VISION 360

MAR 2025

EDITION 53

A TREASURY OF KEY TAX & REGULATORY DEVELOPMENTS!

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EDITORIAL

Vision 360: The February Tax Report

As the excitement of Budget season winds down, the focus shifts to other significant legislative and judicial developments in taxation that took place in February 2025, , all of which are covered in this month's magazine.

On the Direct Tax front, the Hon'ble SC rejected the MFN petition after dismissing the plea for reconsideration of its judgment in the Nestle SA case. We also examine the Tribunal's ruling that an offer to pay tax on the additional amount, not to constitute discovery on undisclosed income, among other judiciary updates. Additionally, the CBDT issued several Circulars and Press Releases, including circular regarding income tax deductions from salaries for FY 2024-25 under Section 192 of the IT Act.

In the realm of Indirect Tax, significant rulings on denial of ITC on limitation grounds under Section 16(4), Levy of general penalty on late filing of GST returns, validity of notices and orders without proper officer's signature. Among other developments, the CBIC issued Circulars and Notifications in the legislative space. These includes clarification regarding departmental appeals and eligibility for the waiver of interest and penalties under Section 128A, as well as a notification specifying enforcement dates for rules notified vide CGST (Amendment) Rules, 2024.

Moreover, we have covered significant judicial and legislative developments in areas of Regulatory, Customs, FTP, and Transfer Pricing. Major highlights include the Hon'ble HC order to refund interest due to technical glitches in ICEGATE-ECL integration, the introduction of Digital Refund Process, DGFT mandates online submission of replies to SCN and penalty payments for FTDR proceedings, and the revision of bank rates by RBI in accordance with the Monetary Policy Statement 2024-2025.

This edition also features an in-depth article on the significant judgment by the Hon'ble Madras HC, which clarified how businesses can correct errors in Bills of Entry under the Customs Act and reinforced importer's rights. Furthermore, the ruling highlights the judiciary's role in ensuring that Public Notices and Circulars do not exceed their legal authority, safeguarding against administrative overreach.

In the 53rd 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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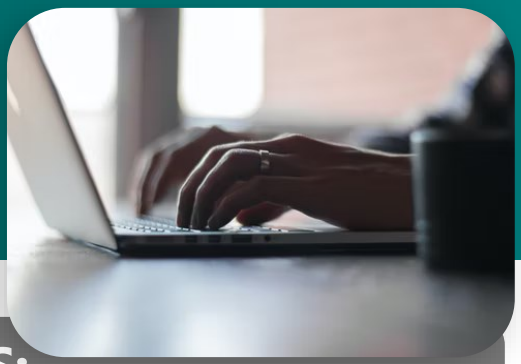

GIG ECONOMY UNDER THE TAX LENS: INDIA'S DIGITAL TAXATION RECKONING

The gig economy in India has rapidly evolved into a dynamic and transformative segment of the nation's labor force, reshaping the way work is sought, performed, and compensated. At its essence, the gig economy represents a labor market defined by short-term, flexible, and task-based engagements, predominantly facilitated by digital platforms that bridge the gap between workers and clients. Unlike conventional employment, which offers long-term contracts, fixed salaries, and benefits such as provident fund contributions and health insurance, gig work thrives on autonomy and impermanence. Whether it is a delivery partner for Swiggy, a driver for Ola, or a freelance graphic designer on Upwork, gig workers complete discrete assignments without the security of a permanent employer. This phenomenon gained momentum in India around the mid-2010s, driven by the proliferation of smartphone usage, a young and tech-savvy workforce, and a growing preference for flexible working arrangements over rigid 9-to-5 schedules. According to a 2021 NITI Aayog report, India's gig workforce stood at approximately 7-8 million, with projections suggesting a steep rise to 23-25 million by 2030, potentially contributing 1.25% to the nation's GDP. As this sector continues to expand, drawing participation from urban centers like Bengaluru to semi-urban and rural areas, the Indian tax authorities have begun integrating digital taxation frameworks to ensure proper fiscal regulation. Measures such as the Equalisation Levy and TDS have been introduced to capture tax revenue from a workforce that does not conform to traditional taxation models.

The introduction of digital taxation in India stems from a broader global challenge—how to effectively tax an economy that is increasingly borderless and asset-light. Traditional tax structures, designed for brick-and-mortar businesses, struggled to adapt to the rise of digital enterprises, which operate across multiple jurisdictions without a significant physical presence. The OECD's BEPS initiative in 2013 highlighted these loopholes and encouraged nations to implement tax measures that could keep pace with the digital age. India responded with an early adoption approach, rolling out the Equalisation Levy in 2016, initially at 6% on digital advertising revenues earned by non-resident entities. This was followed by an expansion in 2020 to include a 2% levy on e-commerce operators, covering digital platforms that facilitate worker-client transactions, effectively bringing the gig economy within its purview. Further refinements came in the Finance Act of 2021, introducing Section 194-O, which mandates that e-commerce platforms deduct 1% TDS on payments to service providers. This means that whether a delivery worker earns INR 500 for a completed gig or a freelance consultant invoices INR 50,000, a percentage of their earnings is automatically deducted at the source. These measures aim to regulate a sector where income flows seamlessly through digital wallets and online transactions, often bypassing the employer-employee tax structure. However, India's approach to gig economy taxation needs to be not merely an imitation of global trends but a carefully tailored strategy to address the diversity within its gig workforce—ranging from low-income daily wage earners to high-value consultants—each presenting unique tax compliance challenges.

Digital taxation in India's gig economy offers several benefits. For the government, it provides an opportunity to capture tax revenue from a rapidly expanding segment that was previously difficult to regulate. This revenue could be redirected toward crucial infrastructure projects, rural broadband expansion, and skilling initiatives that could further empower gig workers. Given the estimated USD 250 Billion in transactional volume within the gig sector by 2030, even modest tax revenues could strengthen

government budgets, especially in the wake of post-pandemic economic strains and increasing welfare expenditures. From a business perspective, gig platforms also stand to benefit from tax formalization. By ensuring compliance with automated TDS deductions and real-time reporting mechanisms, platforms can bolster their credibility among investors who may have previously been cautious due to regulatory uncertainties. Additionally, taxation could serve as a stepping stone for greater financial inclusion among gig workers. With increased formalization, these workers could gain access to financial products such as credit, microloans, and insurance, aligning with India's Digital India vision. On a global scale, India's synchronization with international tax frameworks such as the OECD's Two-Pillar Solution—where Pillar One reallocates taxing rights and Pillar Two enforces a 15% global minimum tax rate—could make the country a more attractive market for foreign gig platforms that might have otherwise hesitated due to tax ambiguity. For gig workers themselves, taxation could open the door to future financial security—TDS deductions could be linked to micro-insurance or pension schemes, filling the gap left by the absence of traditional employment benefits such as paid leave, employer-funded retirement plans, and job security.

However, the taxation of the gig economy is not without significant challenges. The sector is inherently diverse, encompassing a wide spectrum of workers, from low-wage delivery riders to high-earning consultants, making a one-size-fits-all tax model impractical. Many gig workers operate in semi-formal or cash-driven setups, with fluctuating earnings that make compliance with TDS deductions complex. Enforcing tax collection across millions of small-value transactions presents a logistical hurdle for both the government and gig platforms. For instance, platforms must monitor and report vast amounts of real-time payment data across multiple vendors, which could disproportionately burden smaller startups that lack the technological resources of larger firms like Uber or Zomato. Moreover, India's unilateral approach to digital taxation—including the Equalisation Levy—has caused friction with international trading partners like the United States, which previously deemed these measures unfair and hinted at trade repercussions that could hinder global platform growth in India. On the ground, compliance complexities also pose barriers for workers—rural gig workers, elderly freelancers, and those with limited digital literacy may struggle with tax filings, leading to unintended non-compliance. Additionally, fluctuating incomes make tax planning a challenge, forcing workers to navigate financial uncertainty. Platforms, in turn, may pass the burden onto workers by reducing payouts or increasing platform fees, further eating into already constrained earnings.

The advantages of a well-implemented digital tax system in the gig economy remain compelling. It promotes fair competition by leveling the playing field between domestic enterprises and foreign digital platforms that previously operated without tax liabilities. For gig workers, TDS compliance can instill financial discipline, encouraging them to explore tax-saving investments such as the NPS or Section 80C deductions. Nationally, the additional revenue can drive economic inclusion, helping to build essential infrastructure that indirectly benefits gig workers—such as rural 5G connectivity that enables seamless digital work opportunities. However, the disadvantages also carry significant weight. A 1% TDS deduction on a INR 500 gig may seem minor in isolation, but for a worker completing 50 gigs a month, it translates to INR 250 in lost earnings—an amount that could be critical for someone operating on slim margins in an economy where inflation has surged between 8-10% in 2024. Platforms may also be forced to adjust business models, either by increasing commission fees or transferring compliance costs to workers, potentially shrinking overall participation in the gig economy. Moreover, startups with limited resources may struggle with compliance costs, stifling innovation and reducing employment opportunities in the sector. Rural workers with limited banking infrastructure may find digital taxation an additional hurdle, inadvertently pushing more transactions underground, undermining the very purpose of taxation.

