VISION 360

FEB 2025

EDITION 52

A TREASURY OF KEY TAX & REGULATORY DEVELOPMENTS!

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EDITORIAL

Vision 360: January Tax Kickoff...

January 2025 saw a multitude of legislative and judicial developments in the field of taxation, some of which we've documented in this month's magazine.

In the realm of Direct Tax developments, we've examined a significant Judgment from the Hon'ble Supreme Court, where it ruled that capital reduction is akin to the 'extinguishment' or 'relinquishment' of a right and constitutes a 'transfer,' thereby allowing the capital loss claimed by the assessee. We also highlight a critical ITAT ruling on the taxability of salary for services rendered outside India but received in India, along with other important judgments in the Direct Tax and Transfer Pricing space. Additionally, the CBDT issued several Circulars and Press Releases, including notifications stating that a unit of the International Financial Services Centre will not be considered a buyer under Section 206C(1H) of the Income Tax Act, effective January 1, 2025. Other releases included updates on conditions for non-residents engaged in cruise ship operations under Section 44BBC of the IT Act, as well as an extension of the due date for determining the amount payable under Section 90 of the Direct Tax Vivad Se Vishwas Scheme, 2024, among others.

In the Indirect Tax section, we've analysed several key judgments from across the country, which have clarified the law on various topics, such as the importance of providing proper reasoning when issuing SCNs, interpreting the limitation period for filing GST appeals, and the taxability of expense reimbursements. We've also documented the CBIC's notifications, advisories, and instructions regarding GST, Customs, and the FTP, including clarifications on the regularization of GST payments on co-insurance premiums and ceding/re-insurance commissions, the applicability of GST on certain services, and the imposition of late fees for delays in filing FORM GSTR-9C.

Additionally, we bring you updates on international developments, such as the UAE-Russia Double Taxation Avoidance Agreement, the US-India Tax Forum's budget recommendations, proposed EU tax policy reforms, and Brazil's consumption tax reform.

In the 52nd edition of our exclusive monthly magazine "**VISION 360,**" we, at TIOL, are thrilled to present these developments and more in collaboration with **Taxcraft Advisors LLP**, **GLS Corporate Advisors LLP**, and **VMGG & Associates.** We trust that you will continue to find it an engaging and informative read. We eagerly anticipate your input, opinions, and feedback, which will enable us to enhance our services and better meet your needs.

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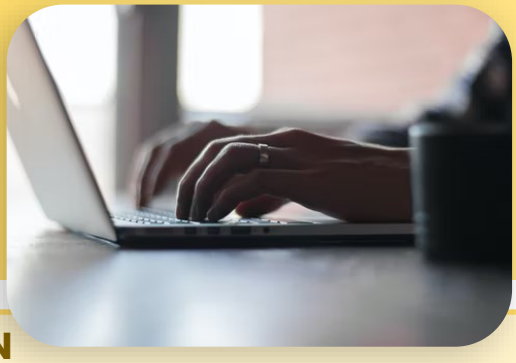


INDIA'S INVESTMENT REVOLUTION: FOREIGN COMPANIES CAN NOW BUY LOCAL FIRMS WITH STOCKS ?

Foreign Direct Investment has long been a crucial pillar of India's economic growth, attracting global businesses to invest in the country's thriving market. Over the years, the Indian government has worked towards liberalizing investment regulations to encourage foreign participation while maintaining a balance to protect domestic interests. One such recent reform is a significant policy change allowing foreign-controlled companies in India to use their own stocks to acquire stakes in local companies. This departures from the previous requirement that such transactions be executed primarily through cash infusions. This shift is expected to reshape the way mergers and acquisitions take place in India, bringing the country closer to global financial norms.

Traditionally, foreign investors looking to acquire stakes in Indian companies had to rely on direct capital inflows, making transactions more complex and often limiting the number of deals that could be executed. Cash-based acquisitions meant that companies had to secure large amounts of liquidity before making strategic investments, which sometimes acted as a deterrent to expansion. With this new change, foreign-controlled companies operating in India can now use their stocks as a form of payment when acquiring stakes in Indian businesses. This brings India in line with global investment practices, where stock-based acquisitions are common in mergers and expansion strategies.

The implications of this change are far-reaching. First, it will significantly boost foreign investment in India by making it easier for multinational corporations to expand their presence without needing to bring in additional cash from overseas. This is particularly relevant for industries that require heavy capital investment, such as infrastructure, technology, and pharmaceuticals. With the ability to use stocks as a medium of exchange, businesses can now pursue acquisitions more efficiently, leading to increased deal-making and investment activity.

Furthermore, this move is expected to provide greater flexibility to businesses in structuring their transactions. Startups and mid-sized companies, which often seek strategic investments from foreign entities, will now find it easier to engage in equity-based partnerships without relying solely on cash transactions. This could open new doors for Indian businesses to gain access to global expertise, cutting-edge technology, and international markets through stock-based mergers with foreign firms.

The impact of this policy change will also be felt in the Indian stock market. With stock-based deals becoming more common, investor interest in foreign-controlled companies operating in India is likely to increase. This could lead to greater liquidity in the stock market and potentially higher valuations for companies engaging in such transactions. Additionally, as more global firms integrate with Indian businesses, the market could see an influx of sophisticated investment strategies that align with international best practices.

While the advantages of this move are clear, certain concerns must also be addressed. A key issue is the potential risk of excessive foreign control in critical sectors. Industries such as defense, telecom, and energy are vital to national security and economic stability. While sector-specific FDI restrictions and regulations already exist to limit foreign ownership in these areas, it remains to be seen whether these restrictions would effectively apply to stock-based acquisitions, such as share swaps. If foreign-controlled companies gain substantial stakes through such transactions, it could raise concerns about external influence over India's strategic industries. Policymakers will need to assess whether existing safeguards adequately cover these

scenarios and, if necessary, introduce measures to prevent undue foreign dominance in sensitive sectors.

Another challenge is the possibility of stock market manipulation and overvaluation. When companies engage in stock-based transactions, the valuation of shares becomes a crucial factor. There is a risk that some firms might artificially inflate their stock prices ahead of such deals, leading to market distortions and potential losses for retail investors. Regulatory authorities such as SEBI and the RBI will need to closely monitor these transactions to ensure transparency and prevent any malpractice.

Moreover, the use of stocks instead of cash could create complexities in regulatory compliance. Companies will have to navigate multiple legal frameworks, including India's FDI policy, foreign exchange regulations, and securities laws. Smaller firms that lack the necessary legal expertise may find it challenging to comply with these requirements, potentially leading to delays and complications in executing stock-based acquisitions.

Another potential downside is the risk of tax avoidance. Unlike cash transactions, stock-based deals can sometimes be structured in a way that minimizes tax liabilities for both the acquiring and target companies. If not monitored properly, this could lead to revenue losses for the government and create an uneven playing field for businesses that primarily rely on traditional acquisition methods. Authorities must ensure that adequate taxation policies are in place to prevent any misuse of stock-based acquisitions for tax evasion.

Despite these challenges, the overall impact of this policy change is expected to be positive. It will encourage more investment, enhance business flexibility, and promote the integration of Indian companies with global markets. By allowing stock-based transactions, India is signaling to international investors that it is committed to modernizing its investment framework and aligning with global economic standards. However, while this reform offers significant opportunities, it must be implemented with caution. Policymakers must ensure that appropriate checks and balances are in place to prevent potential risks such as excessive foreign control, stock manipulation, and tax evasion. Regulatory oversight will be crucial in maintaining market integrity and ensuring that this policy benefits all stakeholders.

In conclusion, allowing foreign-controlled companies in India to use stocks for acquiring stakes in local firms is a progressive step that will unlock new investment opportunities, foster economic growth, and make the Indian market more attractive to global investors. If managed well, this move has the potential to drive India's business ecosystem forward, creating a more dynamic and globally competitive economy. However, as with any major financial reform, careful implementation and strict regulatory oversight will be essential to ensuring that its benefits outweigh its risks.

INDUSTRY PERSPECTIVE

RAHUL SHINDE

Angel Investor

Understanding Leadership and Growth: A Prelude to Our Discussion

The business landscape is constantly evolving, and leaders who drive change play a crucial role in shaping industries. Mr. Rahul Shinde is one such leader, having made a lasting impact in the retail and quick-service restaurant (QSR) sectors through his expertise in strategic growth, brand development, and operational excellence. Throughout his career, Mr. Shinde has spearheaded business transformations and market expansions, demonstrating a deep understanding of consumer behaviour and business strategy.

In this exclusive interview, Mr. Shinde shares his insights on leadership, business strategy, and the evolving consumer landscape. His perspectives provide valuable lessons for entrepreneurs, business executives, and aspiring leaders.

Profile of Mr. Rahul Shinde

Mr. Rahul Shinde is a distinguished business leader with extensive experience in the retail, consumer goods, and quick-service restaurant (QSR) industries. As the former CEO of Yum Restaurants India, he played a pivotal role in expanding KFC's market presence, driving operational excellence, and adapting the brand to local consumer preferences. Before his tenure at Yum!, he held leadership roles at J.C. Penney and McKinsey & Co, specializing in brand management, strategic marketing, and business transformation.

Following his successful stint at Yum!, Mr. Rahul Shinde joined Devyani International Limited as Whole-time Director and CEO for Yum Brands, where he oversaw the franchise operations of KFC and Pizza Hut in India. Under his leadership, Devyani strengthened its market position and expanded its footprint across the country and in Thailand & Nigeria. He stepped down from this role in April 2024 to launch his own businesses. With deep expertise in strategic growth, brand development, and operational leadership, Mr. Rahul Shinde has made a lasting impact on India's QSR and consumer industries.

Mr. Rahul Shinde's Perspective on Indian Startup Ecosystem

01 What key factors do you look for before investing in a startup in India ?

As an angel investor, I primarily look at three key aspects before making an investment: the founding team & culture, the market opportunity, and the scalability of the business model. A passionate and resilient founding team with strong domain expertise is crucial because early-stage startups face immense challenges, and the founders' ability to navigate them is often the biggest determinant of success. The market opportunity is equally important—there must be a clear problem being solved, and the total addressable market should be large enough to support sustainable growth. Lastly, scalability matters because a business that cannot grow beyond its initial niche is unlikely to generate the returns that investors seek. If a startup demonstrates strong potential in these areas, it significantly increases its chances of securing investment.

02 How has the Indian startup ecosystem evolved over the past few years, and what trends do you foresee in 2025 ?

The Indian startup ecosystem has matured significantly over the past decade. Earlier, most startups struggled with funding beyond the seed stage, but today, there is an abundance of capital available across different funding rounds. We have also seen a shift from consumer-facing businesses to B2B and SaaS-based models, with many Indian startups building solutions for global markets. Additionally, regulatory improvements and a growing focus on profitability over hypergrowth have made the ecosystem more stable.

