeholders and partners for their enthusiastic participation and reaffirms its ongoing commitment to **simplifying taxes, enhancing transparency and building a more citizen-friendly indirect taxation ecosystem.**

## DIRECT TAX

### **CBDT launches 2nd NUDGE initiative to strengthen voluntary compliance in respect of Foreign Assets.**

**Under the 2nd NUDGE initiative, CBDT will send SMSs and emails from 28th November 2025 to identified taxpayers with advice to voluntarily review and revise their returns on or before 31st December 2025 to avoid penal consequences**

**Posted On: 27 NOV 2025 1:45PM by PIB Delhi**

Analysis of the Automatic Exchange of Information (AEOI) for FY 2024-25 (CY 2024) by the Central Board of Direct Taxes (CBDT) has identified high-risk cases where foreign assets appear to exist but have not been reported in the ITRs filed for AY 2025-26. Accordingly, the CBDT is launching the second NUDGE campaign, under which SMSs and emails will be issued from 28th November 2025 to such taxpayers, advising them to review and revise their returns on or before 31st December 2025 to avoid penal consequences.

The campaign aims to facilitate correct reporting in Schedule Foreign Assets (FA) and Foreign Source Income (FSI) in ITRs. Accurate and complete disclosure of foreign assets and income is a statutory requirement under the Income-tax Act, 1961, and the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

Adopting a PRUDENT [P – Professionalism, R – Responsible & Responsive, U – Understanding (laws, transactions & business), D – Dedication & Due Diligence / Data-based decision making, E – Effective enforcement (with empathy), N – Non-intrusive administration (taxpayer-centric, compliance-nudging), T – Technology (technology-based tax

administration)] approach to tax administration, CBDT utilises advanced data analytics to simplify compliance processes, reduce information asymmetry and reinforce a transparent and trust-oriented interface with taxpayers. The initiative aligns with the vision of Viksit Bharat, fostering accountability, transparency and a culture of voluntary compliance.

The CBDT continues to strengthen its data-driven, non-intrusive and taxpayer-centric measures aimed at improving voluntary compliance. The “Non-intrusive Usage of Data to Guide and Enable (NUDGE)” initiative reflects CBDT’s commitment to a forward-looking, technology-enabled and trust-based tax administration focused on promoting accurate reporting and enhancing revenue mobilization.

The first NUDGE campaign, launched on 17th November 2024, targeted select taxpayers who had been reported by foreign jurisdictions under the AEOI framework as holding foreign assets that were not disclosed in their Income Tax Returns (ITRs) for AY 2024-25. The initiative yielded positive outcomes, with 24,678 taxpayers (including several not directly nudged) revisiting their returns and disclosing foreign assets amounting to ₹29,208 crore, along with foreign-source income of ₹1,089.88 crore.

The CBDT receives information relating to foreign financial assets of India residents from partner jurisdictions pursuant to Common Reporting Standards (CRS) and from the United States under the Foreign Account Tax Compliance Act (FATCA). This information assists in identifying potential discrepancies and guiding taxpayers towards timely and accurate compliance.

The CBDT advises all eligible taxpayers to utilise this opportunity to ensure complete compliance with statutory reporting requirements. For further information on CRS, FATCA, Schedule FA and Schedule FSI, taxpayers may refer to the official website [www.incometax.gov.in](http://www.incometax.gov.in).



# NOTIFICATION

## INDIRECT TAX

### Notification No. 49/2025-Customs

New Delhi, the 28th November, 2025

G.S.R (E).- In exercise of the powers conferred by section 157 of the Customs Act, 1962 (52 of 1962), the Central Board of Indirect Taxes and Customs hereby makes the following regulations further to amend the Project Imports Regulations, 1986, namely:-

1. (1) These regulations may be called the Project Imports (Amendment) Regulations, 2025.
- (2) They shall come into force on the 29th day of November, 2025.

2. In the Project Imports Regulations, 1986, in the TABLE, against Sr. No. 3FF, in columns 2 and 3, after item (xiii) and the entries relating thereto, the following items and entries shall be inserted, namely:-

2.	3.
“(xiv) Jaipur Metro Projects	Managing Director or Director (Project), Rajasthan Metro Rail Corporation Limited (RMRCCL)”