To optimize the taxation framework for the gig economy, the government must adopt a balanced approach. A tiered TDS structure that exempts lower-income gig workers while scaling up deductions for

higher-income earners could ensure fairness. Collaborating with platforms to integrate in-app tax literacy tools, such as educational videos or real-time tax tracking features, could help workers navigate compliance with ease. Linking TDS deductions to micro-benefits such as discounted healthcare, social security contributions, or pension credits could transform tax payments from a perceived burden into a tangible advantage. Strengthening bilateral tax agreements with key trade partners like the U.S. could ease tensions and create a more stable taxation environment for global gig players looking to expand in India.

In conclusion, digital taxation in India's gig economy is a critical yet complex endeavor, balancing revenue generation with worker protection and economic inclusivity. The government's regulatory efforts must be designed to support rather than stifle this evolving sector. As India moves toward a projected 25 million gig workers by 2030, the right mix of policy refinements, financial literacy, and technological integration will determine whether this taxation framework becomes a catalyst for inclusive growth or an impediment to the gig economy's potential. The future of digital taxation in India will ultimately be shaped by collaboration—between policymakers, platforms, and workers—ensuring that taxation serves as a tool for empowerment rather than economic hardship.

INDUSTRY PERSPECTIVE

MR. SUDIP RAY

Tax Head

SJ Contracts Pvt. Ltd.

01 Having seen the Real Estate sector at close quarters for more than 2 decades, what are your views on how the implementation of GST has affected your industry?

The rollout of GST has been one of the most transformative tax reforms in India. Over the past eight years, it has significantly reshaped the landscape of the real estate construction contract sector. GST has simplified the taxation framework by consolidating multiple taxes like VAT, service tax, and entry tax into a unified system, thereby creating a "one-nation, one-tax" regime. This change has enhanced transparency, streamlined compliance, and catalyzed the formalization of the real estate sector.

Moreover, GST has eliminated the cascading effect of taxes, reduced the overall cost structure and facilitating the seamless flow of ITC within the sector. However, the ineligibility of ITC on inputs for construction of immovable property continues to be a key challenge, often leading to an increase in project costs.

Overall, GST has laid the foundation for a digitalized and transparent tax system, addressing long-standing inefficiencies and fostering growth within the real estate sector, despite certain limitations that still need to be addressed.

02 How will the mandatory ISD framework impact contract service providers like your company under GST?

The ISD mechanism enables businesses to consolidate and allocate Input Tax Credit ('ITC') from common input services to various branches or units. Furthermore, a significant change is that ITC under RCM can now be distributed via ISD, which will help optimize our tax benefits.

This will hopefully prove advantageous for companies with multijurisdictional presence which often procure legal, IT, security, and consultancy services centrally at head office but use them across multiple project sites. Through ISD, they may be able to effectively distribute ITC, simplifying compliance and minimizing potential disputes over tax credits

It is need of the hour to upgrade accounting systems and training finance team to handle ISD compliance effectively.

Mr. Sudip Ray
Tax Head - SJ Contracts Pvt. Ltd.

03 Could you detail the steps your company taking to comply with the new mandatory ISD rules?

With ISD compliance becoming mandatory from April 1, 2025, we have planned a step-wise transition:

- Review all common input service expenses, such as IT, security, and legal services, to identify what needs to be distributed via ISD.
- Register as an ISD, update our accounting systems, and train our finance team on how to distribute ITC correctly.
- Issue ISD invoices, file GSTR-6 returns, and check for any ITC mismatches to avoid penalties.
- Conduct timely internal GST audit to ensure full compliance and adjust any incorrect ITC allocations.

Without proper ISD registration and compliance, we risk penalties and ITC loss, so we are ensuring early preparation and implementation.

04 How has the definition of "Works Contract" changed under GST, and how does it affect your business?

With Earlier, under VAT and Service Tax, works contracts covered both movable and immovable property. But under GST, the definition is now restricted only to contracts related to immovable property.

For us, this means that when we take on building construction, structural repairs, or large-scale renovations, it is considered a works contract, and we are taxed under services. However, contracts for movable items, like equipment fabrication or painting jobs, are now composite supplies, not works contracts.

The challenge here is that our taxation, invoicing, and ITC claims change depending on whether a job involves movable or immovable property. Our team has to carefully categorize projects to ensure we apply the right tax treatment, which adds to our compliance burden.

05 How does treating works contracts as services under GST impact your company's daily operations?

Since GST classifies all works contracts as services, we no longer deal with state-wise VAT variations or Service Tax abatements that complicated tax calculations before. Earlier, we had to apply different VAT rates in different states and factor in Service Tax abatements (60% for new projects, 30% for repairs). Now, there is one uniform tax structure for all works contracts, which simplifies our invoicing.

However, a challenge we face is cash flow management—since GST on services is applicable upfront at the time of billing, we must pay tax before receiving payments from clients. This sometimes puts pressure on our finances, especially for long-term projects. We're now adjusting contract terms to ensure milestone -based payments align with our GST obligations.

On the compliance side, our finance and project teams need to work more closely to ensure accurate tax calculations and ITC claims. We've also had to revise our contracts and billing structures to reflect the service-based taxation model under GST.

Mr. Sudip Ray
Tax Head - SJ Contracts Pvt. Ltd.

06 With the advent of AI, this interview would be incomplete without asking you for your thoughts on effects of digitalisation and more particularly of Artificial Intelligence (AI) on the real estate construction industry in GST compliance and management?

AI, while still in its nascent stage, has the potential to revolutionize GST compliance in real estate by automating repetitive tasks like data entry, invoice matching, and ITC reconciliation. AI-powered systems can analyze vast volumes of financial data, identify discrepancies in filings, and flag potential errors in GST returns. Additionally, predictive analytics using AI may help our industry in forecasting tax liabilities, manage cash flows more effectively, and ensure compliance with evolving GST regulations. This will hopefully minimize the risk of penalties and enhances operational efficiency.

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Hon'ble SC rejects MFN petition after dismissing petition seeking reconsideration of its judgment in Nestle SA

Societe De Participations Financiers

SLP(C) No. 2969 & 2975/2024

The Petitioner had filed a writ petition before the Hon'ble HC against the denial of lower withholding tax on dividend payable by its Indian subsidiaries to it, however owing to the fact that the issue was squarely covered by the judgment of the Hon'ble SC in **Nestle SA [2023-TII-11-SC-INTL]**, the Hon'ble HC had closed the writ petitions stating that it was bound by the judgment of the Hon'ble SC in **Nestle SA [supra]** wherein even though the Hon'ble HC had granted the Assessee reduced withholding tax rates on dividends to a non-resident, the Hon'ble SC had overturned the aforementioned decision of the Hon'ble HC stating firstly, that a distinct notification under Section 90(1) of the IT Act was essential to enforce the MFN clause and any resulting changes in the dividend income tax rate and secondly, that the MFN clause was applicable only if the third country was already a member of the OECD at the time of signing the DTAA with India for the said clause to apply.

Aggrieved, the Petitioner filed an SLP seeking a reconsideration of the judgment of the Hon'ble SC in **Nestle SA [supra]** along with an SLP challenging the judgment of the Hon'ble HC by virtue of which the lower withholding tax on dividend payable was denied to the Petitioner.

Before the Hon'ble SC, the Petitioner had contended that under Section 90 of the IT Act, the Central Government could either notify a treaty or not notify a treaty, however in the instant case, the treaty had been notified. Moreover, as there was a lot of international material which was not cited such as the material on the interplay of international law and domestic law on interpretation of treaties wherein the international treaty/conventions always prevailed over the domestic law, the judgment of the Hon'ble SC in **Nestle SA [supra]** required a serious reconsideration as executive practice could not be pitched against international law.

Noting the arguments of the Petitioner, the Hon'ble SC stating that the MFN issue as of now was covered by its judgment in **Nestle SA [supra]**, remarked that unless they were fully satisfied, they would not reconsider their judgment in **Nestle SA [supra]** as it was not a perfunctory judgment, however, allowing the Petitioner to make a case for re-consideration of the MFN ratio delivered in **Nestle SA [supra]**, the Hon'ble SC had adjourned the matter to a later date, although on that date, the Hon'ble SC dismissed the SLP requesting the reconsideration of its judgment in **Nestle SA [supra]**.

Consequently, the other SLP of the Petitioner which challenged the judgment of the Hon'ble HC by virtue of which the lower withholding tax on dividend payable was denied to the Petitioner was also dismissed by the Hon'ble SC, stating that they were not inclined to interfere with the impugned judgment and order passed by the Hon'ble HC.

Hon'ble HC holds assessment completed in the name of amalgamating companies despite knowledge of amalgamation order, void ab initio

Reliance Industries Limited

Income Tax Appeal No.1313 of 2007 with Interim Application (L) No.2614 of 2025

The Assessee had filed an appeal before the Hon'ble HC seeking the quashing of the assessment order passed by the Revenue contending that the Revenue despite having knowledge of the amalgamation order, passed an assessment order in the name of amalgamating companies making the assessment order void ab initio.

Noting that the Revenue had knowledge pertaining to the amalgamation of the companies when it had passed its assessment order for AY 1994-95, the Hon'ble HC rejected the submission of the Revenue that it was unable to pass an order in the name of the amalgamated company on account of limitation and observed that the Assessee had already admitted impliedly that the assessment ought to have been done in the name of the amalgamated company and not in the name of amalgamating companies and as the Revenue had the requisite knowledge of the amalgamation order, it was free to take appropriate proceedings under the IT Act.