Looking ahead to 2025, I see deep-tech, AI, and fintech continuing to attract significant investment. The push for self-reliance (Atmanirbhar Bharat) is also creating opportunities in manufacturing, agritech, and EVs. Sustainability-focused startups, particularly in climate tech, will likely see a surge in funding as well. Overall, India's startup landscape is entering a phase where investors are becoming more selective, emphasizing long-term viability over rapid expansion.

03 What are the biggest challenges Indian startups face when seeking early-stage funding?

One of the biggest challenges for early-stage startups is proving product-market fit. Many founders have great ideas, but they struggle to validate them with real users or generate revenue before seeking investment. Investors want to see some level of traction—whether through early customers, partnerships, or even a strong waiting list.

Another challenge is differentiation. In highly competitive sectors like fintech or e-commerce, startups need to articulate a unique value proposition that sets them apart. Additionally, regulatory uncertainty in sectors like crypto, healthtech, and edtech can make investors cautious. Lastly, many first-time founders struggle with financial planning and structuring their business in a way that makes it attractive to investors. These challenges mean that only a small percentage of startups actually secure angel funding.

Finally, another challenge which I am noticing is founders seeking funding very early in the process and diluting their shares, and hence control. Investors in the early stage often seek 30/50% or even 80% in pre-seed rounds which leave the founder with little to no room to evolve the business model.

04 With rising valuations and competition, how do you assess whether a startup is overvalued or has genuine long-term potential ?

Valuations in the Indian startup ecosystem have been rising sharply, sometimes disconnected from underlying fundamentals. When evaluating a startup's valuation, I look at revenue growth, unit economics, and market positioning. If a company is burning cash without a clear path to profitability or sustainable scaling, I consider it a red flag. I normally seek startups which can cover operational costs (including founder salaries and development costs) through their operating cash flow and are burning cash and require funding for customer acquisition.

I also compare the startup's valuation with industry benchmarks and look at similar companies in global markets. If a startup is commanding a premium valuation, I need to see strong justifications such as unique technology, high customer retention, or a significant first-mover advantage. Ultimately, long-term potential is about how well a business can defend its market position and continue growing sustainably.

05 How do macroeconomic factors like inflation, interest rates, and government policies impact early-stage investments in India?

Macroeconomic factors have a profound impact on early stage investing. Inflation and interest rates influence consumer spending and business costs, affecting startups' ability to scale. High inflation, for example, can increase operational costs, making it harder for young companies to maintain healthy margins. Rising interest rates also impact investor sentiment, as capital becomes more expensive, and risk appetite reduces. A founder who seeks to dilute less, often relies on raising debt. High interest rates of unsecured loans create significant stress on the P&Ls and cash flow.

Government policies play a crucial role in shaping investment opportunities. For instance, tax incentives for startups, ease of doing business initiatives, and foreign investment regulations significantly influence where and how angel investors deploy their funds. A favourable policy environment, such as the one currently supporting fintech and renewable energy, encourages more investments in these sectors.

06 What risk mitigation strategies do you adopt while investing in early-stage startups in India?

Early-stage investments inherently carry high risks, but there are ways to mitigate them. First, I diversify my investments across different sectors and business models to spread the risk. Second, I spend considerable time understanding the founders' backgrounds, their ability to execute, and their long-term vision.

Another important strategy is structuring the investment through SAFE notes or convertible instruments, which provide downside protection. I also stay actively engaged with the startups I invest in, offering mentorship and strategic advice. This hands-on approach helps in identifying potential challenges early and guiding the startup towards better decision-making.

07 What advice would you give to first-time angel investors looking to enter the Indian startup ecosystem?

For first-time angel investors, my advice would be to start small and learn by actively engaging with startups. Investing in early-stage companies requires patience, as returns often take several years to materialize. Due diligence is critical—understand the business model, the market opportunity, and the team before making any commitments. Also topping up winners is a better bet that going all in while making the investments.

I also recommend joining angel networks or investment syndicates, as they provide valuable insights and reduce the risk associated with solo investments. Finally, always be prepared for failures. Not every investment will be a success, but the learnings from failures will make you a better investor over time.

DIRECT TAX
From the Judiciary

Tribunal holds salary for services rendered outside India though received in India not taxable under Section 9(1)(ii) of the IT Act

Mridula Jha Jena

ITA No. 4844/Mum/2024

The Assessee had filed the return for AY 2013-14 declaring income of INR 6.89 Lakhs. On account of the Assessee's failure to address the notices issued, the AO had passed an ex-parte order making an addition of INR 45.08 Lakhs towards salary income as per Form 26AS and disallowing INR 1.10 Lakhs that was claimed as deduction under Chapter VIA of the IT Act. Aggrieved, the Assessee approached the Tribunal

Noting that the Assessee was sent on a long term assignment to Cairo, Egypt with effect from August 1, 2012 and had only stayed in India for 108 days during AY 2013-14 and also perusing the Explanation 1(a) to Section 6(1) of the IT Act and Section 2(30) of the IT Act , the Tribunal observed that as the Assessee left India during the previous year for the purpose of employment and stayed in India for a period of less than 182 days therefore, the said Assessee could not be termed as a resident and was a non-resident. Moreover, the Assessee had filed its return as a non-resident but the AO while passing the ex-parte order had treated the Assessee as a resident even though the CIT(A) had recorded no contrary finding with regard to the residential status of the Assessee as a non-resident, accordingly, it was not in dispute that the residential status of the Assessee was that of a non-resident.

Further, the salary claimed from August 1, 2012 did not accrue in India since the services were rendered outside India and once the Assessee's residential status was determined as a non-resident then the provisions of Section 9(1)(ii) of the IT Act were to be considered for determining the taxability of salary income earned by the Assessee and pursuant to the perusal of the provisions of Section 9(1)(ii) of the IT Act, it was evident the salary income earned for services rendered in India only were to be regarded as income earned in India.

Thus, holding that the salary received by the Assessee for services rendered outside India though received in India was not taxable under Section 9(1)(ii) of the IT Act, the Tribunal deleted the entire disallowance and addition made by the AO and further, directed the AO to allow the credit to TDS and the deduction claimed by the Assessee in accordance with law keeping in mind the Tribunal's decision regarding taxability of salary income.

Hon'ble SC allows Revenue's SLP on most favoured nation issue basis the precedent set by it in Nestle SA

Deccan Holdings BV Ltd.

Special Leave Petition (C) No.19046/2023

The Hon'ble HC had earlier allowed the Assessee's writ petition on the most favored nation clause in terms of the India-Netherlands DTAA basis its judgment in **Concentrix [2021-TII-29-HC-DEL-INTL]** and **Nestle SA [2021-TII-42-HC-DEL-INTL]**, holding that the rate of tax, on dividend, as applicable qua the Assessee was

5% under India-Netherlands DTAA.

Aggrieved, the Revenue filed an SLP before the Hon'ble SC which taking note of its judgment in **Nestle SA [2023-TII-11-SC-INTL]** wherein the earlier judgments passed by the Hon'ble HC in **Nestle SA [2021-TII-42-HC-DEL-INTL]** and **Concentrix [2021-TII-29-HC-DEL-INTL]** were set aside, allowed the SLP filed by the Revenue and dismissed the writ petition filed by the Assessee.

Hon'ble SC holds capital reduction akin to 'extinguishment'/'relinquishment' of right, tantamounts to 'transfer', allows capital loss claimed by the Assessee

Jupiter Capital Pvt. Ltd.

2025-TIOL-01-SC-IT

The Revenue had filed an SLP before the Hon'ble SC against the order of the Hon'ble HC wherein the disallowance of capital loss claimed by the Assessee was set aside by the Hon'ble HC holding that there was an extinguishment of rights in relation to the shares.

Before the Hon'ble SC, the Revenue contended that no such extinguishment of rights was made out by the Assessee as required under Section 2(47) of the IT Act and there was no reduction in the face value of the share as although the number of shares got reduced by virtue of reduction in share capital of the company, yet the face value of each share as well as shareholding pattern remained the same and hence did not amount to extinguishment since the Assessee had not sold any share.

Placing reliance on a plethora of its judgments, the Hon'ble SC observed that the expression "extinguishment of any right therein" was of wide import as it covered every possible transaction which resulted in the destruction, annihilation, extinction, termination, cessation or cancellation, by satisfaction or otherwise, of all or any of the bundle of rights - qualitative or quantitative - which the Assessee had in a capital asset. Moreover, the reduction of right in a capital asset would amount to 'transfer' under Section 2 (47) of the IT Act and the relinquishment of any rights in it, which did not amount to sale, could also be considered as a transfer.

Thus, holding that the capital reduction/reduction of share capital would be squarely covered within the ambit of the expression "sale, exchange or relinquishment of the asset" used in Section 2(47) the IT Act and hence the Assessee was entitled to claim consequent long term capital loss, the Hon'ble SC affirmed the order of the Hon'ble HC, by allowing the capital loss claimed by the Assessee and dismissed the SLP filed by the Revenue.

Hon'ble HC quashes proceedings under Section 148A of the IT Act citing colossal non-application of mind and abuse of authority by Revenue

C. C. Dangi & Associates

Writ Petition No. 247 of 2023

The Assessee had preferred a writ petition before the Hon'ble HC against the notice and the consequent order issued by the Revenue under Section 148A of the IT Act, contending that there was a gross non-

application of mind by the Revenue.

Noting that the AO had adopted a mechanical approach by proceeding to issue a notice under Section 148A(b) of the IT Act, merely on the basis of information and without any verification of the information as the information when tested on record showed that the assumption by the Revenue was unwarranted and wholly erroneous, the Hon'ble HC observed that although the Assessee had submitted every possible detail showcasing its bona-fide it was overlooked by the Revenue, who proceeded to issue a notice and subsequently passed an order under Section 148A of the IT Act which created a serious doubt as to whether he was aware of his jurisdiction under the provisions of the tax statute and more particularly when he proceeded to issue the notice and pass an order thereon.

Further, the Hon'ble HC observed that the impugned order passed by the Revenue had shocked its conscience as such a colossal non-application of mind by the Revenue tantamounted to abuse of authority and powers vested in the Revenue by law. Accordingly, allowing the writ petition filed by the Assessee, the Honble HC, quashed the notice and the consequent order passed by the Revenue under Section 148A of the IT Act and imposed a cost of INR 50000 on the Revenue.

