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K C Mehta & Co LLP
Chartered Accountants

kcm Insight

September 2025

Dear Reader,

We are happy to present **kcm**Insight, comprising of important legislative changes in finance & market, direct & indirect tax laws, corporate & other regulatory laws, as well as recent important decisions on direct & indirect taxes.

We hope that we are able to provide you an insight on various updates and that you will find the same informative and useful.

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For detailed understanding or more information, send your queries to knowledge@kcmehta.com

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- CBIC notifies major amendments to CGST Rules, 2025 – expanding ISD Scope, Introducing New Tribunal Procedures, Revising GSTR-9/9C Formats, etc
- CBIC issues notification restricting provisional refunds for non-Aadhaar authenticated taxpayers and specified goods
- Exemption from Annual GST Return for Turnover up to ₹2 Crore (FY 2024-25 onwards)
- Notified the effective date of the relevant section of the Finance Act, 2025, which introduces amendments to the CGST Act, 2017, effective from 1st October 2025
- CBIC Issues notification revising tax rates pursuant to recommendations of the 56th GST council meeting
- CBIC Issues exemption notification pursuant to the recommendations of the 56th GST council meeting
- The GST rate has been increased from 6% to 9% on the supply of specified goods covered under Notification No. 3/2017 – Central Tax (Rate)
- The CBIC has issued a notification for GST rate rationalization on handicraft goods

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- The CBIC has issued a notification revising the GST rates applicable to bricks and related goods
- The CBIC has issued a clarification addressing various doubts regarding the treatment of secondary or post-sale discounts under GST
- CBIC issues clarification on DIN requirement for communications issued through eOffice+

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- Karnataka High Court Quashes GST Demands on University Affiliation and related university fees
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- No GST Liability on JDA where Developer Becomes Property Owner upon Conveyance – Refund Directed

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- Securities And Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025
- Framework for AIFs to make co-investment within the AIF structure under SEBI (Alternative Investment Funds) Regulations, 2012
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- Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2015
- Clarification on holding of Annual General Meeting [AGM] and Extraordinary General Meeting [EGM] through Video Conference

Turning the Tide: Key Factors Behind Turnaround Stories

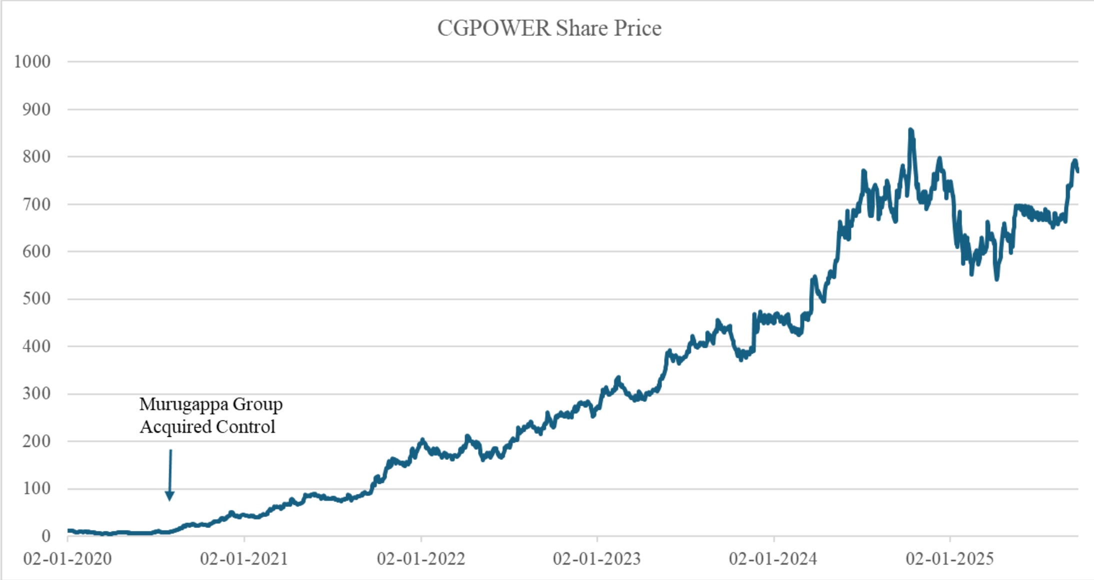
Introduction

Turnaround stories are some of the most captivating narratives in the stock market. They capture how companies once written off by investors manage to rebuild themselves into profitable and competitive businesses. While each case has unique circumstances, the common threads can be grouped into a few broad factors. Understanding these factors can help investors recognize potential "phoenix" opportunities early.