Further, placing reliance on a plethora of judgments of the Hon'ble SC, the Hon'ble HC observed that in cases where the Revenue in spite of being informed of the amalgamating companies ceasing to exist initiated proceedings against such companies, then such proceedings were held to be void ab initio even though the Assessee participated in such proceedings, accordingly, as in the present case, the Assessee participated in the proceedings, and the Revenue in spite of having knowledge of the amalgamation order, still passed an order in the name of amalgamating companies, the said assessment order was held by the Hon'ble HC to be void ab initio.

Thus, quashing and setting aside the assessment order passed by the Revenue in the name of the amalgamating companies, the Hon'ble HC allowed the Assessee's appeal.

Tribunal holds offer to pay tax on additional amount does not tantamount to discovery of undisclosed income, deletes penalty

Future Gaming and Hotel Services Private Limited

ITA No.950/Chny/2024

The Assessee had filed an appeal before the Tribunal challenging the penalty imposed by the Revenue under Section 271AAB of the IT Act contending that it had only offered to pay additional tax to avoid protracted litigation.

The Tribunal noted that the finding of undisclosed income in the course or as a result of search conducted under Section 132 of the IT Act and consequent of assessment of undisclosed income was a condition precedent for levy of penalty under Section 271AAB of the IT Act and that no such incriminating material was unearthed during search proceedings under Section 132 of the IT Act which substantiated the fact that the Assessee had undisclosed income.

Accordingly, the Tribunal observed that every offer of the Assessee to pay tax on its income in the course of recording of statement under Section 132 of the IT Act did not tantamount to finding of 'undisclosed

income' since a mere offer or disclosure by an Assessee to pay tax on some additional amount to avoid protracted litigation could not amount to discovery of undisclosed income for the purposes of levy of penalty under Section 271AAB of the IT Act as the penalty stated under Section 271AAB of the IT Act could be levied only in respect of 'undisclosed income' as defined in Explanation (c) to Section 271AAB of the IT Act.

Thus, holding the impugned penalty to be unsustainable in law, the Tribunal deleted the same and allowed the Assessee's appeal.

Hon'ble SC holds compounding of offences allowable in deserving cases, voluntary disclosure covered under 'first offence', allows Assessee's SLP

Vinubhai Mohanlal Dobaria

2025-TIOL-06-SC-IT

The Assessee had filed an SLP before the Hon'ble SC contending that the Hon'ble HC had erred in dismissing its writ petition against the CCIT order which rejected the compounding application preferred by the Assessee.

Perusing Section 279 of the IT Act, the Guidelines for Compounding of Offences, 2014 and the use of expression 'first offence' in detail, the Hon'ble SC noted that the latter part of the expression 'first offence' was not to curtail the scope of the first half but to expand its ambit by including those cases where the Assessee voluntarily on his own initiative, disclosed the commission of offence. Moreover, the voluntary disclosure by the Assessee saved the Revenue from the trials and tribulations of having to detect the offence by setting into motion its own machinery of detection of offences.

Accordingly, the SC observed that the primary purpose of the prosecution provisions under Chapter XXII was to ensure the penalization of offenders adjudged guilty of tax evasion and other tax-related offenses, while simultaneously instilling a deterring effect in the minds of those who might contemplate circumventing the payment of lawful taxes but when an Assessee voluntarily disclosed the offence, he could not be said to have the intention of evading taxes and although it was mandatory to satisfy the conditions prescribed or follow the restrictions under the Guidelines for Compounding of Offences, 2014, the Guidelines for Compounding of Offences, 2014, did not prohibit the competent authority from making an exception and allowing the compounding application in deserving cases where the facts and circumstances so required.

Thus, holding that the voluntary disclosure by the Assessee was covered under 'first offence' and that the compounding of offences was allowable in deserving cases, the Hon'ble SC allowed the SLP and thereby overturned the writ petition dismissed by the Hon'ble HC against the CCIT order that rejected the compounding application preferred by the Assessee.

DIRECT TAX
From the Legislature

NOTIFICATIONS

Sr. No.	Notification	Summary
1	**Notification No. 13/2025 dated February 07, 2025**	**CBDT notifies amendment in Rule 2F for setting up of Infrastructure Debt Fund as a Non-Banking Financial Company** The CBDT amends Rule 2F of the IT Rules, to inter-alia provide that an Infrastructure Debt Fund shall be set up as a Non-Banking Financial Company. Accordingly, the Infrastructure Debt Fund is now required to conform to and satisfy the conditions laid down in the regulatory framework provided by the RBI. Further, under the amended Rule 2F of the IT Rules, the funds of the Infrastructure Debt Fund shall be invested only in: • post-commencement operation date infrastructure projects which have completed at least one year of satisfactory commercial operations; or • toll-operate-transfer projects as the direct lender which is a new addition made to the Rule 2F of the IT Rules. In respect of raising funds, the Infrastructure Debt Fund can now raise funds through loans under external commercial borrowings for at least 5 years, however, such borrowings cannot be obtained from foreign branches of Indian banks. The amended Rule 2F of the IT Rules also updates investment restrictions for Infrastructure Debt Funds by replacing the term "sponsor" with "specified shareholder". This means Infrastructure Debt Funds can no longer invest in projects where a specified shareholder, its AE, or its group has a substantial interest, instead of the earlier restriction based on sponsorship.

Sr. No.	Notification	Summary
2	**Notification No. 14/2025 dated February 07, 2025**	**CBDT amends Rule 114DA to prescribe due date for furnishing of statement by non-resident having Liaison Office in India** As per Section 285 of the IT Act, previously, every non-resident with a liaison office in India, established under RBI guidelines issued under the Foreign Exchange Management Act, 1999, was required to prepare and submit a statement to the Jurisdictional Assessing Officer for each financial year. Such statement was furnished in Form 49C as prescribed by the Rule 114DA of the IT Rules and non-resident entities were required to file an annual statement in Form No. 49C under Section 285 of the IT Act for each financial year within 60 days from the end of such financial year. However, the Finance (No. 2) Act, 2024, replaced this due date with 'such period as may be prescribed by the Board'. Given this backdrop, the CBDT amends Rule 114DA of the IT Rules to clarify that the due date for filing Form 49C shall be 8 months from the end of the financial year. Further, the CBDT also revises the particulars of Form 49C, with some of the key changes outlined below : • A liaison office, agents, representatives, distributors of a non-resident entity in India, or any entity for which the liaison office carries out liaisoning activities is required to mention only the PAN in the form where previously, they had the option to provide an Aadhaar number as well. • The "Details of other entities" section, referring to entities for which the liaison office conducts liaisoning activities, now includes the entity's name, email ID, contact/mobile number, and the nature of activities undertaken. • For employees with a monthly salary of INR 50,000 or more, reporting of PAN (if allotted), email ID, contact number, and salary amount is now mandatory.

CIRCULARS

Sr. No.	Circulars/Instructions/ Orders/Press Releases	Summary
1	**Order dated January 28, 2024**	**CBDT issues clarification regarding Orders under Section 201 of the IT Act under the e-Appeals Scheme, 2023** The CBDT through Notification No. 33/2023 dated May 29,2023, had earlier notified the e-Appeals Scheme, 2023, which primarily targeted appeals related to individuals or groups, specific incomes or categories of incomes, and cases falling under Section 246 of the IT Act except for those excluded by Section 246(6). This inclusive scheme introduced electronic filing and processing of appeals, aiming to provide taxpayers with a smoother and more efficient experience. By leveraging technology, the scheme sought to streamline the appeals process and enhance accessibility for taxpayers Subsequently, through its Order dated June 16, 2023, the CBDT had specified the scope of the e-Appeals Scheme, 2023, excluding the appeals to assessments completed in pursuance of any action under Section 133A of the IT Act from its scope under Section 246(6) of the IT Act. Given this backdrop, the CBDT now clarifies that Orders under Section 201 of the IT Act made in pursuance of any action under Section 133A of the IT Act shall not be considered as assessment orders covered under the exceptions provided under the Order dated June 16, 2023, and therefore, all appeals against such orders shall be decided by the Joint Commissioner (Appeals) under the e-Appeals Scheme, 2023.
2	**Circular No. 02/2025 dated February 18, 2024**	**CBDT extends due date for filing Form 56F for AY 2024-25** With a view to mitigate genuine hardship in response to the difficulties faced by taxpayers and stakeholders in submitting the required accountant's report under Section 10AA (8) read with Section 10A (5) of the IT Act, the CBDT exercising its authority under Section 119(2)(b) of the IT Act, extends the due date for filing Form 56F for AY 2024-25 to March 31, 2025. With this extension, the CBDT aims to provide relief to taxpayers who were unable to comply with the initial deadline prescribed by Section 44AB of the IT Act which was September 30 of AY 2024-25.

Sr. No.	Circulars/ Instructions/Orders/	Summary
3	**Circular No. 03/2025 dated February 20, 2024**	**CBDT issues Circular on income-tax deductions from salaries for FY 2024-25 under Section 192 of the IT Act** The CBDT through the Circular provides the amendments made by Finance Act (No.2), 2024, Finance Act (No.1), 2024 and Finance Act, 2023 in respect of rates of deduction of income-tax under the head salaries under Section 192 of the IT Act for FY 2024-25 and clarifies that where no amendments have been made by the above mentioned Acts, then the rates of deduction of income-tax mentioned in Circular No. 24 of 2022 dated December 07, 2022, shall continue to be applicable for FY 2024-25.

TRANSFER PRICING
From the Judiciary

Hon'ble HC dismisses Revenue's appeal against ITAT-order with regards to disallowance of management fees

Apollo Gleneagles Hospitals Ltd.