## DIRECT TAX

### Notification

New Delhi, the 19th November, 2025

S.O. 5293(E).— In exercise of the powers conferred by sub-section (2) of section 54, sub-section (2) of section 54B, sub-section (2) of section 54D, sub-section (4) of section 54F, sub-section (2) of section 54G, sub-section (2) of section 54GA and sub-section (2) of section 54GB of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following Scheme further to amend the Capital Gains Account Scheme, 1988, namely:- 1. This Scheme may be called the Capital Gains Accounts (Second Amendment) Scheme, 2025. (2) It shall come into force on the date of its publication in the Official Gazette. 5 2. In the Capital Gains Accounts Scheme, 1988 (hereinafter referred to as the said Scheme), in paragraph 1, in sub-paragraph (3), after the figures and letter “54G”, the figures and letters “, 54GA” shall be inserted. 3. In the said Scheme, in paragraph 2,- (i) for clause (e), the following clause shall be substituted, namely:- ‘(e)”Deposit Office” means any branch or branch office of- (i) the State Bank of India constituted

under the State Bank of India Act, 1955 (23 of 1955) or of a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959), or of a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980); or (ii) a “banking company” as defined under clause (c) of section 5 of the Banking Regulation Act, 1949(10 of 1949), which is authorised by the Central Government, by notification in the Official Gazette, to receive deposit and maintain account of the depositor under this Scheme;’; (ii) in clause (f), after the figures and letter “54G”, the figures and letters “, 54GA” shall be inserted; (iii) after clause (f), the following clause shall be inserted, namely:- ‘(fa) “electronic mode” means payment by use of electronic clearing system through a bank account or by way of any of the following modes, namely:— (a) credit card; (b) debit card; (c) net banking; (d) IMPS (Immediate Payment Service); (e) UPI (Unified Payment Interface); (f) RTGS (Real Time Gross Settlement); (g) NEFT (National Electronic Funds Transfer), and (h) BHIM (Bharat Interface for Money) Aadhaar Pay;’. 4. In the

said Scheme, in paragraph 3, after the figures and letter “54G”, the words, figures and letters “or section 54GA” shall be inserted. 5. In the said Scheme, in paragraph 5,— (a) in sub-paragraph (4), after the words “cheque or by draft”, the words “or by electronic mode” shall be inserted; (b) for sub-paragraph (6), the following sub-paragraph shall be substituted, namely:- “(6) If the deposit is made by a cheque or a draft or by electronic mode then, subject to such cheque or draft or payment by such electronic mode being realised, the effective date of deposit for the purpose of claiming exemption under the Act shall be the date on which the cheque or draft or payment by such electronic mode is received by the deposit office along with the application made under sub-paragraph (1) or sub-paragraph (5), as the case may be.”; (c) in sub-paragraph (7), after the words “of the cheque or the draft”, the words “or the date of receipt of the deposit by electronic mode” shall be inserted.

Entire notification can be read at : <https://incometaxindia.gov.in/communications/notification/notification-161-2025.pdf>

## Notification

**New Delhi, the 19th November, 2025**

### (INCOME-TAX)

S.O. 5294(E).— In pursuance of clause (e) of paragraph 2 of the Capital Gains Account Scheme, 1988, and in continuation to the earlier notification numbers G.S.R.725(E), dated the 22nd June, 1988 and G.S.R.859(E), dated the 30th November, 2012, the Central Government hereby authorises all the branches (except rural branches) of the following banks to receive deposits and maintain accounts under the said Scheme, namely: – (i) HDFC Bank Ltd; (ii) ICICI Bank Ltd; (iii) Axis Bank Ltd; (iv) City Union Bank Ltd; (v) DCB Bank Ltd; [भाग II—खण्ड 3(ii)] भारत का राषिर्त : असाधारण 3 (vi) Federal Bank Ltd; (vii) IDFC FIRST Bank Ltd; (viii) IndusInd Bank Ltd; (ix) Jammu and Kashmir Bank Ltd; (x) Karnataka Bank Ltd; (xi) Karur Vysya Bank Ltd; (xii) Kotak Mahindra Bank Ltd; (xiii) RBL Bank Ltd; (xiv) South Indian Bank Ltd; (xv) Yes Bank Ltd; (xvi) Dhanlaxmi Bank Ltd; (xvii) Bandhan Bank Ltd; (xviii) CSB Bank Ltd; and (xix) Tamilnad Mercantile Bank Ltd.

Explanation. - For the purposes of this notification, a rural branch, in relation to the bank specified herein

means a branch which is situate and is functioning at a centre, the population whereof, in accordance with the 2011 census is less than ten thousand.