Leadership & Governance Reset

Poor governance, weak decision-making, or misaligned promoters are often the root of corporate distress. A genuine turnaround typically begins with a change at the top, i.e., new promoters, professional managers, or regulatory intervention.

CG Power: On the verge of collapse by 2019 due to operational inefficiencies and governance lapses, the company revived after Murugappa Group took control in 2020. Under the revived leadership, the company underwent operational restructuring, restored credibility, and built a robust order book.



Yes Bank: Governance failures and risky lending practices pushed Yes Bank into near insolvency. The RBI stepped in with a reconstruction plan while SBI infused capital, and a new board was installed. Later, Sumitomo Mitsui Banking Corporation's investment in 2024–25 further reinforced confidence.

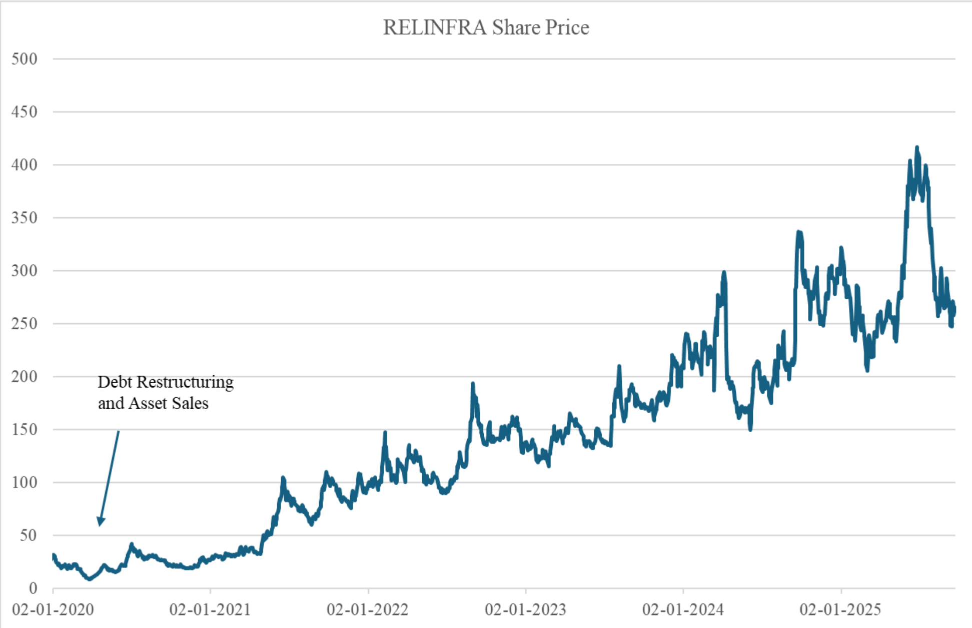
Key Takeaway: Investor trust is the currency of turnarounds. A clear governance reset through visible leadership changes, stricter risk controls, and promoter credibility are often the first signs of revival.