ITAT/166/2024

The AO had filed an appeal before the Hon'ble HC against the order of the Tribunal with regards to the management fees claimed by the Assessee contending that the Tribunal had failed to appreciate that the Assessee did not prove benefit test and that the alleged services were stewardship services, not warranting compensation.

Noting that the CIT(A) had found that the AO entirely relied on the TPO's order for the immediately preceding AY, without making a fresh reference and that the Assessee's appeal against the order passed for the preceding AY was allowed by the CIT(A), the Hon'ble HC observed that the TPO though selected CUP as the method for benchmarking in such a situation, he failed to cite even a single comparable company with a similar comparable service, despite the Assessee having submitted the detailed nature of service received and benefit obtained by it. Moreover, the order passed by the CIT(A) was an elaborate order considering all the facts and figures placed before it.

Further, the Tribunal had dismissed the AO's appeal only after re-appreciating the factual position, that the claim of management fee expenses had been accepted by the department and no addition had been made for the same in the future AYs. Moreover, the Tribunal had taken note of decisions of other Hon'ble HCs and coordinate benches and upon re-appreciation of the factual position, rightly dismissed the appeal filed by the AO.

Accordingly, finding no good ground to interfere with the said order of the Tribunal, the Hon'ble HC dismissed the appeal filed by the AO.

Tribunal confirms CIT(A)'s determination of corporate-guarantee commission at 0.41%, confirms deletion of TPO's TP-adjustment by CIT(A)

Greatship (India) Ltd.

ITA No. 753/Mum/2024

The Assessee was a shipping company which provided offshore oilfield services, that had entered into certain international transactions with its AEs and accordingly, their case was referred to the TPO for the determination of the ALP of the said international transactions.

The TPO determined the ALP of the corporate guarantee commission at 1.25% per annum and made a TP-adjustment, however, the CIT(A) deleted the TP adjustment made by the TPO and restricted the corporate guarantee commission to 0.41% per annum as against the former 1.25% per annum determined by the TPO.

Aggrieved, by the deletion of its TP adjustment, the TPO approached the Tribunal.

Noting that the CIT(A)'s adjustment of 0.41% per annum was supported by the Assessee basis the facility sanction letter, issued from Kotak Mahindra Bank to the Assessee expressing its willingness to give guarantee on behalf of the AEs concerned in consideration of guarantee commission of 0.30% per annum, whereas, the TPO had not brought on record any material to support the guarantee commission at 1.25% per annum and had merely placed reliance upon the DRP's order in the Assessee's own case during a previous year and moreover, that the coordinate bench during the previous year had determined guarantee commission at 0.40% per annum and further deleted the adjustment, the Tribunal observed that though the TPO had pleaded that the determination of ALP was a factual exercise which needed to be carried out on a yearly basis, it failed to follow this approach since it rejected the ALP determined in the given AY and followed the DRP's order for the said previous year.

Thus, restricting the corporate-guarantee commission at 0.41% per annum and confirming the CIT(A)'s deletion of the adjustment made by the TPO, the Tribunal dismissed the TPO's appeal.

Hon'ble HC holds Double Irish model irrelevant to income accrued in India, dismisses Revenue's appeal

Adobe Systems Software Ireland Limited

2025-TII-03-HC-DEL-INTL

The Assessee had claimed benefits of the India-Ireland DTAA and the AO as well as the CIT(A) had held that the Indian AE of the Assessee constituted not only a fixed place Permanent Establishment but was also liable to be recognized as a Dependent Agent Permanent Establishment.

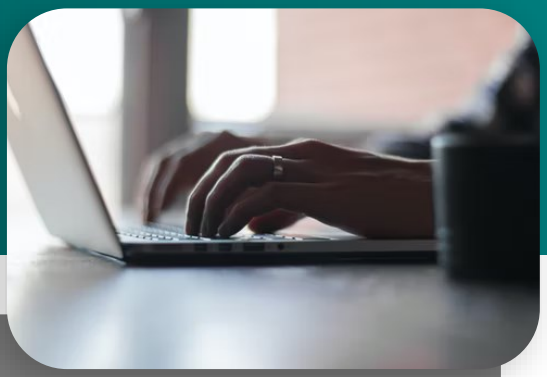
Thereafter, on appeal to the Tribunal by the Assessee, the Tribunal had observed that since the income attributable to the Permanent Establishment had already been subjected to tax, no further exercise was liable to be undertaken.

Aggrieved by the aforesaid observation, the Revenue approached the Hon'ble HC contending that since all the functions performed and risks assumed by the Indian AE had not formed subject matter of examination in the course of the TP analysis, the mere attribution of profits to the Permanent Establishment would have not justified the Tribunal in proceeding to interfere with the views that were expressed by the AO as well as the CIT(A) and further pleaded in relation to the Double Irish model of Corporate Structuring which was a perceived scheme of tax avoidance. However, the Hon'ble HC noted that although it appeared to have been urged before the Tribunal that the Indian AE was performing functions which were "wider in scope" and also stretched to matters which had not formed subject matter of examination in the TP analysis, the Tribunal on facts had found that the said conclusions were wholly unjustified and were merely assumptions made by the Revenue and were not founded on any material or evidence which formed part of the record. Moreover, the Revenue had woefully failed to make good its contention that certain aspects or facets of the functioning of the Indian AE did not form part of the TP analysis.

Further, noting that the Double Irish model essentially alluded to advantages that may be taken by certain entities of a "loophole" existing in the Irish law so as to escape taxation in that nation, the Hon'ble HC found it to be incomprehensible as to how that principle could have had any relevance to income which was asserted by the Revenue themselves to have arisen or accrued in India.

Accordingly, finding no reason to interfere with the observations of the Tribunal that since income attributable to the PE had already been subjected to tax, no further exercise was liable to be undertaken, the Hon'ble HC, dismissed the Revenue's appeal.

ARTICLE



A Step Forward: Madras High Court Reinforces Importers' Rights to Amend Bills of Entry

A significant advancement to the legal issue on BoE amendment under the Customs Act, 1962, has been made by the Hon'ble Madras HC's recent ruling in the case of **M/s. Bharti Airtel Limited v. Union of India & Ors. [2025 (1) TMI 319 – Madras High Court]**. This ruling not only reinforces the jurisprudence surrounding amendments of BoE but also clarifies the methods available to aggrieved parties seeking such amendments.

This dispute began after Bharti Airtel's requests to alter BoEs under Sections 149 and 154 of the Customs Act were denied. The applications were submitted in order to amend BoEs in which an inadvertent error resulted in the payment of excess customs duty. The main point of contention was the legality of the Commissioner of Customs Public Notice No. 88/2019 dated October 18, 2019, which forbade amendments to self-assessed BoEs unless they were made via appeal. Bharti Airtel contended that the Public Notice unjustly curtailed their statutory right to seek amendments under Sections 149 and 154. Whereas, the Department contended that any change to a self-assessed BoE must be sought through an appeal under Section 128 of the Customs Act, citing the SC's ruling in **ITC Ltd. v. Commissioner of Central Excise, Kolkata [2019 (9) TMI 802- Supreme Court (LB)]**. However, the Hon'ble HC adopted a different stance, providing much-needed clarification on how the Customs Act's amendment and self-assessment provisions interact.

Moreover, in light of the provisions of the Customs Act and the pertinent case laws were carefully examined by the Hon'ble HC before rendering its decision. The Hon'ble HC laid out that there are three methods for an importer or exporter to apply for amendments to a BoE: via Section 154 to correct clerical or arithmetical errors, filing an appeal under Section 128 or applying under Section 149, which permits changes based on documents that were in existence at the time of import or export. The Department's interpretation of Hon'ble SC decision in ITC Ltd. was dismissed by the Court, which held that the order did not prohibit changes under Sections 149 and 154, instead stressed the need of following legislative rules before requesting refunds. Due to its excessive restrictions that curtailed the remedies available under the Customs Act, the Public Notice was deemed to be beyond the scope of the law. The Hon'ble HC underlined that the Customs Act's enabling provisions cannot be overridden by such Public Notices. Additionally, the Court directed the customs authorities to reconsider Bharti Airtel's amendment applications within three months, ensuring adherence to the principles laid down in the judgment.

The Hon'ble Madras HC ruling demonstrates the judiciary's proactive approach towards overreach of Public Notices. The decision serves as a reminder that the Public Notices or Circulars cannot impose limits beyond what the statute allows and must act within the bounds of the law. The Court has addressed a legal concern that frequently causes misunderstandings and controversies by restating that Sections 149 and 154 are separate remedies applicable to importers and exporters.

The Bharti Airtel judgment is part of a growing body of case law addressing the amendment of export and import documents. In **Colossustex Private Limited & Anr. v. Union of India & Ors. [2023 (9) TMI 313 – Bombay High Court]**, the court addressed similar issues. The Bombay HC held that paragraph 3(a) of Circular No. 36/2010-Customs, which placed a three-month restriction on shipping bill amendments under Section 149, was ultra vires.

Similar to this, the Gujarat HC in **M/s. Mahalaxmi Rubitech Ltd. v. Union of India (2021 (3) TMI 240 – Gujarat High Court)**, upheld the idea that amendments cannot be restricted by time limits imposed in Public Notices or Circulars. The constant position taken by different HCs, such as those in Gujarat, Bombay, and Madras, emphasises how crucial it is to protect statutory rights and make sure that Public Notices or Circulars don't go over and above their legal authority.