## Notification

**New Delhi, the 26th November, 2025**

S.O. 5442(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, ‘Haryana State Board of Technical Education (HSBTE), Panchkula’ (PAN: AAAGT0008A), a Board constituted by Government of Haryana, in respect of the following specified income arising to the said Board, as follows: (a) Grants, Assignments and Contributions received from the Central Government and the State Government of Haryana. (b) Fees, such as Affiliation Fees, Examination Fees, Migration Fees, Transcription Fees, etc. (c) Royalties and charges including penalties. (d) Bequests, donations and endowments or other contributions. (e) Sale proceeds of any securities and Rents & profits from property vested in HSBTE. (f) Interest earned on bank deposits. 2. This notification shall be effective subject to the conditions that Haryana State Board of Technical Education, Panchkula – (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 [भाग II—खण्ड 3(ii)] भारत का राषिर्त : असाधारण 3 (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 applied for Assessment Year 2025-2026 relevant to Financial Year 2024-25 and applicable for Assessment Years 2026-27 to 2029-30 relevant to Financial Years 2025-2026 to 2028-2029

## Notification

**New Delhi, the 26th November, 2025**

S.O. 5441(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 “ Odisha Real Estate Regulatory Authority” (PAN: AAAGO0648F) (hereinafter referred to as “the assessee”), an authority constituted under the Real Estate (Regulation and Development) Act, 2016 (No. 16 of 2016), for the purposes of the said clause. 2. This notification shall be effective from the assessment year 2025-26, subject to the condition that the assessee continues to be an authority constituted under the Real Estate (Regulation and Development) Act, 2016 (No. 16 of 2016) with one or more of the purposes specified in sub-clause (a) of clause (46A) of section 10 of the Incometax Act.

## Notification

**New Delhi, the 26th November, 2025**

S.O. 5440(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, ‘State Pollution Control Board, Odisha’ (PAN AAALS2490J), a Board constituted by the State Government of Odisha under the Water (Prevention and Control of Pollution) Act, 1974 (6 of 1974), in respect of the following specified income arising to that Board, namely:- (a) Statutory Consent & Authorization Fees received under the Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981; (b) Penalties & Levies collected under governing statutes; (c) Grant-in-aid received from Central & State Governments; (d) Grant in Aid received on behalf of Central & State Governments in the capacity of nodal agency; (e) Share of contributions received for carrying out environmental studies & research; (f) Miscellaneous income, like sale of scrap, profit on sale of assets, RTI application fees, forfeiture of Bank Guarantee,

tender fees, examination fees, analysis charges and empanelment of consultant fees, miscellaneous fees and recoveries under the Statutes etc; (g) Interest earned on (a) to (f) above. 2. This notification shall be effective subject to the conditions that State Pollution Control Board, Odisha- (a) shall not engage in any commercial activity; [भाग II—खण्ड 3(ii)] भारत का राष्ट्रपति : असाधारण 3 (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 Year 2023-24 to 2025-26 relevant for the assessment years 2024-25 to 2026-27 and shall be applicable for Financial Years 2026-27 to 2027-28 relevant for the assessment years 2027-28 to 2028-29.

## Notification

**New Delhi, the 2nd December, 2025**

S.O. 5551(E).— In the exercise of the powers conferred by clause (b) of sub-section (2) of section 80G of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies “Shree Balakrishna Lalji & other deities temple” Bhuleshwar, Mumbai managed by Mota Mandir Trust, Mumbai, Maharashtra (PAN: AABTM9049C) to be place of historic importance and a place of public worship of renown throughout the states of Maharashtra and Gujarat for the purposes of the said section. The Notification will be valid only for the renovation or repair of the “Shree Balakrishna Lalji & other deities temple” Bhuleshwar, Mumbai to the extent of ₹. 50,00,00,000/- (Rupees Fifty Crore only) and will cease to be effective after the said amount has been collected or on 31.03.2030, whichever is earlier.

# CIRCULAR

## INDIRECT TAX

### Circular No.29/2025-Customs

**New Delhi Dated: 21th November, 2025**

**Subject: Launch of SWIFT 2.0 and onboarding of**

**AQCS, PQMS and FSSAI on SWIFT 2.0 as Single Touch Point for Trade for NOC Processing – reg.**

CBIC, in its continuous efforts toward trade facilitation and enhancement of ease of doing business, is developing Single Window Interface for Facilitating

Trade (SWIFT 2.0), an upgraded, unified, and fully digital Single Window platform designed to provide a single touch point for importers, exporters, other stakeholders and all Partner Government Agencies in relation to all EXIM processes. SWIFT 2.0 brings enhanced automation, seamless data exchange, and end-to-end digital processing for EXIM clearances involving Partner Government Agencies (PGAs). The earlier version of SWIFT functioned as a document-repository-based NOC clearance system, whereas SWIFT 2.0 is an advanced, fully digital, data-driven platform designed to serve a wide range of trade stakeholders.