Turning the Tide: Key Factors Behind Turnaround Stories

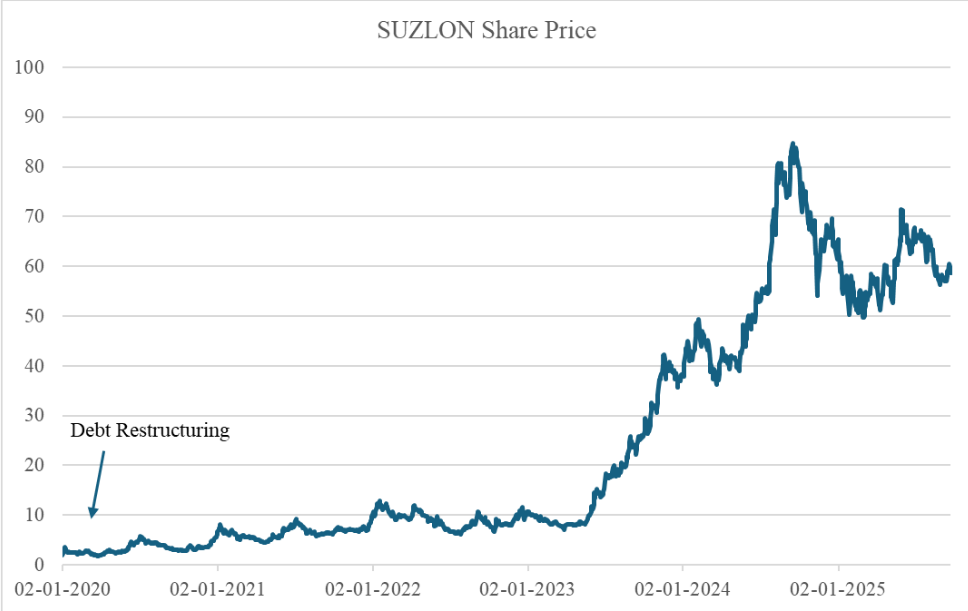
Deleveraging the Balance Sheet

Excessive debt is one of the biggest killers of corporate health. Servicing costs eat into the cash flows, leaving little for operations or growth. The companies that manage to deleverage through asset sales, equity infusion, or restructuring can buy themselves the runway to recover.

Reliance Infrastructure: Faced with debt, litigation, and stalled projects, Reliance Infrastructure relied on asset sales, debt restructuring, and recovery of large receivables to stabilize. The revival has been slower, but survival itself is a turnaround in this case.



Suzlon Energy: Crippled by unsustainable debt after its global expansion spree, Suzlon executed multiple restructuring exercises, negotiated with the creditors, and divested assets. By FY25, the company reduced debt sharply and returned to profitability with a strong order book.



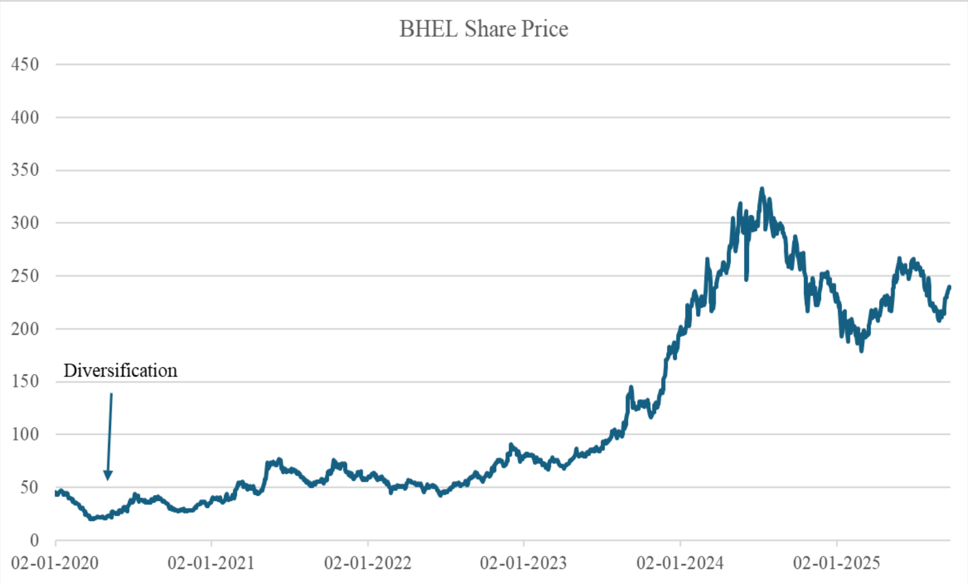
Key takeaway: Balance sheet restructuring is non-negotiable. Without deleveraging, operational improvements alone cannot translate into sustainable recovery.