The Hon'ble Madras HC ruling in Bharti Airtel provides several takeaways for exporters and importers. By affirming the right to seek amendments under Sections 149 and 154, the judgment strengthens the position of bona fide businesses seeking corrections to BoEs due to genuine errors. The quashing of Public Notice No. 88/2019 underscores the judiciary's role in ensuring that such Public Notices remain within the bounds of statutory provisions. Importers and exporters often face challenges when errors occur in self-assessed BoEs, which may result in higher duties or non-compliance with export promotion schemes. The Hon'ble Madras HC clarification guarantees that companies can correct such mistakes without facing excessive procedural obstacles. This promotes a more business-friendly atmosphere and supports the government's overarching goal of making it easier for Indians to do business.

The Bharti Airtel judgment is a landmark decision that not only resolves the immediate grievances of the Petitioner but also provides clarity on the broader issue of document amendments under the Customs Act. The decision, when combined with other decisions such as Colossustex and Mahalaxmi Rubitech, demonstrates the judiciary's dedication to defending the rule of law and statutory rights from irrational Public Notices or Circulars. This ruling will surely be a crucial guideline for upcoming instances concerning shipping bills and BoEs amendments, guaranteeing a just and equal implementation of the Customs Act.

The Union Budget 2025 introduced a new Section 18A to the Customs Act, 1962, allowing importers and exporters to voluntarily revise customs entries post-clearance. This amendment enables self-assessment and voluntary payment of any duty shortfalls with interest, without penalties. If excess duty is identified, the revised entry serves as a refund claim. However, revisions are excluded in certain cases like ongoing audits or enforcement actions. Proper officers retain the authority to verify and re-assess duties. This measure aims to facilitate compliance, enhance transparency, and streamline the process, supporting the Government of India's ease of doing business initiatives.

In conclusion, the Hon'ble Madras HC judgment in the Bharti Airtel case marks a pivotal moment in the legal landscape surrounding amendments to Bills of Entry under the Customs Act. By affirming the right of importers and exporters to seek amendments under Sections 149 and 154, the Court has clarified the processes available for correcting genuine errors in self-assessed documents, thus reinforcing the statutory rights of businesses. The ruling also highlights the judiciary's role in ensuring that Public Notices and Circulars do not exceed their legal authority, thereby safeguarding against administrative overreach. This landmark decision, alongside similar rulings from other HCs, contributes to a growing body of jurisprudence that prioritizes fairness and transparency in customs procedures. With the introduction of Section 18A in the Union Budget 2025, which further streamlines the revision of customs entries, the judgment also aligns with the government's efforts to enhance ease of doing business and promote a more business-friendly environment.

GOODS & SERVICES TAX
From the Judiciary

ITC denial on limitation grounds under section 16(4) unjustified when retrospective amendment extends deadline

Nilgiris Silverline Builders Private Limited

W.P.No.4718 of 2025 and W.M.P.Nos.5239 and 5240 of 2025

The Petitioner, a registered dealer under the GST Act, filed a writ petition challenging the reversal of ITC by the respondent department for the financial years 2017-18 to 2020-21. The department rejected the ITC claims on the ground that they were barred by limitation under Section 16(4) of the CGST Act, and imposed tax, penalty, and interest. The Petitioner contended that the GST Council's 53rd Meeting (June 2024) had recommended an extension of the deadline for availing ITC, which was subsequently implemented through the Finance Act (No.2) of 2024 and Notification No. 17/2024-Central Tax dated September 27, 2024. Aggrieved the Petitioner preferred a writ before the Hon'ble Madras HC on the question whether the Petitioner was entitled to claim ITC given the retrospective amendment to Section 16 (4) of the CGST Act.

The Madras HC ruled in favor of the Petitioner, quashing the Department's order that denied ITC on limitation grounds under Section 16(4) of the CGST Act. Hon'ble HC held that the amendment to Section 16, introduced through the Finance Act (No.2) of 2024 and Notification No. 17/2024-Central Tax (September 2024), had extended the deadline for availing ITC until November 30, 2021, making the Petitioner eligible for the claim. As a result, the Hon'ble HC restrained the GST department from taking any further action against the Petitioner based on limitation, directed the de-freezing of the Petitioner's bank account, and ordered a refund or adjustment of any tax amount collected. Additionally, the Hon'ble HC allowed the Petitioner to utilize or adjust the refunded amount against future tax liabilities. However, the department was granted liberty to proceed only if there were discrepancies such as fake, excess, or wrongful ITC claims.

General penalty can't be levied for late filing of GST returns

Tvl. Jainsons Castors & Industrial Products V/S The Assistant Commissioner (St)

W.P.No.36614 of 2024 and W.M.P.No.39493 of 2024

The Petitioner challenged the Form GST DRC-07 order issued by the Departmnet under Section 73 of the TNGST Act, alleging it was illegal and against principles of natural justice. The primary contention was that late fees for delayed filing of annual returns should have been imposed under Section 47(2) of the TNGST Act, and not under Section 73, which pertains to the determination of tax. The Petitioner argued that no prior notice was issued under Section 46, making the penalty proceedings invalid.

The Hon'ble Madras HC partially allowed the writ petition, ruling that while the late fee imposed under Section 47(2) of the TNGST Act, 2017, for delayed filing of annual returns was valid, the imposition of an additional general penalty under Section 125 of the Act was unjustified and had to be set aside. Hon'ble HC court examined Section 47, which specifically governs the imposition of late fees for delayed returns, since the late fee provision under Section 47 was already invoked, Hon'ble HC found that the respondent had

erred by also imposing a penalty under Section 125, which applies only in cases where no specific penalty provision is available in the Act. Additionally, Hon'ble HC rejected the Department's contention that Section 73, which deals with the determination of tax liability, could be used in cases of non-filing of returns. It clarified that Section 73 does not apply to situations where the default is merely a delay in filing annual returns. The ruling emphasized that penalty proceedings must be based on the correct statutory provisions, and an arbitrary or overlapping penalty cannot be imposed. Consequently, the late fee imposed under Section 47 was upheld, while the penalty under Section 125 was set aside.

Appeal cannot be dismissed for minor delay when substantive compliance is evident

TVL. CHENNAIS PET

W.P.(MD)No.3995 of 2025 and W.M.P.(MD)Nos.2880, 2881 and 2883 of 2025

The Petitioner filed an appeal along with a petition to condone a 35-day delay under Section 107(4) of the CGST Act. The appellate authority rejected the appeal, stating it was filed 5 days beyond the condonable period, despite the Petitioner having already made a 10% pre-deposit of the disputed tax and an additional 15% payment. The Petitioner argued that the delay was unintentional, as the notice was uploaded in an additional notice's column on the GST portal, which their consultant failed to monitor. The Department opposed the petition, stating that statutory timelines must be strictly followed and that the Petitioner's failure to monitor the GST portal did not justify the delay.

The Madras HC ruled in favor of the Petitioner, holding that procedural delays should not override substantive justice when the taxpayer has made genuine efforts to comply. While acknowledging that the appellate authority applied the law correctly, Hon'ble HC emphasized that the delay was neither deliberate nor prejudicial to revenue interests, and that the Petitioner had substantially discharged the disputed tax liability. Accordingly, Hon'ble HC set aside the rejection order, remanded the case for fresh consideration on merits.

Notices and orders without proper officer's signature deemed invalid

Bigleap Technologies And Solutions Private Limited And Others

WP No. 21101 of 2024 and batch

The Petitioners challenged the validity of SCNs and final orders issued under the CGST Act, arguing that the absence of physical or digital signatures of the Proper Officer rendered them invalid. The department contended that the notices were electronically generated on the GST portal using officers' login credentials, which they claimed was sufficient authentication. However, the Petitioners relied on various precedents of the Hon'ble HC and Rule 26(3) of the CGST Rules, which mandates proper authentication of statutory notices and orders.

The Hon'ble High Court ruled in favor of the Petitioners, holding that unsigned notices and orders violate Rule 26(3) and Rule 142 of the CGST Rules. Since statutory forms DRC-01 and DRC-07 explicitly require the Proper Officer's signature, failure to sign them makes the orders legally invalid. Hon'ble HC reiterated the principle that if the law prescribes a specific procedure, it must be strictly followed. Consequently, the impugned notices and orders were set aside, with liberty granted to the department to issue fresh notices/ orders in accordance with law.

Department must use RPAD for personal hearing notices instead of solely relying on GST portal

Metamorf Interiors and Designers Private Limited

W.P.No.3315 of 2025 and W.M.P.Nos.3680 and 3682 of 2025

The Petitioner challenged an impugned order passed without considering their reply to SCN. The Petitioner had filed a reply in Form DRC-06, but the Department claimed it was unclear and issued a third reminder notice, calling for a manual reply within 48 hours and a personal hearing the next day. The Petitioner was unaware of the notice and could not appear, leading to the impugned order being passed without considering the reply.

The Hon'ble HC ruled in favour of the Petitioner, holding that the Department violated the principles of natural justice by not granting a reasonable opportunity to respond. Hon'ble HC observed that the short time frame for reply and hearing was insufficient, and the Department should adopt better communication methods, such as sending notices via RPAD, instead of merely uploading them under the 'Additional Notices' column on the GST portal. Hon'ble HC set aside the impugned order and remanded the matter for reconsideration, directing the department to allow a 14-day notice for a fair hearing.