2. The following features will be available to importers, exporters, and other trade stakeholders under SWIFT 2.0-

- Importers and exporters can submit additional data fields and documents which are necessary to obtain No Objection Certificates (NOC) from the PGAs directly in SWIFT 2.0 thereby reducing physical touch point of interaction with PGAs.
- Users can view all their details in a unified dashboard and track responses to queries, as well as review their previous transaction history with any PGA.
- Trade members will receive real-time SMS and email alerts on the status of their NOC applications, ensuring they are promptly informed about any required action.
- Users can make online payments for PGA fees through the system and can obtain digital receipts for their records.
- Trade Stakeholders will be notified of the scheduled date and time of visual inspections by PGAs and can track confirmations directly through the SWIFT 2.0 platform.
- Importers and exporters can digitally view and download the approved NOCs issued by PGAs.
- The trading community will benefit from a seamless experience as all NOC-issuing PGAs are gradually integrated into a single platform, eliminating the need to navigate multiple PGA systems.

3. As a background, reference is invited to Board

Circular No. 09/2015-Cus dated 31.03.2015, Circular 03/2016-Cus dated 03.02.2016, and Circular 10/2016-Cus dated 15.03.2016 regarding the earlier version of SWIFT. These Circulars, in the earlier version of SWIFT, provided integration for NOC/ test report for six PGAs viz. Food Safety and Standards Authority of India (FSSAI), Plant Quarantine (PQ), Animal Quarantine and Certification Services (AQCS), Central Drugs Standards Control Organization (CDSCO), Wildlife Crime Control Bureau (WCCB), and a lab module for the Textile Committee (TC) to provide test related NOC, for live consignments. This SWIFT platform enabled importers to lodge their clearance documents online through ICEGATE at a single point, facilitated risk- based inspection and an Online NOC from the PGAs. However, importers were still required to upload additional documents on respective PGA portals if so desired by PGAs for processing NOCs.

4. SWIFT 2.0 is proposed to onboard over 60 PGAs in a phased manner, incorporating the above features as indicated at para 2. Under the first phase of the SWIFT 2.0 rollout, consolidated lists of data fields/values and mandatory documents required by the following PGAs have been finalised for implementation

- a. Animal Quarantine and Certification Services (AQCS);
- b. Plant Quarantine Management System (PQMS);
- c. Food Safety and Standards Authority of India (FSSAI)

The detailed list of data elements and document codes for AQCS, PQMS, and FSSAI is annexed as Annexure A, B, and C, respectively, for reference.

5. These data fields/values and mandatory documents have been formulated after inter-ministerial consultations involving the Department of Animal Husbandry & Dairying, Directorate of Plant Protection, Quarantine and Storage (DPPQS), Food Safety and Standards Authority of India, and the Central Board of Indirect Taxes and Customs (CBIC), with the objective of ensuring a single touch point for EXIM clearances for trade.



6. The finalized data elements and document codes will be effectively implemented through the Integrated Declaration in the Bill of Entry. These data elements and documents are required to be declared/uploaded by the trade at the time of filing the Bill of Entry or by filing the additional details and documents in the unified application dashboard under SWIFT 2.0, wherever import consignments are subjected to clearance by PGAs.
7. In view of above, all field formations are requested to issue suitable Public Notices/Trade Notices to sensitize stakeholders and ensure accurate filing of the required data/documents. These measures will and enhance ease in doing business experience to stakeholders.
8. DG Systems is advised to issue a detailed advisory in this regard. Mandatory filing for all three PGAs shall be effective from 01.12.2025.
9. Any difficulties in implementation may be brought to the notice of the Board at the earliest.

## JUDGEMENT

### INDIRECT TAXATION

#### Imposition of penalty for goods detention due to PIN code error with correct address unjustified :HC

##### Facts of the Case :

Ashok Kumar Maganbhai Patel vs. State of UP - [2025] (Allahabad)

The petitioner challenged the seizure of goods and imposition of penalty arising from detention during transit, where the consignment was moving from Gujarat to West Bengal in a bill-to-ship-to transaction. The record showed that the goods were accompanied by a tax invoice, e-way bill, and railway receipt, and that the only discrepancy was a one-digit error in the ship-to PIN code on the tax invoice while the full address was otherwise correct. The petitioner contended that clause 5(b) of Circular No. 64/38/2018-GST, dated 14-09-2018 clarified that proceedings under section 129 of the CGST Act may not be initiated where the PIN code is incorrect but the consignor or consignee address is correct, and submitted that the statutory appeal was dismissed without considering the binding nature of circulars issued under section 168 of the CGST Act. The matter was accordingly placed before the High Court.