DIRECT TAX
From the Legislature

NOTIFICATIONS

Sr No	Notifications	Key Updates
1	**Notification No. 06/2025 dated January 06, 2025**	**CBDT notifies that a unit of International Financial Services Centre shall not be considered a buyer under Section 206C(1H) (a) of the IT Act effective January 01, 2025** Section 206C(1H) of the IT Act is applicable to sellers whose total turnover, gross receipts, or sales exceed INR 10 Crores in the preceding financial year. It requires such sellers to collect tax at source of 0.1% on the amount received from a buyer exceeding INR 50 Lakhs in a financial year. Given this backdrop, the CBDT, specifies that effective January 01, 2025, a unit of International Financial Services Centre shall not be considered as a buyer for the purposes of Section 206C(1H) (a) of the IT Act in respect of purchase of goods from a seller provided that: • the buyer furnishes a statement-cum-declaration in Form No. 1A to the seller giving details of previous years relevant to the ten consecutive assessment years for which the buyer opts for claiming deduction under Section 80LA (1A) and (2) and, such statement-cum-declaration so furnished is verified in the manner specified in the said Form, for each previous year relevant to the ten consecutive assessment years for which the buyer opts for claiming deduction under Section 80LA (1A) and (2) of the IT Act. • the seller does not collect tax on payment received from the buyer after the date of receipt of copy of statement-cum-declaration in the said Form from the buyer and furnishes the particulars of all the payments received from the buyer on which tax has not been collected in pursuance of this notification in the statement of collection of tax referred to in Section 206C(3) of the IT Act read with Rule 31AA of the IT Rules.

NOTIFICATIONS

Sr	Notifications	Key Updates
		Further, the CBDT also clarifies that the aforementioned relaxation under this Notification shall be available to the unit of the International Financial Services Centre only during the said previous years relevant to the ten consecutive assessment years as declared by it in Form No. 1A for which deduction under Section 80LA of the IT Act is being opted and the seller shall be liable to collect tax on payments received for any other year.
2	**Notification No. 09/2025 dated January 21, 2025**	**CBDT prescribes conditions for non-residents engaged in the business of operation of cruise ships under Section 44BBC of the IT Act** The Finance (No. 2) Act, 2024, inserted a new Section 44BBC in the IT Act, relating to a special provision for computing the profits and gains of the business of operating cruise ships in the case of non-residents. Section 44BBC of the IT Act provides that a sum equal to 20% of the aggregate of the specified amounts shall be deemed to be the profits and gains of business chargeable to tax under the head "Profits and Gains of Business or Profession" in the case of a non-resident Assessees subject to such conditions as may be prescribed. Given this backdrop, to prescribe such conditions as mentioned above, the CBDT inserts a new Rule 6GB to the IT Rules which provides the following conditions to be fulfilled by non-residents engaged in the business of operation of cruise ships and opting for a presumptive taxation scheme under Section 44BBC of the IT Act:

NOTIFICATIONS

Sr No	Notifications	Key Updates
		• Operation of a passenger ship having a carrying capacity of more than two hundred passengers or a length of seventy-five meters or more for leisure and recreational purposes and having appropriate dining and cabin facilities for passengers. • Operation of such ship on scheduled voyages or shore excursions touching at least two sea-ports of India or the same sea-ports of India twice. • Operation of such ship primarily for carrying passengers and not for carrying cargo. • Operation of such ship as per the procedure and guidelines if any, issued by the Ministry of Tourism or Ministry of Shipping.

CIRCULARS

Sr No	Circulars	Key Updates
1	**Tweet dated December 30, 2024**	**CBDT issues clarification on Digiyatra use to track tax evaders** Taking cognisance of the appearance of multiple news articles stating that Digiyatra data would be used to crack down on tax evaders, the CBDT, on the social media platform - X, clarifies that no such move has been taken by the Income-tax Department as on date.
2	**Circular No. 20/2024 dated December 30, 2024**	**CBDT extends the due date for determining amount payable under Section 90 of the Direct Tax Vivad Se Vishwas Scheme, 2024** The CBDT extends the due date for determining the amount payable as per column (3) and (4) of the Table specified in Section 90 of the Direct Tax Vivad Se Vishwas Scheme, 2024 ('the Scheme') by a month as follows: -

CIRCULARS

Sr No	Circulars	Key Updates
3		• Where the declaration is filed on or before January 31, 2025 - the CBDT extends the due date from December 31, 2024 to January 31, 2025, therefore, the amount payable shall be determined as per column (3) of the Table specified in Section 90 of the Scheme in such cases. • Where the declaration is filed on or after February 1, 2025 - the CBDT extends the due date from January 1, 2025 to February 1, 2025, therefore the amount payable shall be determined as per column (4) of the said Table specified in Section 90 of the Scheme in such cases.
4	**Circular No. 21/2024 dated December 31, 2024**	**CBDT extends the due date for furnishing belated/revised return of income for AY 2024-25 for resident individuals to January 15, 2025** The Hon'ble Bombay HC in a PIL filed by the Chamber of Tax Consultants recently directed the CBDT to extend the due date for e-filing of the income-tax returns in relation to the Assessees who are required to file a return of income by December 31, 2024, to at least January 15, 2025, in order to ensure that all taxpayers eligible for the rebate under Section 87A of the IT Act are afforded the opportunity to exercise their statutory rights without facing procedural impediments. Given this backdrop, the CBDT, extends the last date for furnishing belated return of income under Section 139(4) of the IT Act or for furnishing revised return of income under Section 139(5) of the IT Act for the AY 2024-25 in the case of resident individuals from December 31, 2024 to January 15, 2025.

CIRCULARS

Sr No	Circulars	Key Updates
5	**Order No. 08/2025 dated January 20, 2025**	**CBDT issues clarification addressing implementation difficulties in Direct Tax Vivad se Vishwas Scheme, 2024** The Central Government had introduced the Direct Tax Vivad Se Vishwas Scheme, 2024 through the Finance (No.2) Act, 2024, with effect from October 1, 2024, to resolve income tax disputes under appeal by allowing eligible taxpayers to settle their tax disputes by paying a specified portion of their outstanding dues. However, the Scheme was only made applicable to cases where the dispute/appeal was pending as on July 22, 2024. Given this backdrop, in order to remove the difficulties arising in the implementation of the said Scheme, in situations where an order in case of a person had been passed on or before the specified date i.e. July 22, 2024, and the time for filing an appeal in respect of such order was available as on the said date, however, the appeal in respect of such order was filed after the said date within the stipulated time as applicable for filing of such appeal and the aforesaid appeal was filed without any application for condonation of delay, the CBDT clarifies that in the case of such a person, the aforesaid appeal shall be considered as pending as on July 22, 2024, and such a person shall be considered as an Appellant for the purposes of the said Scheme and the disputed tax shall be calculated on the basis of such appeal, therefore, the provisions of the said Scheme and the rules framed thereunder shall apply accordingly in such a case.

TRANSFER PRICING
From the Judiciary

Tribunal holds reimbursement amount not income under Article 13 of India-Denmark DTAA, deletes incorrect addition made by AO in this regard

ISS AS, Denmark

ITA No. 1640/Mum/2024

The Assessee was a company incorporated under the laws of Denmark and was a resident of Denmark for taxation purposes, that had filed the return of income for AY 2014-15. The case was selected for scrutiny and the statutory notices were duly served on the Assessee. Since the Assessee had international transactions with its AE a reference was made to the TPO to determine the ALP of the international transactions reported by the Assessee.

The TPO passed an order without finding any variation to the value of international transaction with the AE with respect to the ALP. However, the AO during the assessment proceedings, noticed that the Assessee had received a sum as reimbursement of expenses without mark up and accordingly, made an addition, holding that the amount received was to be treated as royalty and management fee which was subject to tax as per Article 13 of the India-Denmark DTAA.

Aggrieved, the Assessee approached the CIT(A) who deleted the addition made by the AO on the ground that the TPO had not made any TP adjustment in respect of the international transaction pertaining to reimbursement of expenses and once the transaction was accepted to be at ALP in the hands of the AE there ought not be any adjustment in the hands of the non-resident Assessee.

Aggrieved, the AO approached the Tribunal which placing reliance on a plethora of judgments of the Hon'ble SC observed that once the character of the payment was found to be in the nature of reimbursement of the expenses, it could not be income chargeable to tax, accordingly, holding that the AO was not correct in making the addition treating the reimbursement as income under Article 13 of the India-Denmark DTAA, the Tribunal deleted the same.

Tribunal directs AO/TPO to compute PLI considering bad debt expenses as operating expenditure

Hitachi Energy Technology Services Pvt Ltd.

IT(TP)A No. 1529/Bang/2024

The Assessee was engaged in the provision of information technology support and catering to the internal needs of the power grids business of its affiliates, including development of software, that had filed its return of income.

During the course of the assessment, the AO/TPO did not consider bad debts written off as operating in nature and despite the DRP's directions to compute PLI of the margins of the comparables as per annual accounts, the AO/TPO did not do so and made a TP adjustment.

Aggrieved, the Assessee approached the Tribunal which noting that as per Section 144C(10) of the IT Act,

every direction issued by the DRP was binding on the AO/TPO, accordingly, directed the AO/TPO to compute bad debt expenses as operating expenditure and then compute PLI of the margins of the comparables, after which the AO/TPO could retain any adjustment only to the extent of it being on account of ALP of the international transaction.

Hon'ble HC dismisses appeal challenging final assessment order as withdrawn in light of Sumitomo Corporation India case