GOODS & SERVICES TAX
From the Legislature

Sr. No.	Notification / Circular	Summary
1	**Notification No. 09/2025-Central Tax Dated February 11, 2025**	**CBIC Notifies the enforcement dates for certain rules notified vide CGST (Amendment) Rules, 2024** The Notification issued by the Central Government, under Section 164 of the CGST Act and the CGST (Amendment) Rules, 2024, appoints specific dates for the enforcement of certain rules. • Rules 2, 24, 27, and 32 will come into force on 11th February 2025. • Rules 8, 37, and clause (ii) of Rule 38 will come into force on 1st April 2025. These dates were notified by publishing in the Gazette of India vide the notification No. 12/2024-Central Tax.
2	**Circular No. 02/2025-GST Dated February 07, 2025**	**Relief under Section 128A of the CGST Act available to taxpayers even where an Appeal has been filed by the Department** The Notification clarifies the application of Section 128A of the CGST Act, 2017, which allows for the waiver of interest, penalty, or both for demands under Section 73 of the CGST Act for the FYs 2017-18, 2018-19, and 2019-20. Following points should be taken into consideration: • If the taxpayer has paid the full tax amount but the department has gone in Appeal on basis of incorrect interest calculation or penalty imposition, the taxpayer can still avail the benefits of Section 128A of the CGST Act . • Even if the department has gone or is in the process of filing an appeal based on such issues, the taxpayer is still eligible for the benefits, as the intention is to reduce litigation. • The proper officer should withdraw the appeal or accept the order under review if the taxpayer meets the conditions of Section 128A of the CGST Act .

CUSTOMS & FTP
From the Judiciary

CESTAT quashes reclassification and duty demand on polyester fabrics

IMFA Trading Company

Customs Appeal No. 85918 of 2024 2015

The Appellants challenged Order-in-Appeal No. MUM-CUS-MA-IMP-190/2022-23 passed by the Commissioner of Customs (Appeals) on December 22, 2022. The case involved the reclassification of imported polyester fabrics after customs authorities re-tested the goods, demanding higher duty. The Appellants argued that they were not provided the re-test report, and the classification was unjust. The Tribunal considered the case, observing that the initial tests carried out by the Textile Committee had passed the goods, and the reclassification made out of the CRCL report was not supported by documentation. Citing previous judgments, the Tribunal allowed the Appeal while holding that the reclassification and demand for duty was not sustainable in law.

Hon'ble High Court orders refund of interest due to technical glitches in ICEGATE-ECL integration

M/s Grain Energy PVT LTD

D.B. Civil Writ Petition No. 2899/2024

The Petitioner sought a refund of interest paid on import duty, claiming that the delay was caused by technical glitches in the integration of ICEGATE with the Electronic Cash Ledger (ECL) during its phased implementation from April 1, 2023. The issue was whether the Petitioner was entitled to a refund under the Customs (Waiver of Interest) Third Order, 2023, and Section 27 of the Customs Act, 1962.

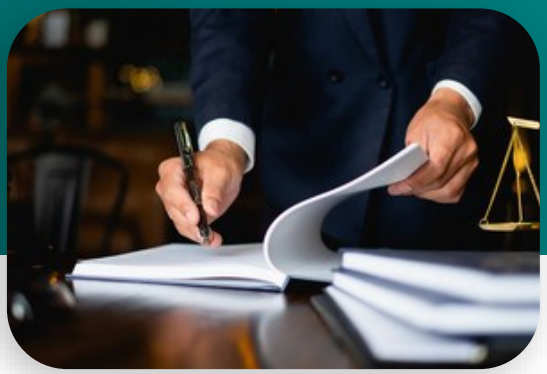
The Customs Order, dated April 17, 2023, waived interest for the period from April 1 to April 13, 2023, for goods where duty was paid through ECL. While technical issues were largely resolved by April 17, the waiver depended on certification from the DG Systems, which confirmed on July 27, 2023, that the system problems were fully resolved.

Hon'ble High Court ruled that no interest could be claimed due to the technical issues, and any interest collected must be refunded. The delay was not the Petitioner's fault, and the impugned order was quashed. The respondents were directed to refund the interest, and the writ petition was allowed.

CUSTOMS & FTP
From the Legislature

Sr. No.	Notification/ Circular	Summary
1	**Circular No. 05/2025-Customs dated February 17, 2025**	**Introduction of digital refund process for streamlined and transparent processing** To streamline and digitize customs processes, the government has introduced an online system for processing customs duty refund applications through the ICEGATE portal. Applicants can submit refunds electronically with required documents, including the Unjust Enrichment certificate. If re-assessment of the Bill of Entry is needed, this can be requested before filing the refund. Once submitted, applications are scrutinized, deficiencies flagged, and refunds are directly credited to the applicant's bank account via the PFMS system. The manual process will be available only until March 31, 2025, after which all applications must be filed online, unless exempted. The system also offers improved monitoring with real-time status updates and MIS reports for Customs officers.
2	**Trade Notice No. 29/2024-25 dated February 11, 2025**	**DGFT mandates online submission of replies to SCN and penalty payments for FTDR proceedings** As part of digitized the process to promote ease of doing business and a paperless trade environment, DGFT has instructed all members of trade that, • Replies to Show Cause Notices and other requests during proceedings under FTDR Act, must be submitted online via the DGFT portal. • Penalties under the FTDR Act must be paid online through the respective ECA/ Appeal or review file. Avoiding the Miscellaneous payments feature for proper accounting of penalties.

REGULATORY
From the Judiciary



SEBI penalizes firm for cybersecurity lapses, directs immediate rectification of compliance failures

In the matter of Junjharji Investment Private Ltd.

Adjudication Order No. Order/AN/AK/2024-25/31183

SEBI along with NSE conducted a comprehensive joint inspection of the firm during January 09, 2023, to January 13, 2023, for the inspection period- April 2021 to December 2022.

During the course of the inspection, SEBI observed that the firm failed to segregate client funds, using them for proprietary trading and margin obligations of debit balance clients, did not settle client accounts on time with 62 instances of outstanding client balances, incorrectly reported margin data to the exchange leading to discrepancies of up to INR 13.97 Lakhs, funded clients beyond regulatory limits violating margin norms, and failed to maintain client order records citing data corruption as an excuse.

Further, SEBI also observed that the firm did not implement essential cybersecurity measures such as two-factor authentication and regular vulnerability testing and failed to display the Investor Charter or grievance mechanisms at its office, compromising investor protection and market integrity.

Before SEBI, the firm contended that these violations were minor and technical, however SEBI rejected the firm's contention and observed that the violations of the firm constituted substantive breaches rather than procedural lapses which jeopardized the protection of investor interests.

Accordingly, finding that the actions of the firm warranted strict regulatory enforcement, SEBI imposing a total penalty of INR 6 Lakhs on the firm for the misuse of client funds, delayed settlement of client accounts, incorrect margin reporting, unauthorized client funding, cybersecurity lapses, and non-compliance with investor grievance guidelines, in violation of the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956 and SEBI Circulars, directed strict adherence to regulatory norms and immediate rectification of the compliance lapses.

Appellate Tribunal reduces penalty imposed on Company under FERA, quashes penalty imposed on former director given no involvement

Tata Korf Engineering Services Ltd & Ors vs. Special Director, Directorate of Enforcement

FPA-FE-408 & 409/KOL/2005

The Appellant was a joint venture between an Indian company and a German company that had imported an aircraft to address operational challenges, with the German company covering the customs duty. The aircraft was later removed from the books of the Appellant, prompting an ED investigation for alleged unauthorized foreign exchange transactions, including the acquisition of USD 2.8 Million and borrowing of USD 333,025 and GBP 7,068 for payment of customs duty, and the ED held these transactions to be in violation of Section 8(1) of FERA and imposed a penalty of INR 2. 25 Crores on the Appellant and INR 7 Lakhs on the former director of the Appellant.

Aggrieved, the Appellant approached the Appellate Tribunal under the SFEM Act. Although the Appellate Tribunal affirmed the occurrence of the violation, it deemed the penalty of INR 2. 25 Crores to be disproportionate since the matter was over 20 years old. Further it observed that excessive enforcement was unwarranted as the Appellant had already deposited 25% of the penalty imposed on it by the ED, and as such the Appellate Tribunal reduced the penalty to 25% of the originally imposed amount. The Appellate Tribunal also observed that ED failed to establish the role of the former director of the Appellant in the alleged violation or prove that he was responsible for overseeing the company's foreign exchange transactions and therefore quashed the penalty against the former director of the Appellant.

NCLAT holds refinancing of existing movable assets does not give refinancer 'first charge', allows appeal

Avil Menezes vs. Hinduja Leyland Finance Ltd.

Comp. App. (AT) (Ins) No. 555 of 2024

The Appellant was the liquidator of the Corporate Debtor that had filed an appeal before the NCLAT against the order of the NCLT whereby despite knowing that no NOC was taken from the bank consortium, the NCLT observed that the assets refinanced by the Respondent were outside the charged assets of the lenders of the bank consortium and the bank consortium only had a second charge on them as collateral security.

Perusing the relevant clauses of the agreement of the bank consortium, the NCLAT noted that the main bone of contention was as to who had first/primary charge over movable assets and who had second/ secondary charge over the said movable assets, and as Section 48 of the Transfer of Property Act, 1882, clearly protected the right of the first charge holder and only one secured creditor could enforce his right to realize its debt out of the secured assets under Section 52 of the IBC, therefore, the bank consortium had the first pari-passu charge over the movable assets.