##### Decision of the Case :

The High Court held that the detention of goods and

imposition of penalty under section 129 was unjustified since the only discrepancy was a one-digit PIN code error and all other prescribed documents were in order. The Court noted that clause 5(b) of Circular No. 64/38/2018-GST, dated 14-09-2018 clearly stated that such an error does not warrant initiation of proceedings under section 129 when the address of the consignor or consignee is otherwise correct, and emphasised that circulars issued under section 168 are binding on field formations. The Court observed that the record disclosed no intent to evade tax and no other irregularity in the documentation, making the seizure and penalty contrary to statute and the governing circular. The High Court accordingly set aside the impugned orders and allowed the writ petition.

#### Long-term sub-letting as hostel still qualifies property for residential dwelling; GST exemption condition met: SC

##### Facts of the Case :

State of Karnataka vs. Taghar Vasudeva Ambrish - [2025] (SC)

The assessee, a co-owner of a residential building, leased the property to a company, which sublet rooms as hostels for long-term stays of 3 to 12 months to students and working professionals. The Authority for Advance

Ruling (AAR) and the Appellate Authority for Advance Ruling (AAAR) denied the exemption under Entry 13 of Notification No. 9/2017-Integrated Tax (Rate), on the ground that the company did not itself reside in the property. It was contended that the property continued to qualify as a residential dwelling since the sub-lessees' use satisfied the 'use as residence' condition, and that the amendment to the notification, which excluded registered persons from the exemption, was prospective and could not be applied retrospectively. The matter was accordingly placed before the Supreme Court.

### ■ **Decision of the Case :**

The Supreme Court held that the property qualified as a residential dwelling since the accommodation was for long-term stays and municipal records confirmed its residential character. It was observed that the condition of 'use as residence' under Entry 13 of Notification No. 9/2017-Integrated Tax (Rate) was satisfied through the sub-lessees, making the exemption activity-specific rather than person-specific. The Court further held that retrospective denial of exemption under the amended notification was impermissible, and that all conditions for exemption during 2019-2022 were met. Accordingly, the appeals filed by the Department of Revenue were dismissed in favour of the assessee.

## **Cancellation of GST registration by system generated notice without mentioning name of authority is unjustified: HC**

### ■ **Facts of the Case :**

M Y Ent Bhatta vs. State of U.P. - [2025] (Allahabad)

The petitioner challenged the system-generated show cause notice issued for cancellation of its GST registration on the ground of non-filing of returns for six months, which also resulted in suspension of the registration from the same date. The petitioner contended that the subsequent cancellation order was unsustainable because the foundational notice itself was invalid. During the proceedings, the authorities produced an explanation from GSTN stating that digital signatures were not necessary, as the authorities log in digitally, but the petitioner submitted that this explanation could not cure the non-mention of the

officer in the notice. The matter was accordingly placed before the High Court.

### ■ **Decision of the Case :**

The High Court held that the power to initiate proceedings under Sections 29 of the CGST Act and the Uttar Pradesh GST Act vests in designated officers, not in an automated system. It held that while the GSTN advisory could explain the absence of a digital signature, it could not justify the complete omission of the name and office of the issuing authority, which rendered the show cause notice under the Act and the Rules. It further held that an order of cancellation founded upon such an invalid notice could not be sustained in law. The Court accordingly quashed both the impugned show cause notice and the consequent cancellation order.

## **Refund for export of services not denied for alleged non-production of remittance proofs if eBRCs/FIRCs submitted:HC**

### ■ **Facts of the Case :**

Mavenir Systems (P.) Ltd. vs. Union of India [2025] (Karnataka)

The petitioner exported services without payment of tax and filed refund claims of unutilised ITC under Section 54 of the CGST Act/Karnataka GST Act. The jurisdictional authority sanctioned the refund. In replies to the SCNs issued during departmental review, the petitioner submitted eBRCs (electronic bank realisation certificates) and FIRCs (foreign inward remittance certificates) with particulars; however, the appellate authority set aside the sanctions and rejected the refund on the ground of alleged non-production of these documents. Parallel recovery proceedings culminated in an adjudication order and issuance of DRC-07. The matter was accordingly placed before the High Court.

### ■ **Decision of the Case :**

The High Court held that the finding of the appellate authority that eBRCs/FIRCs were not produced was factually incorrect because the petitioner's replies on record enclosed such documents. The court further held that details of foreign remittances were available with the departmental authorities, and alleged non-



production could not defeat a refund claim for export of services under Section 54 of the CGST Act/Karnataka GST Act, Section 16 of the IGST Act, and Rule 89 of the CGST Rules/Karnataka GST Rules. The court held that the impugned appellate orders, SCN, adjudication order, and recovery notices were unsustainable. It accordingly directed the departmental authorities to grant the refund as originally sanctioned along with applicable interest.