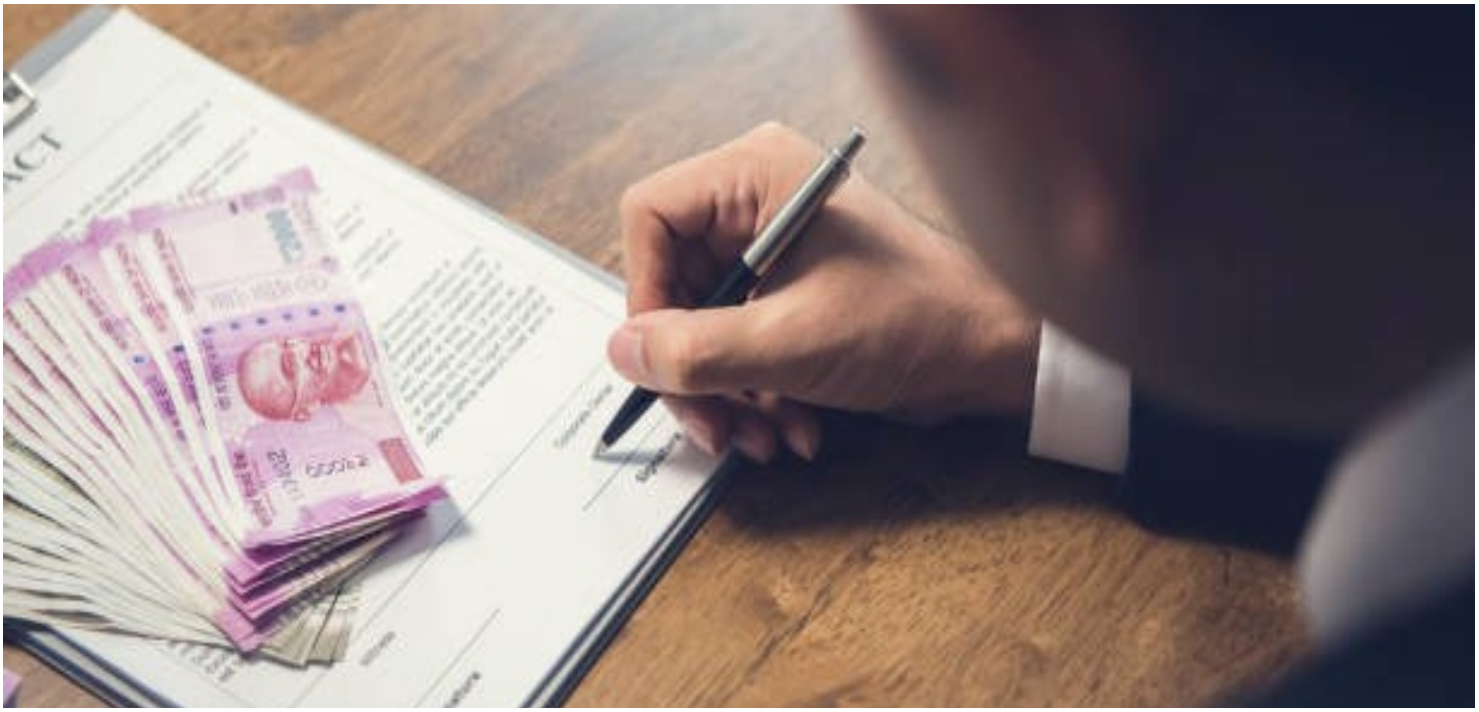
Smart Cube India Pvt Ltd.

ITA No. 1288/2018

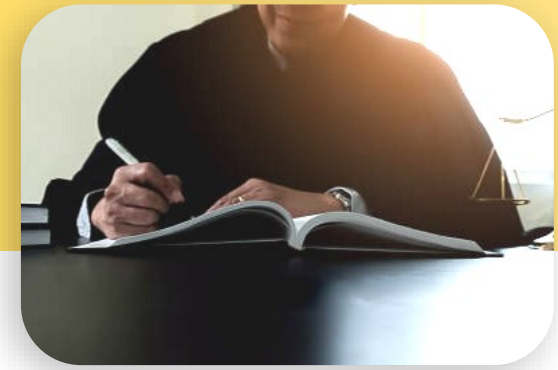
The Assessee had approached the Hon'ble HC seeking the withdrawal of its appeal against the order of the Tribunal wherein the Tribunal had remanded the matter to the TPO with certain directions related to comparables selection and the TPO had subsequently, proceeded to pass a fresh order in respect of the same, proposing upward adjustments and the AO had subsequently, passed a final assessment order pursuant to the TPO's order. Aggrieved, the Assessee filed a writ petition before the Hon'ble HC challenging the assessment order passed by the AO.

However, owing to the common judgment of the Hon'ble HC in **Sumitomo Corporation India (P.) Ltd. [2024-TII-57-HC-DEL-INTL]**, the abovementioned writ petition was disposed of with the final assessment order of the AO being quashed on the ground that the AO had not followed the procedure as stipulated under Section 144C of the IT Act, thereby rendering the Assessee's appeal against the order of the Tribunal as academic.

Accordingly, owing to the appeal being rendered as academic and the Assessee's plea to withdraw the same with the liberty of revival of the same in the event that the judgment of the Hon'ble HC in **Sumitomo Corporation India (P.) Ltd. [2024-TII-57-HC-DEL-INTL]** is set aside, the Hon'ble HC dismissed the appeal as withdrawn with the aforesaid liberty.



GOODS & SERVICES TAX
From the Judiciary



Failure to Provide Proper Reasoning Renders SCN Procedurally Defective

Eastland Switchgears Private Limited & Anr.

M.A.T. 110 of 2025 With I.A. No. CAN 1 of 2025

The Appellants challenged a SCN issued under Section 73 of the CGST Act, , arguing that their reply to the final audit report under Section 65(6) was not duly considered. The adjudicating authority acknowledged the reply but failed to provide any reasoning for rejecting it, merely stating that the "decision stands." Aggrieved the Appellant prefeered a writ before the Hon'ble Calcutta HC. The key issue before the Hon'ble HC was whether an SCN that fails to record reasons for rejecting an assessee's reply can be considered valid.

The Hon'ble HC emphasized that an SCN must clearly specify the role of the assessee and the adjudicating authority's prima facie view. A vague or unspecific SCN deprives the assessee of a fair chance to respond, violating principles of natural justice. As per Section 65(6), the adjudicating authority is required to inform the assessee of audit findings along with reasons. Since the SCN failed to do so, it was deemed procedurally defective. The Hon'ble HC accordingly, held that the SCN was declared invalid due to the lack of reasoning. The Court set aside the impugned notice and directed the adjudicating authority to issue a fresh SCN, explicitly stating the grounds for rejecting the assessee's reply. The appeal was allowed, and the matter was remanded for reconsideration.

Author's Note:

The Court's ruling reaffirms the settled principle that a Show-Cause Notice must be clear, specific, and reasoned, ensuring the assessee is not deprived of a fair opportunity to respond. Vague or cryptic SCNs, as seen in this case, violate principles of natural justice and have been struck down in various precedents, including ***CCE v. Brindavan Beverages (2007) 5 SCC 388*** *and* ***GKN Driveshafts (India) Ltd. v. ITO (2003) 259 ITR 19 (SC)****. Tax authorities must avoid issuing defective SCNs, as procedural compliance is not a mere formality but a fundamental right of the assessee.*

Limitation Period for GST Appeals Must Be Interpreted as Three Calendar Months

Brand Protection Services Private Limited

Civil Writ Jurisdiction Case No. 14957 of 2024

The Petitioner challenged the rejection of an appeal under Section 107 of the CGST Act, where the Appellate Authority dismissed the appeal for being filed beyond the 120-day limitation period (90 days + 30 days condonable delay). The issue before the Hon'ble HC was whether the three-month period prescribed under Section 107(1) should be interpreted as 90 days or as three full calendar months.

The Hon'ble HC held that the term "three months" in Section 107(1) must be interpreted as three calendar months and not a fixed 90-day period. Relying on precedent, the Court emphasized that the term "month" under Section 3(35) of the General Clauses Act refers to a calendar month, not a 30-day count. The Appellate Authority erred in computing the limitation as 90 days and rejecting the appeal on this basis.

The precedent in **M/s Vaishnavi Enterprises [CWJC No. 11172 of 2024]**, which incorrectly treated three months as 90 days, was held to be contrary to the statutory interpretation of time periods.

Accordingly, the Hon'ble HC set aside the impugned order, directing the Appellate Authority to restore the appeal and consider the Petitioner's reasons for delay within the legally prescribed timeframe of three calendar months. The writ application was allowed, ensuring fair access to appellate remedies under the CGST Act.

Author's Note:

This judgment also highlights a common issue in GST litigation—tax authorities frequently adopt strict and often erroneous interpretations of limitation periods, leading to denial of appeal rights. The Court's intervention corrects this misinterpretation, reinforcing that access to appellate remedies should not be defeated by procedural rigidity. It serves as a crucial reminder that adjudicating bodies must interpret statutory timelines correctly to uphold principles of natural justice and procedural fairness in taxation matters.

GST Assessment Order Without DIN Number Declared Invalid

Edifice (Bharat) Private Limited

Writ Petition No. 1342/2025

The Petitioner preferred a writ before the Andra Pradesh HC challenging an assessment order, on the ground that the order did not contain a DIN Number.

Relying on the Hon'ble SC decision in **Pradeep Goyal v. Union of India [(2022) 63 GSTL 286 (SC)]**, the Court reiterated that any order issued without a DIN is non-est and invalid. Further, the Division Bench decisions in **Cluster Enterprises [(2024) 88 GSTL 179 (AP)]** and Sai Manikanta Electrical Contractors reaffirmed that the non-mention of a DIN renders GST proceedings unsustainable. Additionally, **CBIC Circular No. 128/47/2019-GST, dated 23.12.2019**, mandates that all GST communications, including assessment orders, must contain a DIN for validity. In view of the binding precedents and CBIC's directives, the impugned assessment order was set aside.

SCN Issued Beyond Limitation Held Invalid

The Cotton Corporation of India

W.P.No.1463 of 2025

The Petitioner challenged a SCN dated 11.30.2024 issued under Section 73(1) of the CGST Act for the Assessment Year 2020-2021, contending that it was issued beyond the statutory time limit. As per Section 73(10) of the APGST Act, the final assessment order must be issued within three years from the due date for filing the annual return. Furthermore, Section 73(2) mandates that the SCN must be issued at least three months before the expiry of the assessment period, which in this case was 28.11.2024. Since the SCN was issued two days late, the petitioner argued that it was non-est and void.

The Hon'ble HC held that the three-month time limit under Section 73(2) is mandatory and not directory. It rejected the department's contention that the delay was minor and could be condoned, emphasizing that statutory limitation periods must be strictly followed. The Court relied on the Supreme Court's decision in **Himachal Pradesh v. Himachal Techno Engineers (2010) 12 SCC 210** and the House of Lords' ruling in **Dodds v. Walker (1981) 2 WLR 609**, which established that when a period is defined in months, it

must be calculated based on the corresponding date in the following month. Applying this principle, the last permissible date for issuing the SCN was 28.11.2024, making the notice issued on 11.30.2024 invalid.

The Hon'ble HC also observed that GST law includes procedural safeguards for taxpayers, ensuring adequate notice and fair opportunity to respond before assessment orders are passed. Allowing an SCN to be issued beyond the prescribed period would defeat these protections, enabling authorities to circumvent due process. The Court thus ruled that any SCN issued beyond the mandatory time limit is void and cannot be condoned. Accordingly, the impugned SCN was set aside, and the writ petition was allowed.

Reimbursable Expenses Not Taxable Under Service Tax Law

S. Vaidhyanathan Iyer & Co.

Service Tax Appeal No. 41089 of 2015

The Appellant challenged order which upheld the alleged non-payment of service tax on these reimbursements' expenses collected during CHA services, which were excluded from the gross taxable value for service tax purposes. The department contended that these expenses should be included as per Section 67 of The Finance Act, 1994 and Rule 5(1) of the Service Tax (Determination of Value) Rules, rejecting the Appellant's claim of acting as a pure agent under Rule 5(2).