The NCLAT also noted that in the bank consortium, the Appellant entered into an original joint deed of hypothecation whereby the Corporate Debtor had created charge on the movable assets in favour of the bank consortium, however, the Respondent could not identify the assets. Moreover, the Respondent was a subservient charge holder to the bank consortium and could not realize its security interest under Section 52 of the IBC, and as per Section 48 of the Transfer of Property Act, 1882, in case for same assets, different charges were created then earlier created charge was to be binding, in absence of any special contract.

Further, placing reliance on a catena of judgments, the NCLAT observed that at a time only one secured creditor could enforce his right to realize its debt out of secured assets and therefore, when rights were granted to two individuals at different times, the one who possessed the earlier right would also have the legal advantage since after the enforcement of right under Section 52 of the IBC by one of the secured creditors, no other secured creditor could enforce his right subsequently.

Accordingly, holding that it was quite logical to come to the conclusion that if the existing assets especially, movable assets were refinanced, by any subsequent financer/lender, then the refinancer would not have any first charge over existing movable assets which already stood charged (as first charge) in favour of the bank consortium and also that it appeared that the NCLT ignored the clauses of the agreement of the bank consortium, which created the first charge by hypothecation in respect of the present and future assets, without any exclusions, the NCLAT allowed the appeal of the Appellant.

IBBI penalizes insolvency professional for not admitting Employees Provident Fund Organization's claim merely on "technical grounds"

In the matter of Ms. Bhavi Shreyans Shah

IBBI/DC/260/2025

In the present case, the Employees Provident Fund Organization had filed its claim within the stipulated timelines, albeit in an incorrect form. However, the liquidator failed to process the claim despite multiple follow-ups and statutory mandates requiring its verification. Aggrieved, the Employees Provident Fund Organization filed a complaint against the liquidator before the IBBI for failing to admit the Employees Provident Fund Organization's claim in the liquidation process of the Corporate Debtor based on technical grounds.

Perusing the regulatory framework, the IBBI observed that the liquidator's rejection of Employees Provident Fund Organization's claim on technical grounds was unjustified, since provident fund dues enjoyed a special status under IBC and were not to be ignored and liquidators were expected to exercise due diligence and comply with statutory obligations in a time-bound manner rather than reject valid claims based on procedural technicalities. Moreover, the IBBI also observed that the Liquidation Regulations mandated the verification of claims collated during CIRP but not submitted during liquidation, which the liquidator failed to implement, and that the claim was eventually reconsidered only after intervention by the NCLT, highlighting unwarranted delays and procedural inefficiencies.

Accordingly, in view of the violations committed and the blatant non-compliance exhibited by the liquidator, the IBBI imposed a monetary penalty equivalent to the Employees Provident Fund Organization's claim amount and directed the liquidator to comply with the IBC provisions in future, and forward the order to the Committee of Creditors of other Corporate Debtors so as to enable them to assess her continued eligibility as an insolvency professional.

Hon'ble SC quashes HC order halting personal-insolvency proceedings, cites incorrect exercise of jurisdiction, preclusion of statutory-procedure

Bank of Baroda vs Farooq Ali Khan & Ors.

Civil Appeal No. 2759/2025

The Appellant had approached the Hon'ble SC against the order of the Hon'ble HC that prohibited the Adjudicating Authority from entertaining the personal insolvency petition against the Respondent, primarily on the ground that his liability as a personal guarantor stood waived and discharged.

The Hon'ble SC noted that when statutory tribunals were constituted to adjudicate and determine certain questions of law and fact, the Hon'ble HCs did not substitute themselves as the decision-making authority while exercising judicial review and also that in the present case, the proceedings had not even reached the stage where the Adjudicatory Authority was required to make such determination, rather, the Hon'ble HC exercised jurisdiction even prior to the submission of the resolution professional's report, thereby precluding the Adjudicating Authority from performing its adjudicatory function under the IBC.

The Hon'ble SC further noted that Section 99 of IBC required the resolution professional to first gather

information and evidence regarding repayment of the debt, and ascertain whether the application satisfied the requirements of Section 94 or Section 95 of the IBC, which meant that the existence of the debt was to be first examined by the resolution professional in his report, and then be judicially examined by the Adjudicating Authority so as to decide whether to admit or reject the application under Section 100 of the IBC. Moreover, the entire rationale behind appointing a resolution professional under Section 97 was to facilitate this determination by the Adjudicating Authority.

Accordingly, the Hon'ble SC observed that the Hon'ble HC ought not to have interdicted the proceedings under the statute and assumed what it did while exercising jurisdiction under Article 226 of the Constitution, rather it should have permitted the statutory process through the resolution professional and the Adjudicating Authority to take its course.

Thus, holding that the Hon'ble HC was not justified in allowing the Respondent's writ petition, the Hon'ble SC quashed the order of the Hon'ble HC and restored the personal insolvency proceedings before the NCLT, thereby directing the NCLT to decide the matter expeditiously.

Hon'ble SC holds non-executive director not liable for dishonour of cheques issued without involvement

Kamalkishor Shrigopal Taparia vs. India Ener-gen Private Limited & Anr.

Criminal Appeal of 2025 [Arising out of SLP (Crl.) Nos. 4051-4054 of 2020]

The Appellant was a non-executive director of a company that had approached the Hon'ble SC against the order of the Hon'ble HC that dismissed the Appellant's application which sought the quashing of criminal proceedings concerning dishonour of cheques against him.

Noting that the Appellant was neither a signatory to the dishonoured cheques nor actively involved in the company's financial decision-making, that the complaints lacked specific averments with regards to how the Appellant was responsible for the dishonoured cheques and that the Appellant's role was limited to that of an independent non-executive director, with no financial responsibilities or involvement in the day-to-day operations of the company, the Hon'ble SC observed that to attract liability under Section 141 of the NI Act, the accused must have been actively in-charge of the company's business at the relevant time and the mere designation of the Appellant as a non-executive director could not conclusively establish liability under Section 138 read with Section 141 of the NI Act as a non-executive director only played a governance role and was not involved in the daily operations or financial management of the company. Moreover, mere directorship did not create automatic liability and only those who were responsible for the day-to-day conduct of business could be held accountable under the NI Act.

Accordingly, setting aside the order of the Hon'ble HC, the Hon'ble SC quashed the criminal proceedings against the Appellant and allowed the appeal.

REGULATORY
From the Legislature

RBI revises the bank rate in accordance with the Monetary Policy Statement for the year 2024-25

Notification No. RBI/2024-25/111 dated February 07, 2025

In accordance with the announcement made in the Monetary Policy Statement 2024-2025 dated February 07, 2025, the RBI reduces the bank rate by 25 basis points, lowering it from 6.75% to 6.50%, effective immediately.

As a result, all penal interest rates on shortfalls in reserve requirements, which are directly linked to the bank rate, have also been adjusted, accordingly, the penal interest rate will now be bank rate plus 3.0 percentage points (9.50%) or bank rate plus 5.0 percentage points (11.50%), depending on the duration of the shortfall.

The bank rate is a rate at which the RBI provides loans to commercial banks without keeping any security. There is no agreement on repurchase that is drawn up or agreed upon and no collateral as well on the loans provided by the RBI on the bank rate. The RBI allows short-term loans with the presence of collateral known as repo rate. The bank rate is usually higher than the repo rate on account of its ability to regulate liquidity. This revision aligns with RBI's broader monetary policy measures to regulate liquidity and financial stability.

RBI amends the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023

Notification No. FEMA 14(R)(1)/2025-RB dated February 10, 2025

The RBI through a Notification issues the FEMR, 2025 to amend the FEMR, 2023, under FEMA. The amendment, effective upon its publication in the Official Gazette, revises Regulation 3 of the FEMR, 2023, concerning payment mechanisms for Asian Clearing Union member countries, excluding Nepal and Bhutan. The new provision allows payments between residents of participant countries through the Asian Clearing Union mechanism or as directed by the RBI. For other transactions, receipts and payments will follow specified procedures outlined in the FEMR, 2023. The amendment aims to streamline foreign exchange transactions and provide clarity to authorized dealers.

RBI issues norms for forward contracts in government securities

Notification No. RBI/2024-25/117 dated February 21, 2025

With a view to expand the suite of interest rate derivative products available to market participants to manage interest rate risks, the RBI had earlier issued a draft of the norms for forward contracts in government securities in December 2023.

Given this backdrop, the RBI through a Notification now finalizes and releases the norms for forward contracts in government securities. The norms inter-alia define a bond forward as a rupee interest rate derivative contract in which one counterparty (buyer) agrees to buy a specific government security from another counterparty (seller) at a future date and at a price determined at the time of the contract as specified in the contract and provide that a resident and a non-resident who is eligible to invest in government securities under the Foreign Exchange Management (Debt Instruments) Regulations, 2019, can now for the purpose of entering into deals, also participate in a bond forward undertaken in the over-the-counter market in India. Moreover, any entity eligible to be classified as a non-retail user in terms of the Rupee Interest Rate Derivatives (Reserve Bank) Directions, 2019, dated June 26, 2019, is eligible to undertake transactions in bond forwards as a user.

Further, at least one of the parties to a bond forward transaction should be a market-maker or a central counterparty authorised for the purpose and although small finance banks, payment banks, local area banks, and regional rural banks are excluded from the category of players allowed to engage in market-making, scheduled commercial banks and standalone primary dealers can act as market makers for bond forwards.