Turning the Tide: Key Factors Behind Turnaround Stories

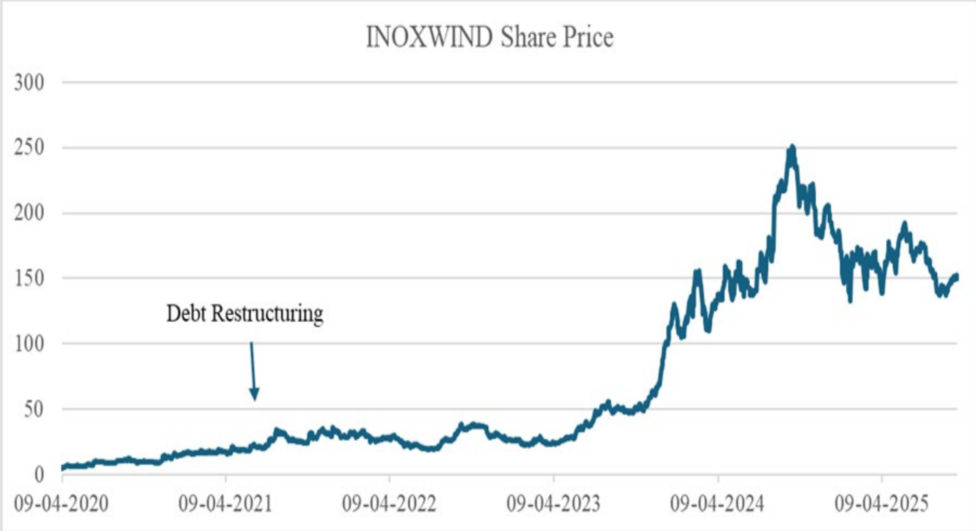
Operational Discipline & Execution

Even after capital and management fixes, companies must prove that they can run efficiently. Streamlined processes, sharper cost controls, and timely delivery rebuild credibility with customers as well as investors.

BHEL: Once overly reliant on thermal power, BHEL mitigated cyclicality by diversifying into defence, railways, transmission, and renewables. This reduced dependence on a single sector and positioned it well for India's capex revival.



Inox Wind: Saddled with unsustainable debt, Inox undertook aggressive restructuring via promoter equity infusion, rights issues, and loan rescheduling. This balance sheet clean-up lowered interest costs and allowed it to benefit from the renewable energy upcycle.



Key Takeaway: Markets reward evidence not just promises. The ability to consistently execute on orders and commitments is often the "make-or-break" stage of a turnaround.

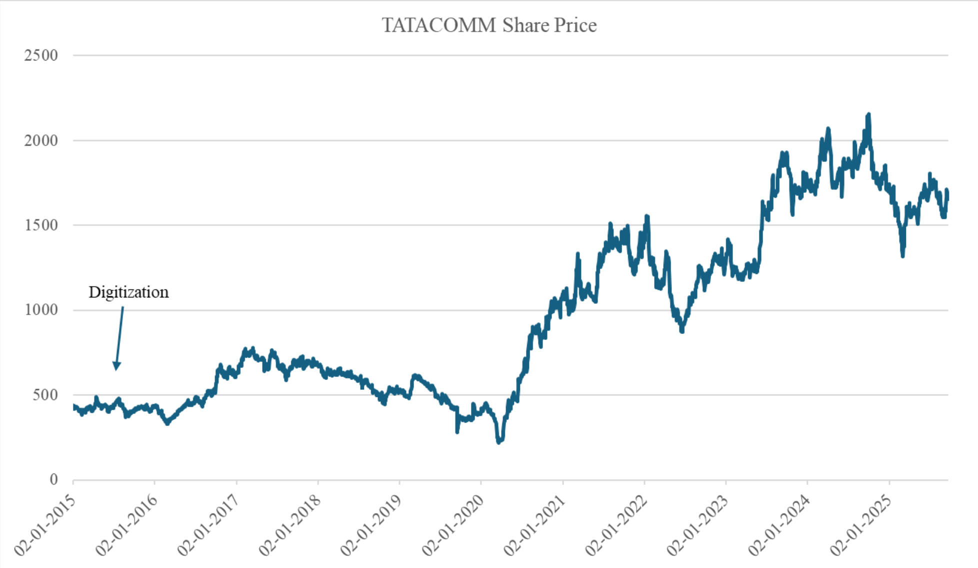
Strategic Refocus & Portfolio Shift

Distressed companies often stumble because they chase too many directions or operate in declining segments. Successful turnarounds involve a clear strategic pivot toward areas with stronger growth and profitability.

Turning the Tide: Key Factors Behind Turnaround Stories

Tata Motors: Once criticized for its acquisition of Jaguar Land Rover, Tata Motors doubled down on product innovation, EVs, and premium models. Today, JLR is a core profit contributor and Tata Motors has become a leader in EV adoption in India.

Tata Communications: Once a low-margin, commodity bandwidth provider, it shifted its strategy towards digital infrastructure including cloud networking, cyber security, and CPaaS. This repositioning improved growth visibility as well as margins.