The Tribunal relied on the Supreme Court's ruling in **UOI v. Intercontinental Consultants and Technocrats Private Limited [(2018) 10 GSTL 401 (SC)]**, which held that Rule 5(1) of the Valuation Rules was ultra vires Sections 66 and 67 of the Finance Act, 1994 and that service tax is only payable on the actual consideration for services rendered. It reaffirmed that reimbursable expenses do not form part of the taxable value. Since this precedent was binding, the tribunal concluded that the demand against the Appellant was unsustainable.

Furthermore, the Tribunal found that the extended period of limitation under Section 73(1) of the Finance Act, 1994 was wrongly invoked, as the issue was one of interpretation of law rather than suppression of facts. The Appellant had been regularly filing returns, and the alleged short payment was detected during an audit, negating any intent to evade tax. Accordingly, the Order-in-Appeal was set aside, and the appeal was allowed with consequential relief, reaffirming that reimbursable expenses cannot be taxed under service tax law.

GOODS & SERVICES TAX

From the Legislature

Sr No	Notification/ Circular	Summary
1	**Circular No. 244/01/2025-GST dated January 28, 2025**	**Regularizing Payment of GST on Co-insurance Premium and Ceding/Re-insurance Commission** 1. As per the recommendations of the 53rd council meeting, following additions were made in the schedule III of the CGST Act, as neither a supply of goods or services • Apportionment of the co-insurance premium by a lead insurer to a co -insurer for the insurance service provided jointly by both of them to an insured. Provided the lead insurer pays the entire tax on the amount of premium paid by the insured • Services provided by the insurer to the reinsurer on which ceding or reinsurance commission is deducted from reinsurance premium paid by the insurer to reinsurer, condition to payment of taxes by the by the reinsurer on the gross insurance premium. These provisions have been brought into force from 11.1.2024. As recommended in Council Meeting the payment of GST on the above specified activities or transactions from 07.01.2017 to 10.31.2024 are regularized on an 'as is where is' basis.
2	**Circular No. 245/02/2025-GST dated January 28, 2025**	**Clarifications regarding applicability of GST on certain services** • As per the Council recommendations, it has been clarified that no GST is payable on the penal charges applied by the Regulated entities like banks and NBFCs for non-compliance with the material terms and conditions of the loan contract of the borrower as per the direction of RBO, dated 08.18.2023 • RBI-regulated Payment Aggregators are eligible for GST exemption for transactions of amount up to INR 2,000, in a single transaction provided that the payments are made through cards only. Provided that this exemption is limited to payment settlement function only. • The GST on research and development services provided by government entities or affiliated institutions is regularized for the period 07.01.2017 to 10.09.2024, with an exemption now available from 10.10.2024.

Sr No	Notification/ Circular	Summary
		• On recommendation of the council, the payment of GST on services provided by the Training Partners which are approved by the National Skill Development Corporation, which were previously exempt prior to 10.10.2024, is regularized for the period 10.10.2024 to 01.15.2025, on 'as is where is' basis. • GST is applicable to the services (housekeeping, maintenance) provided to the Municipal Corporation of Delhi for their office upkeep, by facility management agency, as these are not related to municipal functions. • The Delhi Development Authority cannot be considered as a "local authority" as per Section 2 under GST law, clarifying it is not eligible for certain exemptions under the law. • Payment of GST by an unregistered to a registered person under the RCM basis in relation to composition levy, is thus regularized or the period from 10.10.2024 to 01.15.2025 on 'as is where is' basis. • GST payment by an electricity transmission or distribution utility, on some incidental or ancillary services is regularized for the period 10.10.2024 to 01.15.2025, on 'as is where is' basis • Payment of GST on services supplied by the Goethe Institute/Max Mueller Bhawans is regularized for the period from 07.01.2017 to 03.31.2023 on 'as is where is' basis.
3	**Circular No. 246/01/2025-GST dated January 28, 2025**	**Clarification on applicability of late fee for delay in furnishing of FORM GSTR-9C** • In both pre and post the amendment, registered persons are required to file an annual return in FORM GSTR-9, and should also submit a certified or self-certified reconciliation statement in FORM GSTR-9C. This statement reconciles the supplies declared in FORM GSTR-9 and the audited financial statements. The requirement to file FORM GSTR-9C applies only if the registered person's aggregate turnover exceeds the specified threshold limit for the financial year. • Late fees are leviable when any of the both i.e. GSTR 9 or 9C (if applicable are not filled within the stipulated due date. Late fees are thereby need to be calculated from the due date to the date on which GSTR-9 is filed, where GSTR-9C is not required to be filed. In case where GSTR-9C is mandatory, the date from due date to the date on which both the forms or the form filed subsequently needs to be calculated.

CUSTOMS & FTP
From the Judiciary

CESTAT Rules in Favor of Interest on Delayed Refund for Export Duty

M/s VEDANTA LTD

2025-VIL-123-CESTAT-KOL-CU

The Appellant exported iron ore in February and March 2008 and paid export duty at INR 300 per metric ton (MT), although the applicable rate was INR 50 per MT, due to the iron ore's Fe content being less than 62%. The Appellant requested the finalization of the provisional assessment in May 2009, but the process was delayed for over 12 years. In September 2021, the Commissioner (Appeals) determined that the correct export duty was INR 50 per MT, and the excess duty paid was refunded in April 2022.

The primary issue in dispute was whether the Appellant was entitled to interest on the delayed refund, and if so, from when and at what rate. CESTAT ruled that the Appellant was entitled to interest, as the provisional assessment should have been finalized within 6 months as per the CBIC Customs Manual. However, the authorities failed to complete the process for over 12 years without any valid justification. Interest was to be paid starting from 14th November 2010, which was 3 months after the finalization deadline, at a rate of 12% per annum until the refund was paid on 12th April 2022. Additionally, since the excess duty paid by the Appellant was considered a pre-deposit during the investigation stage, the higher interest rate of 12% applied based on settled case law. The appeal was ultimately allowed, and the Revenue authorities were directed to pay interest at 12% per annum on the refund amount from 14th November 2010 to 12th April 2022.

CESTAT Modifies Penalty After Reclassification of Copper Bus Bars

ABB LTD

2025-VIL-125-CESTAT-MUM-CU

The Appellant imported 'high conductivity copper bus bars' and claimed classification under Customs Tariff Item (CTI) 7407 21 20, while also availing the Free Trade Agreement (FTA) benefit under Notification No. 46/2011-Customs. However, upon examination, the customs authorities reclassified the goods under CTI 7407 10 30, based on their copper content of 99.99%, resulting in the denial of the FTA benefit. The authorities also confiscated the goods, imposed a redemption fine, and levied a penalty on the Appellant.

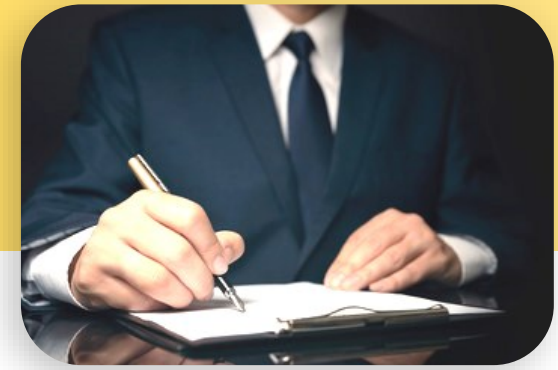
The primary issue in dispute was whether the reclassification of the goods was justified. Additionally, the Appellant had failed to declare the copper content in the Bills of Entry, and this was only revealed after the customs authorities examined the goods. Since the Appellant misclassified the goods and wrongly claimed the FTA benefit, which did not apply to the reclassified goods under CTI 7407 10 30, the imported goods were subject to confiscation under Section 111(m) of the Customs Act, 1962. Penalties were also imposed under Sections 125 and 112(a) of the Customs Act, 1962.

However, considering that the Appellant had filed the Bills of Entry based on invoices and certificates from the originating country, which may have led to the incorrect classification, the CESTAT decided to reduce the redemption fine. The appeal was partly allowed, with the Appellant being penalized but benefiting from a reduction in the fine amount due to reliance on documents from the exporting country.

CUSTOMS & FTP
From the Legislature

Sr. No.	Reference	Summary
1	**Notification No. 01/2025-Custom Dated January 16, 2025**	**Rescission of Customs Duty Exemption on Petroleum Crude and ATF** CBIC *vide* this notification exempts all the equipment and consumable samples falling under the First Schedule to the Customs Tariff Act, 1975 imported by the Inspection Team of the International Atomic Energy Agency from BCD & IGST. The import of such equipment's and samples are shall be carried out for verification or inspections. The said import will be exempt from the duty if they are exported within six months of their import.
2	**Notification No. 02/2025-Custom Dated 16th January, 2025**	**Extension of compliance deadline for exemption of customs duty and AIDC on Yellow Peas Imports** CBIC through this amendment, made the following substitutions in the Table, against S1. No. 21, in column (3), for item (II) namely, "(II) Systems, sub-systems, equipment, parts, sub-parts, tools, test equipment, software meant for Long Range Surface to Air Missile System (LRSAM)". And also specified the enforcement of the same from immediate effect.
3	**Notification No. 1/2025-Custom (N.T.) dated 14th January, 2025**	**CBIC Designates Virochannagar as New Customs Location in Ahmedabad** CBIC designates Virochannagar as new Customs location in Ahmedabad CBIC has amended the previous Notification No. 12/1997-Customs to designate 'Virochannagar' in Ahmedabad as a customs location for unloading imported goods and loading exports.
4	**Notification No. 2/2025-Custom (N.T.) dated 15th January, 2025**	**CBIC Amendments in Sea Cargo Manifest and Transshipment Regulation, 2025** CBIC through this notification has made amendments in the Sea Cargo Manifest and Transshipment Regulation, 2018, viz. (a) the regulation may now be called as "Sea Cargo Manifest and Transshipment Regulation, 2025" and (b) substituting the date "03.31.2025" against Sr no. 6, in column (3) of the said regulation.

Sr No	Notification/ Circular	Summary
6	**Notification No. 4/2025-Custom (N.T.) dated January 17, 2025**	**CBIC Designates Dhirpur as New Customs Location in Kurukshetra** CBIC designates Dhirpur as new Customs location in Kurukshetra CBIC has amended the previous Notification No. 12/1997-Customs to designate 'Dhirpur' in Kurukshetra as a customs location for unloading imported goods and loading exports.
7	**Notification No. 6/2025-Custom (N.T.) dated January 31, 2025**	**Revision of Custom Tariff Values** CBIC has revised tariff values for several commodities under the Customs Act, 1962. The changes impact items such as crude and refined palm oil, soya bean oil, brass scrap, gold, and silver. For instance, crude palm oil is now valued at $1,109 per metric tonne, crude soya bean oil at $1,118 per metric tonne, and brass scrap at USD 5,239 per metric tonne. Precious metals, including gold and silver, are set at USD 897 per 10 grams and USD 1,001 per kilogram, respectively, with specific rates defined for gold bars, coins, and medallions based on their composition and form.