## Negative blocking of electronic credit ledger without available ITC impermissible as per Rule 86A: HC

### Facts of the Case :

Mannat Steels vs. Union of India [2025] (Punjab & Haryana)

The petitioner, challenged the blocking of its electronic credit ledger (ECL). It was submitted that, under Rule 86A of the CGST Rules and the corresponding Punjab GST Rules, a negative blocking entry was created on

the ECL despite the available balance being insufficient, without any prior notice. It was contended that Rule 86A does not authorise blocking of ITC beyond the balance actually available and that such action was inconsistent with the statutory scheme, emphasising that eligibility and recovery under GST must be determined through proper adjudication. The matter was accordingly placed before the High Court.

### Decision of the Case :

The High Court held that Rule 86A permits the jurisdictional officer under CGST to impose a temporary restriction on the debit of ITC when there are reasons to believe that the credit has been fraudulently or ineligibly availed, and that such restriction may be imposed without prior show-cause notice. The Court observed that creating negative blocking entries exceeding the actual ITC balance is impermissible, and that authorities could resort to statutory recovery procedures instead. It was further held that determination of eligibility for ITC must occur through formal adjudication.

## DIRECT TAXATION

## Reassessment notice to deceased valid where legal heirs didn't inform IT Dept of death: HC

### Facts of the Case :

Gowthaman S vs. Income-tax Officer - [2025] (Madras)

The petitioner, a legal heir of a deceased assessee, challenged the order passed under section 148A(d), the assessment order passed under section 147 read with sections 144 and 144B, and the consequential notice of demand under section 156.

The petitioner submitted that the impugned orders and the notice under section 156 had been passed and issued against a person who died on 04-01-2024. As per the petitioner, a notice under section 148A(b) was issued on 31-03-2024, i.e., after the death of the assessee. Thus, the impugned order was liable to be interfered with.

### Decision of the Case :

The Madras High Court held that Section 159(2)(b)

allows for the continuation of any proceedings that could have been taken against the deceased had he survived. The legal representative can be held liable for any tax that the deceased would have been liable to pay if he had not died. The mandate of section 159(1) makes clear that when a person dies, his legal representative is liable to pay any sum which the deceased would have been liable to pay if he had not died, in the like manner and to the same extent as the deceased.

There were no records to indicate that after the assessee died on 04.1.2024, the petitioner took steps to inform the Income Tax Department about the death of the assessee. It was not open for the petitioner to state that assessment proceedings were initiated after the death of the assessee without notice to the petitioner or other legal representatives.

Thus, a challenge to the very jurisdiction of AO to either issue notice under Section 148A(b) or consequential order under Section 148A(d) and Assessment Order was liable to be rejected.

## **HC's clarification wasn't a "finding" or "direction" to trigger section 153(6): HC**

### **Facts of the Case :**

Shell India Markets (P.) Ltd. vs. Deputy Commissioner of Income-tax, Circle-3(4), Mumbai [2025] (Bombay)

The erstwhile assessee (Shell Technology India Private Limited) filed its return for the relevant assessment year 2007-08. With effect from 01-04-2008, the assessee merged with the petitioner, i.e. Shell India Markets Private Limited, pursuant to a Scheme of Amalgamation approved by the Hon'ble High Courts of Karnataka and Madras.

The Petitioner also furnished copies of the orders passed by the Hon'ble High Courts. However, the then Assessing Officer (AO) proceeded with the assessment proceedings and issued, inter alia, a notice under Section 143(2) on 19-11-2010 in the name of 'STIPL', which did not exist as of that date. Subsequently, a final Assessment Order was passed in the name of the erstwhile entity, i.e. STIPL.

On appeal, the Tribunal held that the assessment order, having been passed in the name of a non-existent entity, i.e. STIPL, was a nullity in the eyes of the law and liable to be quashed. The High Court also upheld the Tribunal's order setting aside the assessment order.

The High Court's order further clarified that the Department's appeal against the Tribunal's order was being dismissed solely on the ground that the notice and the Assessment Order had been passed in the name of the transferor company (STIPL). The Court further observed that the consequence of this submission was that the Assessment Order and Notice ought to have been issued in the name of the transferee company and not the transferor.

The Court clarified that its order would not preclude the Department from initiating fresh proceedings against the transferee company, in accordance with the law. Thereafter, Assessing Officer issued a notice under section 143(2) to the petitioner-company, claiming that the income was proposed to be assessed in the petitioner's hands in "compliance" with the order of the High Court.

The matter reached the Bombay High Court again.

### **Decision of the Case :**

The High Court held that the High Court order merely clarified that the revenue authorities were not precluded from initiating fresh proceedings against the transferee company (Petitioner) in accordance with the law. The emphasised words clearly rule out any question of a "direction" being issued by the Court. The Assessing Officer also accept this. As to whether the said order contained any "finding" within the meaning of the word, it was viewed that, in the first place, there is no finding at all.