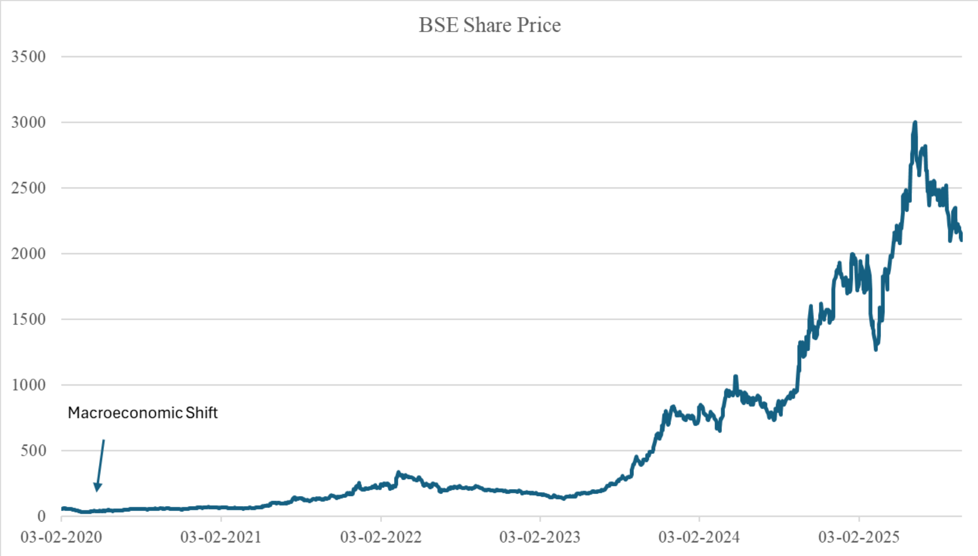


Key Takeaway: Turnarounds often require pruning non-core businesses and doubling down on higher-margin, future-ready verticals.

External Tailwinds & Regulatory Catalysts

No turnaround happens in isolation. Many recoveries are amplified by sectoral booms, regulatory shifts, or macroeconomic tailwinds.

BSE: Long overshadowed by NSE, BSE benefitted from regulatory changes like the expiry-day reshuffle in derivatives and the boom in SME listings. These external tailwinds triggered explosive growth in trading volumes and re-rated its stock.



Suzlon Energy: Its operational revival coincided with India's strong policy support for renewable energy, ensuring that debt restructuring was matched by robust demand for wind capacity.

Turning the Tide: Key Factors Behind Turnaround Stories

Key Takeaway: Timing matters – at least for staging a turnaround. Companies aligned with favourable policy or sector cycles enjoy a much smoother and faster recovery.

Investor Confidence & Strategic Capital

Fresh capital is both a financial and psychological boost. The identity of investors often matters as much as the money itself.

Yes Bank: Its turnaround would not have been possible without SBI's initial infusion and later SMBC's strategic stake, which signaled external validation.

CG Power: After years of fraud and losses under the Avantha Group, CG Power was revived when Murugappa Group acquired control in 2020. Fresh capital, strong governance, and focus on core businesses restored credibility and triggered a turnaround.

Key Takeaway: When high-quality investors or strategic partners back a company, it not only restructures the balance sheet but also restores credibility in the eyes of the market.

Conclusion: The Anatomy of a Turnaround

Across all these examples, i.e., CG Power, Tata Motors, Yes Bank, Suzlon, BHEL, Reliance Infrastructure, BSE, Tata Communications, and Inox Wind, the turnaround factors form a common playbook:

- Governance reset and new leadership
- Aggressive balance-sheet deleveraging
- Proven operational discipline
- Refocus strategy toward profitable, future-ready businesses
- Ride external tailwinds when available
- Anchor recovery with credible strategic investors

For investors, the lesson is to spot early signs of management change, deleveraging, and sectoral tailwinds can help identify tomorrow's turnaround stories. And while not every distressed company becomes a success story, those that do often deliver outsized returns for investors.

Disclaimer: This article is strictly meant for educative purposes only and should not be considered as investment recommendation.

Sources of Information: Company Annual Reports, Press Releases, RBI Website, SEBI Website, Stock Exchange filings, News articles, AI based tools.

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Important Rulings

Entitlement of entire TDS credit in case of part of the income collected on behalf of foreign principal

Eastern Shipping Pvt. Ltd vs. Income Tax Officer – 6(2)(1) Aayakar Bhavan, Mumbai ITA No. 2787 of 2025, ITAT Mumbai

The taxpayer is a private limited company and acted as an agent of Hong Kong based entity which is into shipping line business. As an agent, the taxpayer is required to undertake cargo booking, container monitoring, liasioning with importers, lading, handling cargo terminal and carrying out the necessary exportes and government authorities for statutory approvals etc. on behalf of its non-resident principal. In lieu of the services, the taxpayer raises invoices on importer/exporter/freight forwarder. Out of the amount received from such importer/exporter/freight forwarder, the taxpayer retains part of the amount as agency fees and transfers balance amount to its non-resident principal.