NCLAT rejects appeal against CIRP, cites limitation period extension given due to debt "acknowledgment", one-time settlement proposal

Ravi Raman vs. RR Info Park Pvt. Ltd. & Ors

Company Appeal (AT) (CH) (Ins) No. 78/2024

The Appellant was the suspended director of the Corporate Debtor that had filed an appeal before the NCLAT against the order of the NCLT that had admitted the Corporate Debtor to the CIRP, contending that the CIRP proceedings initiated on June 27, 2019 and revived on March 4, 2022, were beyond the 3-year limitation period as the date of issuance of the recovery certificate by the Debt Tribunal i.e. May 21, 2013, was required to be considered as the date of default.

The NCLAT noted that the limitation period was extended due to the acknowledgment of debt by the Corporate Debtor, particularly through the settlement agreement on December 21, 2020, which restarted the limitation period, and that the Corporate Debtor also acknowledged the debt through various actions, including balance sheet entries from FY 2014-15 to 2017-18 and the Memorandum of Compromise on December 21, 2020.

Accordingly, the NCLAT observed that the proceedings drawn under Section 7 of the IBC owing to the peculiar facts and circumstances of the instant case, were well within the limitation period, because, the "acknowledgment" herein for the purposes of limitation, would be determined from the date of Memorandum of Compromise and not from the date of issuance of the recovery certificate.

Further, placing reliance on a plethora of judgments, the NCLAT also observed that an offer of one-time settlement of a live claim, made within the period of limitation, was required to be construed as an acknowledgment of debt under the Limitation Act and a written promise to pay a time-barred debt was a valid contract that could form the basis for initiating proceedings under Section 7 of the IBC. Moreover, the balance sheet entries could also be considered an acknowledgment of debt, provided they were prepared in accordance with the Companies Act.

Thus, holding that the Appellant could not benefit from his own default in complying with the settlement terms and also finding that the Appellant failed to submit a certified copy of the impugned order, the NCLAT reaffirmed the dismissal of the present appeal and upheld the NCLT's decision to admit the Corporate Debtor to CIRP.

NCLAT allows capital reduction under Section 66 of the Companies Act to be repaid as loan, upholds shareholder discretion

Ulundurpet Expressways Pvt Ltd. vs Regional Director, Western Region

Company Appeal (AT) No. 53/2024

The Appellant had approached the NCLAT challenging the order of the NCLT that rejected the Appellant's

plan to reduce its share capital by cancelling over 16 Crore equity shares and redistributing approximately INR 190 Crores to shareholders as a loan.

Noting that the NCLT had failed to consider precedents that had approved similar capital reduction schemes, perusing Section 66 of the Companies Act, 2013 and placing reliance on a plethora of judgments, the NCLAT observed that Section 66 of the Companies Act gave the discretion to any company to reduce its share capital "in any manner" subject to a special resolution being passed by requisite majority of shareholders of the company. Moreover, as none of the creditors had ever raised any objection with regards to the capital reduction scheme, and even the Registrar of Companies had not objected to such reduction and a special resolution had already been passed to that effect by 100% majority of the shareholders, the NCLAT, finding that there was no impediment in granting permission to the Appellant for reduction of its shares, approved the Appellant's capital reduction plan and set aside the order of the NCLT.

Hon'ble HC upholds cheque-dishonour proceedings against firm's partners, citing active involvement in daily affairs

Jagpreet Kalsi & Anr. vs. Rajesh Rakheja

CRL. M.C. 5853/2023 & CRL. M.A. 22024/2023

The Petitioners were the partners of a firm that had issued a total of 14 cheques for payment of rent for the subject property, out of which 9 cheques when presented had been dishonoured by the concerned bank for insufficiency of funds. Accordingly, cheque dishonour proceedings were initiated against the firm and the Petitioners, aggrieved by which, the Petitioners filed a petition before the Hon'ble HC seeking the quashing of the same.

Before the Hon'ble HC, the Petitioners contended that they were unaware of the issuance of the cheques and had no knowledge about the said transaction as they were issued by the authorized signatory of the firm and as they were not actively involved in the day-to-day affairs of the firm and no specific averments were made in the impugned complaint by the Complainant, which was a pre-requisite for commission of the offence under Section 141 of the NI Act.

Noting that the Hon'ble SC had already established in a plethora of cases that a clear statement indicating the involvement of the said person was sufficient for a court to arrive at a prima facie opinion that the accused was vicariously liable, the Hon'ble HC perused the contents of the impugned complaint, and observed that the same specifically mentioned that the Petitioners had been involved from the beginning of the said transaction between the parties, thereby negating the contention that the Petitioners had no knowledge of the said transaction between parties.

Thus, holding that there was a prima facie case against the Petitioners for their involvement in the day-to day activities of the conduct of the firm affairs at the time of the commission of the offence under Section 141 of the NI Act, the Hon'ble HC dismissed the petition filed by the Petitioners and upheld the cheque dishonour proceedings that had been initiated against them.

Hon'ble SC allows secured creditor to challenge Corporate Debtor's MSME status before jurisdictional HC, stays CIRP

Central Bank of india vs. Rajesh Shah in Consortium with Masitia Capital Services Pvt. Ltd. & Ors

Civil Appeal Nos. 6039-6044/2024

The Resolution Professional of the CIRP had instructed an employee of the Corporate Debtor to make an application for registration of the Corporate Debtor as an MSME and on the same day, a certificate was also issued. The Appellant which was a secured creditor of the Corporate Debtor had objected to the Corporate Debtor being treated as an MSME and these objections were noted in the CoC meetings.

Aggrieved, the Appellant filed an appeal before the Hon'ble SC under Section 62 of the IBC, contending that that the certification had been wrongfully procured and was contrary to law.

Noting that since the appeal was in terms of Section 62 of the IBC, the Hon'ble SC could not go into the question of the validity of the registration certificate and at that the same time, Section 29A read with Section 240A of the IBC would come into play and would affect the interests of the secured creditors, including the Appellant, the Hon'ble SC urged the Appellant to file a writ petition before the jurisdictional HC challenging the issuance of the MSME registration certificate and requested the Hon'ble HC to take up the same for hearing expeditiously and preferably decide the same within a period of six months from the date of its filing if any such writ petition was filed by the Appellant.

Thus, clarifying that the validity of MSME registration had not been examined by them and directing the parties and authorities who issued the said certificate to cooperate, the Hon'ble SC, allowing the Appellant to file a writ petition before the jurisdictional HC, to challenge the Corporate Debtor's MSME registration certificate, stayed the CIRP of the Corporate Debtor and left all the pleas and contentions of the parties open, to be deliberated upon by the Hon'ble HC in case of a writ petition being filed by the Appellant.

Hon'ble HC quashes bank's orders declaring Director as 'willful defaulter' based on transaction audit report which was rejected by NCLT

Ankit Bhuwalka vs. IDBI Bank Ltd. & Anr.

Writ Petition No. 12 of 2025

The Petitioner was an ex-director of a company which was under new management post its CIRP who had filed a writ petition before the Hon'ble HC seeking the quashing of the show cause notice and subsequent orders passed by the willful defaulter committee of a bank (Respondent), declaring him as a 'willful defaulter' on the basis of a 'transaction audit report' prepared by an audit firm at the behest of the erstwhile RP of the company.

Noting that the main grievance of the Petitioner was that he was allegedly being deprived of a substantial opportunity of being heard inasmuch as the documents on the basis of which the decision to declare him as a 'willful defaulter' was taken, were not provided to him, the Hon'ble HC perused the RBI Master Circular on willful defaulters and observed that the basis of issuance of the show cause notice was primarily the findings in the 'transaction audit report' which were observed by the NCLT to be mere assumptions and accordingly rejected. Moreover, the degree of proof required to have been relied upon by the willful defaulter committee was required to be much higher and not simply based on a 'transaction audit report', which was unacceptable to the NCLT.

Further, as being labelled as a 'willful defaulter' in the public domain seriously affected the reputation of such individuals and the deprivation to avail loan facilities virtually knocked a financial death knell on the 'willful defaulter', the Hon'ble HC reiterating the SC's observation that the bar from raising finances could be fatal for the borrower leading to its "civil death" in addition to the infraction of their rights under Article 19 (1)(g) of the Constitution, observed that if the principle of "the graver the consequences of such civil action, the higher was the degree of proof required" was tested on the anvil of the Master Circular, it was

clear that the Master Circular entailed not only grave civil, but also penal consequences, therefore, going by the principles of natural justice, it was necessary to give the Petitioner an opportunity of a hearing before debarring him from accessing institutional finance.

Thus, holding that it was not for the willful defaulter committee to shrug away its responsibility under the pretext of presumptions because the statutory procedural mechanism laid down in the Master Circular had to be mandatorily followed, the Hon'ble HC quashing the show cause notice and orders of the Respondent's willful defaulter committee that declared the Petitioner as a 'willful defaulter', allowed the Petitioner's writ petition, however, at the same time, also granted the liberty to the Respondent, to issue a new show cause notice with adherence to the principles of natural justice.

NCLT holds customs duty not liable on Corporate Debtor for sale to foreign buyer during liquidation

The Customs Department vs. Liquidator of Sembmarine Kakinada Ltd.

IA(IBC)/253/2023 in TCP(IB)/28/7/AMR/2019

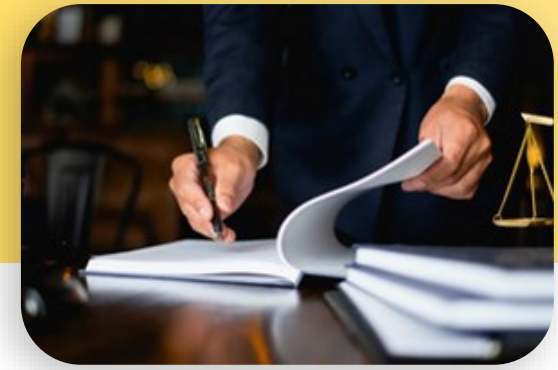
The Customs Department had filed an application before the NCLT seeking to set aside the liquidator's order which treated the liability to be paid to the Applicant as a 'belated claim'.

Before the NCLT, the liquidator submitted that he had not verified and/or admitted any belated claim in the liquidation process and that allowing the same would amount to giving unequal treatment to different entities in the same situation. Moreover, considering the time bound mechanism of the liquidation process which was to be completed in a requisite timeline as per the IBC, the liquidator was constrained to make payment of customs duty to the Applicant to which the Corporate Debtor was eligible for a rightful refund.