The Court has merely recorded what it felt was the consequence and effect of the submission made by the Petitioner, which the Court had accepted. Clearly, an impact or consequence can only arise after the Court has accepted the submission. Ex facie, this can never be a finding necessary to decide the appeal before the Court. To put it differently, to determine the appeal before it, the Court merely applied the principle laid down in Maruti Suzuki's case [2019] 107 taxmann. com 375 (SC). It held that no assessment could be made of a non-existent company. No consideration of the assessment in the hands of the Petitioner was necessary to decide and finally dispose of the appeal.

Therefore, even assuming that a finding exists, it is clearly not a "finding" necessary to dispose of the appeal before the Court. Accordingly, there is no question of the provisions of Section 153(6) being attracted in the facts of the present case. For all the reasons set out above, it is viewed that the order of the High Court does not contain any "finding" or "direction" as contemplated by the provisions of Section 153(6).

## **Prosecution for non-payment of self-assessment tax quashed as no willful attempt to evade tax was established: HC**

### **Facts of the Case :**

Vilas Babanrao Kalokhe vs. Principal Commissioner of Income-tax (Central) - [2025] (Bombay)

The assessee was engaged in the business of stone crushing and manufacturing precast cement pipes. He filed his income tax return for the assessment year 2022-23 on 05-11-2022. The Assessing Officer (AO) observed that the assessee had not paid the



self-assessment tax along with the return, as required under section 140A. The tax was paid belatedly on 16-01-2023. AO initiated prosecution under section 276C(2) for a willful attempt to evade the payment of tax. The Principal Commissioner granted sanction for prosecution.

Aggrieved by the order, the assessee filed a writ petition with the Bombay High Court.

### Decision of the Case :

The High Court held that there was no dispute that the assessee failed to deposit the self-assessment tax either before or along with the return. The return was submitted, but the failure was to pay tax by the due date. Section 276C is titled ‘willful attempt to evade tax etc.’. While it is true that there are two sub-sections, they operate in different fields. Both sub-sections prescribe different punishments. What is common is a ‘willful attempt by a person,’ but there remains a difference.

The difference lies in the wording of those sub-sections, which also consider different contingencies and lead to different outcomes. For instance, sub-section (1) addresses a punishable contingency such as ‘evasion of tax etc.’, but does not include the phrase ‘payment of tax’. In contrast, sub-section (2) includes the phrase ‘payment of tax etc.’. Therefore, sub-section (1) addresses evasion of tax, including submitting a return, while sub-section (2) pertains only to the ‘non-payment of tax’.

As the title of section 276C indicates, the word ‘failure’ is absent. There is a difference between ‘failure’ and ‘evasion’. Furthermore, the evasion should not only be simple evasion, but it should be willful evasion. It indicates there may be cases wherein there is a genuine case for not paying tax on or before the due date, even though the return is submitted.

The assessee has cited financial difficulties. This could be considered evasion. The department ought to have argued that these financial difficulties are not genuine but merely an excuse. The burden of proof can be shifted later. The presumption of culpability arises only when the necessary ingredients are satisfied at the outset. In this case, it cannot be inferred that the assessee committed a willful default in paying the tax along with the return, as tax was paid on 16-1-2023. Therefore, the impugned prosecution was to be quashed.

## Concept of virtual service PE does not find mention in DTAA between India and Singapore : HC

### Facts of the Case :

Commissioner of Income-tax, International Taxation vs. Clifford Chance Pte Ltd [2025] 181 taxmann.com 254 (Delhi)

The assessee was a non-resident company incorporated in Singapore. It engaged in legal advisory services. It provided legal advisory to Indian clients, partly rendered remotely from outside India and partly by two of its employees who visited India to render such services.

The Assessing Officer (AO) passed draft assessment orders proposing additions, as the assessee constituted a permanent service establishment in India due to the physical presence of its employees in India for 120 days. AO also contended that the assessee constituted a virtual service permanent establishment in India. The Dispute Resolution Panel (DRP) dismissed the assessee’s objections. AO passed final assessment orders under section 143(3) read with section 144C(13), and the assessee filed an appeal to the Delhi Tribunal.

The Tribunal deleted the additions made by the AO, holding that a service PE requires actual performance of services in India by employees physically present there. Since the assessee rendered services for only 44 days after excluding vacation, business development, and standard days the 90-day threshold for a service PE in AY 2020-21 was not satisfied.

The matter reached the Delhi High Court.