The taxpayer has offered the agency fees in the profit and loss account, and balance amount was routed through the balance sheet in form of payable on account of its non-resident principal. However, the importer/exporter/freight forwarder while making payment to the taxpayer deducted TDS on the entire payment. Therefore, while filing return of income, the taxpayer claimed whole TDS credit. The return of income was processed by CPC u/s. 143(1) of the ITA, wherein the CPC restricted the TDS credit in proportion to the amount offered by the taxpayer by applying the provisions of Rule 37BA.

Aggrieved by such short credit of TDS, the taxpayer preferred an appeal before the CIT(A). CIT(A) dismissed the appeal of the taxpayer and held that the taxpayer ought to have got the TDS certificates issued in the name of foreign principal by filing necessary declarations with the importers/exporters/freight forwarder.

Against the decision of CIT(A), the taxpayer filed an appeal before Hon'ble ITAT, Mumbai. The Learned Authorized Representative ("the ld. AR) of taxpayer argued that on account of business expediency, the amount of agency fees and amount required to pay to foreign principal cannot be shared with importer/exporters. In addition, the ld. AR also submitted that the foreign shipping line has deposited taxes and on sample basis Form 15CA/15CB has also been submitted.

The Tribunal observed that Rule 37BA(2) enables the recipient to file declaration with the Deductor to the effect that TDS credit may be reflected in the name of another person. However, such enabling provision is not mandatory. If the condition in rule is satisfied that such TDS credit be in the name of other person than only the other person would get the proportionate TDS credit. Otherwise, the same ought to be allowed to the person to whom payment is made. Further, Tribunal also noted that taxpayer has correctly offered its income, and the auditor has also not provided any qualification in the audit report. Therefore, Tribunal allowed the balance TDS credit with respect to amount received on behalf of its foreign principal.

The above ruling emphasizes that Rule 37BA can be applied if the recipient of income has filed declaration with the Deductor to the effect that such TDS may be reflected in the name of other person. However, in case such information cannot be shared due to business expediency, the TDS credit should be allowed to the taxpayer from whose payment such TDS has been deducted.

No Disallowances made on provisional expenses if tax has been paid on or before due date of payment

ACC India Pvt. Ltd, Delhi ITAT No. 650 of 2020

The present case is on account of appeal filed by revenue and cross objections filed by taxpayer. The taxpayer is a company and filed its return of income for AY 2015-16. The case was selected for scrutiny assessment and assessment order was passed by the AO making various additions to the returned income.

The AO in the order passed has made additions disallowance of provisional expenses, by invoking section 40(a)(ia). Before CIT(A), it was noted that during assessment proceedings, the taxpayer has furnished the ledger account of parties wherein the amount of TDS was also reflected. Hence CIT(A) allowed the appeal.

Against appeal filed by the Revenue, the Tribunal observed that the taxpayer has followed the mercantile system and therefore, the expenses were debited on accrual basis to book the actual cost in a financial year. The same was done to arrive at the actual profit. Further, the taxpayer had justified the same by furnishing the copies of Form 16A with respect to TDS deduction on such payments in the month of April. Accordingly, the Tribunal observed that there is no violation of section 40(a)(ia) and hence, upheld the decision of CIT(A).

It is interesting to note that while allowing the appeal of the Taxpayer, the fact as to which year the tax has been deducted by the Taxpayer is not stated and inspite of the same the matter is allowed on the ground that tax has been paid in the month of April.

Non-deposit of unutilized sale proceeds does not automatically restrict the assessee to claim the deduction u/s 54

Krishnamoorthy Vijayaraghavan, Chennai ITAT, ITA No.1976 of 2025

The taxpayer is a resident individual, sold an immovable property and did not file a return of income for relevant assessment year. Since the taxpayer has not filed a return of income, notice u/s 148 was issued to the taxpayer. Against such notice u/s 148, the taxpayer filed a return of income declaring total income of Rs. 6,89,617 and claimed deduction u/s 54 of ITA. The AO disallowed the claim of deduction u/s 54 on the contention that the taxpayer has neither deposited the unutilized amount in capital gain account scheme (CGAS) nor purchased/constructed property on or before furnishing the return of income.