Noting that the claim of the Customs Department which was rejected as a belated claim was from the speaking order of the Deputy Commissioner of Customs which was passed after more than one and a half year post the liquidation commencement date, the NCLT observed that a moratorium ceases to have effect from the date of liquidation order and no new suit or legal proceedings could be instituted by or against the Corporate Debtor from such date. Moreover, the claim filed by the Customs Department consisted of the customs duty and the interest liability imposed on the Corporate Debtor, for the sale of a 'Floating Dry Dock' to a foreign buyer, by the liquidator as part of the liquidation process and the Customs Department had itself submitted that the custom duty imposed, was the result of the sale of the 'Floating Dry Dock' to the foreign buyer in the year 2023 and was not the result of any action of the Corporate Debtor during the pre-CIRP period for it to be considered as a continuing liability and a pending legal proceeding.

Thus, holding that the customs duty liability could not be imposed on the Corporate Debtor under these circumstances, the NCLT dismissed the application filed by the Customs Department and directed the Customs Department to refund the amount of customs duty paid under protest by the liquidator.

REGULATORY
From the Legislature



SEBI outlines procedure for seeking waiver or reduction of interest in respect of recovery proceedings initiated for failure to pay penalty.

Circular No. SEBI/HO/RRD_PoD_TPD/P/CIR/2025/05 dated January 10, 2025

SEBI through a Circular outlines the procedure for seeking a waiver or reduction of interest concerning recovery proceedings initiated by it for failure to pay penalty.

Through the Circular, SEBI clarifies that earlier an applicant's requests for waiver/reduction was required to be submitted to the relevant recovery officer, with documentation supporting the fulfilment of the criteria from Section 220(2A) of the IT Act which allows the waiver or reduction of this interest by the recovery officer under specific conditions such as, the payment of such an amount causing genuine hardship to the applicant, the default being due to circumstances beyond the applicant's control and the cooperation of the applicant in any related inquiry, among others.

Given this backdrop, SEBI now delegates the authority to waive of/reduce the interest concerning recovery proceedings initiated by it for failure to pay penalty to a panel of executive directors of SEBI for interest amounts under INR 2 Crores and to a panel of whole-time members of SEBI for amounts above the threshold.

Further, SEBI also clarifies that after receiving the application, the recovery officer is required to forward the application to the competent authority, which shall take a decision within 12 months. Moreover, pending applications at the time of this Circular's issuance shall also be addressed within 12 months. Additionally, if the application is rejected partially or fully, the applicant shall be given a chance to be heard. However, waiver or reduction shall not be allowed if the interest is for the failure to pay the fees of SEBI by the intermediaries and interest is related to amounts ordered for disgorgement or refund under the provisions of the SEBI Act and the application shall only be allowed if the notice of demand has already been served and the principal amount due is fully paid.

RBI amends the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019

Notification No. FEMA 395(3)/2025-RB dated January 14, 2025

With a view to streamline payment methods and reporting for investments by persons residing outside India, the RBI, through a Notification, issues amendments to the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019. Some of the key changes brought about by the Notification inter-alia include revised rules under various schedules as follows:

- Schedule I: Equity instruments can now be purchased or sold through inward remittance, foreign currency accounts, or repatriable Rupee accounts and companies are now required to issue shares within 60 days of receiving payment.
- Schedule II: Foreign Portfolio Investors can now use foreign currency or Special Non-Resident Rupee

accounts for investments, with remittance options for sale proceeds.

- Schedule VI-VIII: Payments for investments in Limited Liability Partnerships, investment vehicles, and Indian Depository Receipts can now be made through inward remittance or designated accounts and sale or maturity proceeds can be repatriated or credited to specified accounts.

Further, Indian startups issuing convertible notes must now receive payments via inward remittance or through designated accounts and sale or repayment proceeds can now be remitted outside India or credited to such accounts. The above amendments by the RBI aim to enhance flexibility and efficiency in managing foreign investments and transactions while maintaining compliance with the regulations on foreign exchange management.

RBI amends the Foreign Exchange Management (Deposit) Regulations, 2016

Notification No. FEMA 5(R)(5)/2025-RB dated January 14, 2025

With a view to allow authorised dealers' branches outside India to handle deposits and the facilitation of fund transfers between repatriable Rupee accounts for bona-fide transactions, the RBI through a Notification amends the Foreign Exchange Management (Deposit) Regulations, 2016.

Through the Notification, the RBI inter-alia expands the scope of Special Non-Resident Rupee accounts, permitting their use for permissible current and capital account transactions with both Indian residents and persons outside India.

Further, units in the International Financial Services Centres can now open Special Non-Resident Rupee accounts with authorised dealers in India for business transactions outside the International Financial Services Centres. Additionally, the RBI also refines the terminology used in the regulations to align it with broader banking practices.

These changes aim to enhance regulatory clarity and facilitate international business transactions for non-residents and International Financial Services Centre units. The principal regulations, initially issued in 2016, were previously amended in 2018, 2019, and 2024.

RBI amends Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015

Notification No. FEMA 10(R)(5)/2025-RB dated January 14, 2025

With a view to enable Indian exporters to open, hold, and maintain foreign currency accounts with overseas banks, the RBI through a Notification, introduces certain amendments to the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015.

Through the amendments, the RBI allows foreign currency accounts to be used for the realisation of export earnings, advance remittances, and import payments. However, the RBI directs that the exporters repatriate any remaining funds to India by the end of the subsequent month after adjusting for forward commitments.

These amendments ensure compliance with the realisation and repatriation requirements outlined in the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 and aim to facilitate smoother international trade transactions while maintaining regulatory oversight. The amendments build upon prior updates to the principal regulations, which were originally published in January 2016 and

subsequently modified in 2018, 2019, and 2024.

RBI revises guidelines for the settlement of dues payable by borrowers to Asset Reconstruction Companies

Notification No. RBI/2024-25/106 dated January 20, 2025

The RBI through a Notification revises the guidelines for the settlement of dues payable by borrowers to Asset Reconstruction Companies under the Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024.

Through the Notification, the RBI inter-alia provides that effective immediately, Asset Reconstruction Companies shall among other things develop Board-approved policies detailing criteria such as eligibility cut-offs, permissible concessions, and valuation methodologies for settling dues. The guidelines also stipulate that settlements should be pursued only when deemed the optimal recovery option, with payments preferably made in lump sums.

Further, for accounts with outstanding principal amounts exceeding INR 1 Crore, Independent Advisory Committee recommendations and Board approvals shall be mandatory, ensuring rigorous evaluation of the borrower's financial position and other relevant factors whereas accounts with outstanding principal amounts of INR 1 Crore or below shall be subject to separate Board-defined policies, with periodic reporting and oversight to ensure transparency.

Additionally, settlements involving borrowers classified as frauds or wilful defaulters shall also follow the same stringent processes as high-value accounts and legal proceedings, if any, shall require consent decrees for settlements to take effect.

These revisions aim to strengthen governance, promote accountability, and standardize resolution practices across Asset Reconstruction Companies.

INTERNATIONAL DESK

UAE and Russia hold final round of negotiations for Double Taxation Avoidance Agreement

The UAE, represented by its Ministry of Finance, has successfully concluded negotiations with Russia on a Double Taxation Avoidance Agreement, reinforcing economic and tax cooperation between the two nations. This agreement aims to eliminate tax barriers, prevent double taxation, and create a stable framework that enhances investor confidence and facilitates trade and investment. The discussions, held in Dubai, concluded with the initial signing of the draft agreement.

Led by Younis Haji Alkhoori from the UAE Ministry of Finance and Alexey Sazanov from the Russian Ministry of Finance, the negotiations reflect both nations' commitment to fostering a business-friendly environment. The agreement is expected to strengthen economic ties, promote the exchange of expertise and technology, and support long-term sustainable trade and financial relations.

Ahead of budget, US body seeks bold reforms to attract fresh investments

Ahead of India's upcoming Union Budget, the US-India Tax Forum, a tax policy initiative of the US-India Strategic Partnership Forum, has emphasized the need for bold reforms to attract fresh investments and strengthen key industries. In its latest recommendations, the forum outlined measures to enhance transparency, simplify tax structures, and position India as a leading global economic force.

Tarun Bajaj, chairperson of the forum and former Indian Revenue Secretary, highlighted the importance of prioritizing investor-friendly policies amid global economic challenges. Key recommendations include streamlining the TDS system, extending concessional tax rates for greenfield manufacturing, and enhancing Gujarat International Finance Tech-city (GIFT City) as a global financial hub. The forum also proposed aligning tax rates for foreign bank branches with domestic banks and introducing a 10% concessional tax rate on dividend income for FPIs to boost capital inflows.

Europe Needs Good Tax Policy, Not Buzzwords, to Grow Its Economy

As Europe faces geopolitical shifts with the ongoing war in Ukraine, political instability in key nations, and Donald Trump's return to the White House, the EU must realign its tax policy priorities. The European Commission and the upcoming Polish presidency of the Council have emphasized "competitiveness" and "decluttering" as guiding themes, aiming to streamline tax regulations and eliminate redundant bureaucracy to drive economic growth. However, achieving meaningful reform requires a shift from abstract buzzwords to well-defined tax principles that promote simplicity, stability, and transparency.

For years, EU tax policy has focused on fairness, leading to a complex web of anti-avoidance rules with overlapping reporting requirements. Initiatives such as BEFIT and Pillar Two have introduced inconsistencies, adding compliance burdens without clear economic benefits. Policymakers must now focus on synchronizing reporting frameworks, eliminating inefficiencies, and assessing whether Pillar Two achieves its intended goals. Without broader global adoption, European firms could face higher costs and competitive disadvantages, making it crucial for the EU to reassess its tax strategies to foster investment,

job creation, and sustainable economic growth.

Pillar One Progress Update: Taxing the Digital Economy

The Inclusive Framework on BEPS has made significant progress on Pillar One, which aims to address tax challenges from the digitalization of the economy. Amount A introduces a coordinated tax allocation system for large MNEs and provides for the withdrawal of Digital Services Taxes. After extensive negotiations, the final Multilateral Convention text was revised to clarify DST definitions, provide election mechanisms for non-state jurisdictions, and refine the Marketing and Distribution Profit Safe Harbour. Despite broad consensus, one member objected to adoption, citing unresolved issues with Amount B.

Amount B simplifies transfer pricing for baseline marketing and distribution activities, particularly benefiting low-capacity countries. An optional model was incorporated into OECD Transfer Pricing Guidelines in early 2024, with ongoing discussions to establish a mandatory framework under the MLC. Key unresolved issues include the interdependence of Amount A and B, filtering low-impact jurisdictions, and pricing concerns. Efforts continue to bridge gaps and finalize an agreement for swift implementation of Pillar One.