In addition to the above, a market-maker may undertake long positions without any limit and covered short positions in bond forwards and a market-maker that is permitted to undertake short sales will also be eligible to undertake uncovered short positions, but only when the underlying government security is also eligible for short sale.

These norms for forward contracts, or bond forwards, have been issued to enable market participants, especially long-term investors, to manage their cash flows and interest rate risk and will come into force with effect from May 02, 2025.

MCA extends the timeline for mandatory dematerialisation of securities for private companies till June 30, 2025

Notification No. G.S.R. 131(E) dated February 12, 2025

The MCA through a Notification dated October 27, 2023, had earlier issued the Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023, in terms of which, Rule 9B was inserted to the Companies (Prospectus and Allotment of Securities) Rules, 2014, requiring every private company to issue securities only in dematerialised form from October 1, 2024, prior to which, every private company was required to facilitate dematerialisation of all its securities.

Further, the then newly inserted Rule 9B of the Companies (Prospectus and Allotment of Securities) Rules, 2014, also required every private company making any offer for issue of any securities or buyback of securities or issue of bonus shares or rights offer (post October 1, 2024) to ensure that before making such offer, entire holding of securities of its promoters, director and key managerial personnel in such company had been dematerialised and every holder of securities of a private company ensured that, on and from October 1, 2024, any transfer of securities by such holder could only be undertaken in dematerialised form. Moreover, any further subscription of securities of the private company (whether through private placement, bonus shares or rights offer) could only be undertaken subject to all existing securities held by the holder in the private company being in dematerialised form.

Given this backdrop, the MCA clarifies that private companies (excluding producer companies) that were not classified as small companies as of March 31, 2023, now have until June 30, 2025, to comply with the provisions of the Rule 9B of the Companies (Prospectus and Allotment of Securities) Rules, 2014. Additionally, the producer companies can comply with the dematerialisation of their securities by March

31, 2028.

The public companies were already required to maintain and transact their shares in dematerialised form starting from October 2, 2018. The extension granted by the Notification ensures better compliances and transparency and the facilitation of the share transfer process by making it more efficient by reducing the company's expenses of printing and distribution of physical certificates.

SEBI extends the timeline for alternative investment funds to hold investment in dematerialised form

Circular No. SEBI/HO/AFD/PoD-1/P/CIR/2025/17 dated February 14, 2025

SEBI through a Circular relaxes the timelines for alternative investment funds to hold investments in dematerialised form.

As per the Circular, alternative investment funds must hold all investments made on or after July 1, 2025, in dematerialised form, however, investments made before this date are exempt along with alternative investment fund schemes with a tenure ending on or before October 31, 2025, and those already in an extended tenure as of February 14, 2025.

Further, where the investee company is legally mandated to dematerialise its securities or where the alternative investment fund exercises control over the company alongside SEBI-registered intermediaries, such investments must be converted to dematerialised form by October 31, 2025. In addition, trustees or sponsors of AIFs are required to ensure compliance with these requirements in their Compliance Test Reports.

The circular is effective immediately and aims to regulate investment practices while protecting investor interests.

SEBI introduces new disclosure standards for 'related party transactions'

Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated February 14, 2025

SEBI through a Circular introduces new industry standards for the disclosure, review and approval of related party transactions by audit committees and shareholders.

The Circular inter-alia mandates listed entities to follow these industry standards when submitting related party proposals to the audit committee and shareholders for approval. It modifies Section III-B of SEBI's Master Circular dated November 11, 2024, ensuring that relevant information is provided consistently across all listed entities. Additionally, audit committees and shareholders must receive the specified minimum information before reviewing and approving related party transactions. In addition, the explanatory statement accompanying notices sent to shareholders seeking approval for any related party transaction will now include extra details, beyond those already required under the Companies Act, 2013.

The revised requirements will take effect from April 1, 2025 and the stock exchanges have been instructed to inform listed entities and ensure compliance. With these modifications, SEBI aims to enhance transparency and ensure that all stakeholders are well-informed before approving such transactions.

INTERNATIONAL DESK

FTA urges registrants to take advantage of the grace period to update their tax records before the end of March 2025

The Federal Tax Authority has urged registrants who have not yet updated their tax records to take advantage of the UAE Cabinet's decision granting a grace period, exempting them from administrative penalties. This decision reflects the leadership's aim to reduce the tax burden on businesses, encourage tax compliance, and enhance the UAE's business competitiveness.

The Federal Tax Authority clarified that the Cabinet's decision allows registrants to update their tax records between the period January 01, 2024 to March 31, 2025 without facing penalties for failing to report necessary changes. If any administrative penalties were imposed during this period before the grace period was implemented, those penalties will be automatically reversed without the need for registrants to contact the Federal Tax Authority.

As per Cabinet Decision No. 74 of 2023, registrants must notify the Federal Tax Authority of any changes to their information within 20 business days, including details such as the business name, address, trade license activities, legal entity type, partnership agreements, and business nature.

UAE cabinet issues decision on Top-Up Tax for multinational enterprises

The UAE Ministry of Finance has announced Cabinet Decision No. 142 of 2024, introducing the UAE Domestic Minimum Top-up Tax for Multinational Enterprises. This decision follows a previous announcement in December 2024 and aligns with the OECD's GloBE Model Rules. The tax will apply to MNE entities operating in the UAE with global revenues of €750 million or more over two out of the four preceding years.

The UAE Domestic Minimum Top-up Tax for Multinational Enterprises offers relief through a Substance-based Income Exclusion, which reduces the taxable income for MNEs by considering payroll and tangible asset values. Additionally, it provides an exclusion for entities that meet specific de minimis criteria, potentially resulting in a zero-tax liability for qualifying entities.

To maintain its status as a competitive investment hub, the UAE Domestic Minimum Top-up Tax for Multinational Enterprises excludes certain investment entities, further enhancing its business environment. Additionally, a transitional measure ensures that no UAE Domestic Minimum Top-up Tax for Multinational Enterprises will be levied during the initial phase of an MNE's international activity, provided certain conditions related to ownership are met.

The EU'S carbon tax is set to impact steel SMES, according to a study

The EU's Carbon Border Adjustment Mechanism could create significant challenges for small and medium -sized enterprises in India, particularly those in industries such as steel and cement. These businesses may

face higher costs when exporting goods to the EU due to the new carbon tax imposed on imports, potentially undermining their competitiveness in European markets.

The EU has justified the introduction of the Carbon Border Adjustment Mechanism by claiming that it is necessary to prevent carbon leakage. The mechanism is designed to ensure that companies outside the EU adhere to similar environmental standards as those within the bloc. By imposing carbon pricing on imported goods, the EU aims to drive global decarbonization and encourage the adoption of cleaner technologies across industries.

However, concerns have been raised about the impact of the Carbon Border Adjustment Mechanism on developing countries like India, where many SMEs may struggle to meet the EU's environmental standards. While the EU maintains that the measure is crucial for preventing carbon leakage and promoting global sustainability, critics argue that it could hinder trade and economic growth, particularly for industries in nations with limited resources for green technology investment.

Amendments to the UK Pillar Two Rules in the Finance Bill 2024-2025

HM Revenue and Customs has recently released amendments to the Finance Bill 2024-2025, introducing significant updates to the UK Pillar Two rules. These changes are designed to align the UK's tax system with evolving international tax frameworks, particularly the OECD's latest guidance. The key revisions focus on modifying the Undertaxed Profits Rule, incorporating provisions from the OECD June 2024 Administrative Guidance, and adjusting the criteria for Permanent Establishments to qualify as excluded entities.

A major update involves changes to the UTPR rules, specifying how UTPR top-up tax liability should be distributed among UK entities and introducing special provisions for joint venture groups. The bill also integrates several measures from the OECD's June 2024 guidance, including new rules on cross-border tax expense allocation and adjustments to the deferred tax liability recapture framework. Additionally, an amendment clarifies that a PE, in which the main entity holds no ownership interest, can be treated as an excluded entity, with this provision applying retroactively to accounting periods starting on or after December 31, 2023.

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 Shifting
BoE	Bills of Entry
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
CBAM	Carbon Border Adjustment Mechanism
CbC	country-by-country
CBCR	Country By Country Reporting
CbCR-VG	CbCR Publication Act
CBDT	Central Board of Direct Taxes
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

Abbreviation	Meaning
CoC	Committee of Creditors
CPC	Centralized Processing Centre
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
DTL	Deferred Tax Liability
FEMA	Foreign Exchange Management Act, 1999
FEMR, 2023	Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023
FEMR, 2025	Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2025
FERA	Foreign Exchange Regulation Act, 1973
FTA	Federal Tax Authority
FTDR	Foreign Trade (Development and Regulation) Act, 1992
HFC	Housing Finance Company
HM	His Majesty
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 Centre
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
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 Customer

GLOSSARY

Abbreviation	Meaning
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
MFN	Most Favored Nation
MII	Market Infrastructure Institution
MNEs	Multinational Enterprises
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MSEFC	Micro, and Small Enterprises Facilitation Council
MSME	Micro Small and Medium Enterprises
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
OPC	One Person Company
PAN	Permanent Account Number
PBPT	Prohibition of Benami Property Act, 1988
PCIT	Principal Commissioners of Income Tax
PE	Permanent Establishment
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

Abbreviation	Meaning
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
SFEM Act	Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976
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
SME	Small and Medium-Sized Enterprises
SMF	Single Master Form
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
UAE DMTT	UAE Domestic Minimum Top-up Tax
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
UTPR	Undertaxed Profits Rule
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.

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

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FIRM INTRODUCTION

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