Aggrieved by such order of AO, the taxpayer filed an appeal before CIT(A), wherein the CIT(A) held that the taxpayer has not provided any proof with regard to utilization of sale proceeds for investment of new assets within the period of three years from the date of transfer. Accordingly, the CIT(A) upheld the order of AO

Aggrieved by the CIT(A) order, the taxpayer preferred an appeal before the Tribunal. Tribunal observed that the taxpayer has complied with the substantive requirements of section 54 of ITA and requirement of depositing the unutilized amount in CGAS is only directory and not mandatory. The Tribunal further observed that provisions of section 54 of ITA is a beneficial provision intended to promote investment in housing and must be construed liberally and purposively, not in a restrictive or technical manner. The Tribunal held that denial of deduction solely on the technical ground of

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non-deposit in the CGAS (technical lapse), despite fulfillment of the substantive conditions, was held to be contrary to the law.

Tribunal on relying on the decision of Avanasiyappan Eswaran vs. ITO in ITA No.1666/CHNY/2025 and Venkata Dilip Kumar vs. CIT reported n (2019) 419 ITR 298, held that non-deposit of unutilized capital gain before the due date under section 139(1) does not automatically restrict the taxpayer from claiming the exemption u/s 54 of ITA if such capital gains are invested in stipulated timelines.

The above ruling emphasis that the taxpayer should not deny the claim of benefit of section 54 of ITA merely due to non-deposit of unutilized sale proceeds in CGAS particularly when the taxpayer has invested the capital gains within the stipulated timelines of section 54 of ITA.

Penalty u/s.271D shall not apply to cash sales of land not regarded as capital asset

Late Nimmatoori Raja Babu, Hyderabad ITAT, ITA.Nos.594, 596 & 597/Hyd./2025

In the present case, the Taxpayer has received money in cash in excess of limit specified u/s.269SS of ITA. The AO has initiated the penalty proceedings u/s.271D of ITA in view of violation of section 269SS of ITA. As per section 269SS of ITA, no person shall take specified sum in a mode which is not specified in such section in excess of 20,000. Cash is not a specified form for the purpose of section 269SS. Further "specified sum" is defined as sum of money receivable whether as advance or otherwise in relation to transfer of an immovable property. In case of violation of provision of section 269SS, section 271D empower a tax office to levy a penalty being 100% of receipt amount.

Before the AO, apart from the ground of reasonable cause of accepting the money in cash in consideration for sale of immovable property by proving genuineness of transactions, it was argued that the Assessee was under a reasonable belief that since the land under consideration is agricultural land and not subject to taxation under ITA, the provision of section 269SS is not applicable to it. Hence penalty u/s.271D shall not be applied.

However, such argument is rejected both by the AO as well as CIT(A).

Before ITAT, the matter was strongly argued by the Taxpayer. ITAT has gone through the memorandum explaining the objective of insertion of specified sum in section 269SS and held that considering the genuineness of the transaction established by the Taxpayer, penalty u/s.271D shall not apply. Further ITAT has noted that since, the Taxpayer has accepted the cash consideration for sale of agriculture land, which is outside the scope of capital asset as defined under section 2(14) of ITA and further, it is exempt from tax, the said transaction cannot be brought within the ambit of provisions of sec.269SS of ITA, for the purpose of sec.271D of ITA. It is interesting to note that the definition of specified sum does not provide as to whether the immovable property covered within its scope should be a capital asset. Since agriculture land is not covered within the provision of section 2(14) of ITA, sale consideration thereof is not chargeable to tax under ITA. Further ITAT, based upon documentary evidence submitted by the

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Taxpayer, accepted the genuineness of transaction. Both these aspects played an important role in arguing that provision of section 271D is not applicable.

Section 74 allows carry forward of long-term capital loss even if the long-term capital gain is exempt

Atyant Capital India Fund – I [ITA No. 573/Mum/2024]

The Taxpayer is a Foreign Portfolio Investor and a tax resident of Mauritius. During the year under consideration, the Taxpayer earned a long-term capital gain of Rs. 38,60,93,938 from the sale of shares acquired before April 01, 2017. Additionally, the Taxpayer incurred a net long-term capital loss of Rs. 17,96,11,994 on the sale of shares acquired after April 01, 2017. In the return of income filed, the Taxpayer claimed the long-term capital gain as exempt under the India-Mauritius Double Taxation Avoidance Agreement (DTAA) and carried forward the long-term capital loss in accordance with the provisions of Section 74 of the Income-tax Act.

The Assessing Officer (AO) was of the view that the option to apply the provisions of the Act or the Treaty is specific to a particular stream of income. Therefore, if the Taxpayer claims exemption for capital gains under the DTAA, they cannot selectively apply the provisions of the Income-tax Act solely for the purpose of carrying forward the capital loss. Accordingly, the AO held that the carry forward of long-term capital loss under the Act is not permissible in this case.