Brazil approves first regulation of consumption tax reform

Brazil's National Congress has approved Constitutional Amendment 132/2023, introducing a major consumption tax reform. This reform replaces ICMS and ISS with a unified Goods and Services Tax for states and municipalities, substitutes PIS and COFINS with a federal Contribution on Goods and Services, and introduces a selective tax on goods harmful to health and the environment. Supplementary Law 214/2025, enacted on January 16, 2025, establishes the IBS, CBS, and selective tax, detailing tax liabilities, exemptions, split payment mechanisms, and cashback benefits for low-income individuals.

Further regulations, including the creation of the IBS Management Committee and tax dispute procedures, are being debated under Supplementary Bill of Law 108/2024. The tax system will be implemented gradually from 2025 to 2032, requiring businesses to closely monitor regulatory developments, assess their impact, and adjust their operations accordingly.

GLOSSARY

Abbreviation	Meaning
AA	Adjudicating Authority
AAAR	Appellate Authority for Advance Ruling
AAR	Authority for Advance Ruling
ACU	Asian Clearing Union
ADD	Anti-Dumping Duty
ADG	Additional Director General
AE	Associated Enterprises
AFA	Additional Factor of Authentication
AGM	Annual General Meeting
AICD	Agriculture Infrastructure and Development Cess
AIF	Alternative investment Fund
AIFs	Alternative Investment Funds
ALP	Arm's length price
AMCs	Assets Management Companies
AMP	Advertising, Marketing and Promotion
AMT	Alternate Minimum Tax
AO	Assessing Officer
AOP	Association of Persons
APA	Advanced Pricing Agreement
APAs	Advance Pricing Agreements
ARE	Alternate Reporting Entity
ASBA	Application Supported by Blocked Amount
AU	Assessment Unit
AY	Assessment Year
B2B	Business to Business
B2C	Business to Customer
BBT	Buy-Back Tax
BCD	Basic Customs Duty
BED	Basic Excise Duty
BEPS	Base Erosion and Profit Shift
BEPS	Base Erosion and Profit Shifting
BOI	Body of Individuals
BPSL	Bhushan Power Steel Limited
CA	Chartered Accountant
CAG	Comptroller and Auditor General of India
CASS	Computer Assisted Scrutiny Selection
CAT	Common Aptitude Test
CAVR 2023	Customs (Assistance in Value Declaration of Identified Imported Goods) Rules, 2023
CbC	country-by-country
CBCR	Country By Country Reporting
CbCR-VG	CbCR Publication Act
CBDT	Central Board of Direct Taxes
CBI	Central Board of Indirect Tax
CBIC	The Central Board of Indirect Taxes and Customs
CBLR	Custom Broker Licensing Regulations
CCI	Chief Commissioner of Income-tax
CCIT	Chief Commissioner of Income tax
CG	Central Government
CGST Act	Central Goods and Services Act, 2017
CIMS	Centralized Information Management System
CIT	Commissioners of Income Tax
CIT(A)	Commissioner of Income-tax (Appeals)
CIT(J)	Commissioner of Income-tax (Judicial)
CJI	Chief Justice of India
CLB	Company Law Board
CoC	Committee of Creditors
CPC	Centralized Processing Centre

Abbreviation	Meaning
CPM	Cost Plus Method
CrPC	The Code of Criminal Procedure, 1973
CRS	Common Reporting Standard
CS	Company Secretary
CSR	corporate social responsibility
CUP	Comparable Uncontrolled Price
Cus	Customs Act, 1962
CVD	Countervailing Duty
DCIT	Deputy Commissioner of Income Tax
DDT	Dividend Distribution Tax
DGIT	Director General of Income Tax
DIT	Directorate of Income Tax
DMTT	Domestic Minimum Top-up Tax
DRC	Dispute Resolution Committee
DRI	Directorate of Revenue Intelligence
DRP	Dispute Resolution Panel
DTAA	Double Taxation Avoidance Agreement
DTCP	Director General, Department of Town and Country Planning
HFC	Housing Finance Company
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code
ICDR	Issue of Capital and Disclosure Requirements Regulations, 2009
ICFR	Internal Controls Over Financial Reporting
IFSC	International Financial System Code
IFSC	International Financial Services Centres
IFSCA	International Financial Services Centres Authority Act, 2019
IGST	Integrated Goods and Services Tax
IIM	Indian Institute of Management
IMC	Indian Medical Council Act, 1956
Ind AS	Indian Accounting Standards
InvITs	Infrastructure Investment Trusts
InvITs	Infrastructure Investment Trusts
IRP	Interim Resolution Professional
IT Act/ Act	The Income-tax Act, 1961
ITAT	Income Tax Appellate Tribunal
ITC	Input Tax Credit
ITO	Income-tax Officer
KYC	Know Your Customers
LIC	Life Insurance Corporation
LLP	Limited Liability Partnership
LODR Regulations	Listing Obligations and Disclosure Requirements Regulations, 2015
LRS	Liberalized Remittance Scheme
LTC	Long-Term Capital Gains
MAT	Minimum Alternate Tax
MII	Market Infrastructure Institution
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MSEFC	Micro, and Small Enterprises Facilitation Council
MSME	Micro Small and Medium Enterprises

GLOSSARY

Abbreviation	Meaning
MSMED Act	Micro, Small and Medium Enterprises Development Act, 2006
NaFAC	National Faceless Assessment Centre
NBFC	Non-Banking Finance Company
NCCD	National Calamity Contingent Duty
NCD	Non-Convertible Debentures
NCLT	National Company Law Tribunal
NCS	Non-Convertible Securities
NCS Regulations	SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021
NDFC	Net Distributable Cash Flows
NELP	New Exploration Licensing Policy
NFRA	National Financial Reporting Authority
NFT	Non-Fungible Tokens
NHB	National Housing Bank
NPA	Non-Performing Assets
NPS	National Pension System
NSWS	National Single Window System
OBU	Offshore Banking Unit
ODC	Online Dispute Resolution
OEC	Organization for Economic Co-operation and Development
OPC	One Person Company
PAN	Permanent Account Number
PAN	Permanent Account Number
PBPT	Prohibition of Benami Property Act, 1988
PCCI	Principal Chief Commissioner of Income-tax
PCIT	Principal Commissioners of Income Tax
PFUTP	Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market Regulations, 2003
PIV	Pooled Investment Vehicle
PLR	Prime Lending Rate
REITs	Real Estate Investment Trusts
RoC	Registrar of Companies
ROMM	Risk of Material Misstatements
RP	Resolution Professional
RPT	Related Party Transactions
RTGS	Real Time Gross Settlement
RU	Review Unit
SAD	Special Additional Duty
SAED	Special Additional Excise Duty
SC	Supreme Court
SCN	Show Cause Notice
SCRA	Securities Contracts (Regulation) Act, 1956
SEBI	Securities and Exchange Board of India
SFIO	Serious Fraud Investigation Office
SFIO	Serious Fraud Investigation Office
SFT	Statement of Financial Transaction
SGST	State Goods and Services Tax
SIAC	Singapore International Arbitration Centre
SLP	Special Leave Petition
SMF	Single Master Form

Abbreviation	Meaning
SPF	Specific Pathogen Free
SPV	Special Purpose Vehicle
STT	Security Transaction Tax
SWS	Social Welfare Surcharge
TAN	Tax Deduction Account Number
TDS	Tax Deducted at Source
TOL Act	Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020
TPO	Transfer Pricing Officer
TPS	Tax performing system
UAPA	Unlawful Activities (Prevention) Act, 1967
UCB	Urban Co-operative Bank
UK	United Kingdom
UPI	Unified Payments Interface
UPSI	Unpublished Price Sensitive Information
USA	United States of America
UTGST	Union Territory Goods and Services Tax
VDA	Virtual Digital Assets
VsV	Vivad se Vishwas
VU	Verification Unit
WMD Act	Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005
WTO	World trade Organization
XBRL	eXtensible Business Reporting Langauge

FIRM INTRODUCTION

Taxcraft Advisors LLP ('TCA') is a multidisciplinary advisory, tax and litigation firm having multi-jurisdictional presence. TCA team comprises of professionals with diverse expertise, including chartered accountants, lawyers and company secretaries. TCA offers wide-ranging services across the entire spectrum of transaction and business advisory, litigation, compliance and regulatory requirements in the domain of taxation, corporate & allied laws and financial reporting.

TCA's tax practice offers comprehensive services across both direct taxes (including transfer pricing and international tax) and indirect taxes (including GST, Customs, Trade Laws, Foreign Trade Policy and Central/States Incentive Schemes) covering the whole gamut of transactional, advisory and litigation work. TCA actively works in trade space entailing matters ranging from SCOMET advisory, BIS certifications, FSSAI regulations and the like. TCA (through its Partners) has also successfully represented umpteen industry associations/trade bodies before the Ministry of Finance, Ministry of Commerce and other Governmental bodies on numerous tax and trade policy matters affecting business operations, across sectors.

TCA & **VMGG & Associates ('VMGG')** are group firms providing consulting and audit services. While TCA is a multidisciplinary advisory, tax and litigation firm, VMGG is a firm registered with the Institute of Chartered Accountants of India. VMGG is therefore primarily into audit and attestation services (including risk advisory and financial reporting).

With a team of experienced and seasoned professionals and multiple offices across India, TCA & VMGG as a combination offer a committed, trusted and long cherished professional relationship through cutting-edge ideas and solutions to its clients, across sectors.

Website: **www.taxcraftadvisors.com**

GLS Corporate Advisors LLP ('GLS') is a consortium of professionals offering services with seamless cross practice areas and top of the line expertise to its clients/business partners. Instituted in 2011 by eminent professionals from diverse elds, GLS has constantly evolved and adapted itself to the changing dynamics of business and clients requirements to offer comprehensive services across the entire spectrum of advisory, litigation, compliance and government advocacy (representation) requirements in the field of Goods and Service Tax, Customs Act, Foreign Trade, Income Tax, Transfer Pricing and Assurance Services.

Of-late, GLS has expanded its reach with offerings in respect of Product Centric Regulatory Requirements (such as BIS, EPR, WPC), Environmental and Pollution Control laws, Banking and Financial Regulatory laws etc. to be a single point solution provider for any trade and business entity in India.

GLS has worked with a range of companies and have provided services in the field of business advisory such as corporate structuring, contract negotiation and setting up of special purpose vehicles to achieve business objectives. GLS is uniquely positioned to provide end to end solutions to start-ups companies where we offer a blend of services which includes compliances, planning as well as leadership support.

With a team of dedicated professionals and multiple offices across India, it aspires to develop and nurture long term professional relationships with its clients/business partners by providing the most optimal solutions in practical, qualitative and cost-efficient manner. With an extensive client base of national and multinational corporates in diverse sectors, GLS has fortified its place as unique tax and regulatory advisory firm with in-depth domain expertise, immediate availability, transparent approach and geographical reach across India.

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