### Decision of the Case :

The High Court held that Article 5(6) of the DTAA contemplates that an enterprise shall be deemed to have a permanent establishment in the contracting state through its employees or other personnel only if the activities within the contracting state continue for a period aggregating to 90 days in any fiscal year. The words “within a Contracting State” and “through employees or other personnel” contemplate rendition of services in India by the employees of the non-resident enterprise, while mandating a fixed nexus, a physical footprint within India.

The term ‘within’ has a specific territorial connotation, and in the absence of personnel physically performing services in India, there can be no furnishing of services ‘within’ India. It is such a rendition of services by employees present within the country that would constitute a service permanent establishment. AO’s view that, as a result of rapid digitalisation, services, including consultancy services, can be provided virtually without the physical presence of employees in the contracting state, cannot be accepted. It is found that the DTAA contemplates no such eventuality. The concept of a virtual service permanent establishment is not mentioned anywhere in the DTAA.

In the absence of any such provision, the revenue’s argument would be at variance with the express provisions of the DTAA, as interpreted above. It is not for courts to read in concepts which are not expressly provided for by the treaty. The guiding principle here is that language which is not explicitly included in treaty provisions cannot be artificially read into such provisions by way of judicial fiction.

Accordingly, the AO’s contention that a virtual service permanent establishment existed for the relevant assessment years was rejected.

## **HC quashes reassessment as AO relied on borrowed satisfaction without establishing any live link to assessee’s data**

### **Facts of the Case :**

Mita Ashish Desai vs. Deputy Commissioner of Income-tax [2025] 180 taxmann.com 815 (Gujarat)

The assessee filed her return of income for the relevant assessment year and declared short-term capital gains on the sale of shares of a company. Subsequently, the Assessing Officer (AO) issued a notice for reassessment based on information from a search under section

132 on that group of companies. The search revealed incriminating documents showing evidence of cash transactions providing bogus entries.

The assessee filed objections to the reassessment notice, contending that all purchase and sale transactions of shares were duly recorded, short-term capital gains were fully disclosed and taxed, and no long-term capital gains were earned during the year. However, the AO rejected the objections and passed an order holding that the short-term capital gains were bogus and reopened the assessment.

The assessee filed a writ petition to the Gujarat High Court against the reassessment order.

### **Decision of the Case :**

The High Court held that the AO failed to provide sufficient details in the reasons recorded to establish a prima facie belief that income had escaped assessment. The reasons recorded only refer to information received from credible sources, indicating that a search was conducted on a group of companies and that incriminating documents were found and seized during the search. Upon reviewing the information available on the Insight Portal, it was found that the assessee was one of the beneficiaries of accommodation entries in various forms of income, such as Long Term Gains/Loss, Short Term Gains/Loss, and also as a beneficiary of unsecured loans, among others, without any proper basis for forming such a belief.

It was clear that the AO recorded the reasons solely based on borrowed satisfaction, without any live link between the information available on the Insight Portal and the assessee’s record. Therefore, the AO cannot be said to have formed an independent satisfaction regarding the reasons recorded for reopening the assessment, in order to reach the prima facie conclusion that there is escapement of income.

Accordingly, the petition was allowed, and the reassessment notice was quashed and set aside.



# TAX CALENDAR

## INDIRECT TAX

10th December, 2025	GSTR – 7 (TDS)
	GSTR- 8 (TCS)
	GSTR-3B (Nov 2025)
11th December, 2025	GSTR-1 (Nov 2025)
13th December, 2025	GSTR – 5 & 5A

## DIRECT TAX

Due Date.	Return.
December 10th 2025	<p>Due date for filing of return of income for the assessment year 2025-26 if the assessee (not having any international or specified domestic transaction) is (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 apply</p> <p><b>Note:</b> The due date of furnishing of Return of Income has been extended from October 31, 2025 to December 10, 2025, vide Circular no. 15/2025, dated 29-10-2025</p>
December 15th 2025	<p>Uploading of declarations received in Form 27C from the buyer in the month of November, 2025</p> <p>Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of November, 2025 has been paid without the production of a challan.</p> <p>Third instalment of advance tax for the assessment year 2026-27</p> <p>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 November, 2025</p> <p>Due date for issue of TDS Certificate for tax deducted under section 194- IA, 194-IB, 194 M, 194S in the month of October, 2025.</p>



# 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.

## Disclaimer:

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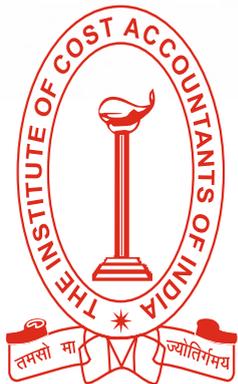
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# ICMAI

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