The ITAT noted that the choice between applying the provisions of the Act or the Treaty is to be considered with respect to each separate source of income, and that each transaction resulting in a gain or loss constitutes a distinct source of income. Hence, in this case, both transactions are considered distinct, resulting in different sources of income. The ITAT placed reliance on the decision in Indium IV (Mauritius) Holdings Ltd. v. DCIT – [2023], wherein it was held that the taxpayer is eligible to claim the beneficial provisions of the Treaty in respect of short-term capital gains and may also claim long-term capital loss in accordance with the provisions of Section 74 of the Act. Further, the ITAT observed that the Treaty does not impose any tax on the taxpayer, but merely provides relief by exempting income from taxation, either by applying the residence rule or the source rule of taxation. Considering these facts, the ITAT held that the provisions of Section 74 permit the carry forward of long-term capital loss.

In the context of the applicability of the provisions of Section 74 of the Income Tax Act, ITAT has pronounced that in cases where the taxpayer long-term capital gains are exempted pursuant to the provisions of the India-Mauritius DTAA, the consideration of long-term capital losses in accordance with the domestic statutory framework is legally tenable. The Tribunal's ruling underscores the validity of treating long-term capital losses under the Income Tax Act, notwithstanding the exemption of gains under the treaty, thereby affirming the coexistence of treaty-based exemptions with the statutory provisions relating to loss set-off and carry-forward.

In view of the above, the appeal of Taxpayer is allowed.

Important Rulings

Coverage

Appellate authority admits additional claim in revised computation beyond procedural limits

Rima Jayant Shah [ITA No. 3741/Mum/2025]

Rima Jayant Shah ('Taxpayer'), an Indian Citizen, migrated to USA in 2006 for employment and returned to India in the PY 2012–13. Even though she fulfilled the conditions to be qualified as resident but not an ordinary resident ('RNOR') as per section 6(6) Act, she inadvertently declared herself as an ordinary resident ('OR') and consequently offered her global income to tax in India. Among the income offered was included the rental income from a residential property located in USA which was classified under the head "Income from Other Sources".

The AO issued a show cause notice as to why such income should rather not be treated as "Income from House Property". On receipt of such notice, she realised her mistake of the incorrect residential status declared and filed a revised computation of total income along with relevant supporting claiming the aforesaid foreign income as non-taxable in India. The taxpayer contended that CBDT in its Circular No. 14 of 1955 has directed its officer not to take the advantage of ignorance of assessee about his right but assist him in securing relief. However, relying on the Supreme Court ruling in Goetze (India) Ltd. v. CIT (284 ITR 323), the AO disregarded the contentions of taxpayer on the ground that additional claims cannot be entertained in revised computation of income but only upon filing revised return. This decision was upheld by CIT(A) in further appeal which was later challenged before ITAT (Mumbai).

On perusal of the case, ITAT finds that the above SC ruling restricts the AO from admitting such additional claims, but such restrictions are not applicable on the appellate authorities. ITAT ratified the taxpayer's reliance on the decision of High Court in the case of CIT vs Pruthvi Brokers & Shareholders P Ltd. 349 ITR 336 (2012), where it was held that appellate authorities are entitled to admit the additional claims without any restrictions. Upon such findings, ITAT held the judgement in favour of the taxpayer and remanded the matter to the AO to reconsider the residential status of taxpayer.

This ruling signifies that the appellate authorities are vested with the discretion of whether to permit additional claims raised by the taxpayer or not without any restrictions, irrespective of the fact that such a ground did not exist when the assessment order was made. Provided the error of not claiming such benefit in return of income should be inadvertent and without any malafide intention. Moreover, though the relief might be sought from appellate authorities, the taxpayers shall ideally first file a revised return to rectify the errors rather than relying on the relief from decision of authority.

Capital Gains exemption survives procedural delay, ruling demands fact-specific caution

Rajni Kumar W/o Shri Brig. Narender Kumar [ITA No. 3188/DEL/2023]

The taxpayer filed her return for AY 2017–18, claiming exemption under Section 54 on capital gains from sale of a long-term asset, citing investment in a residential plot booked with M/s Chintels, Gurugram. Though the return was initially accepted under Section 143(3), the PCIT later revised it under Section 263, citing inadequate enquiry. The AO, in a fresh order, denied the exemption on grounds that possession was never handed over. This view

Important Rulings

was upheld by the CIT(A)/NFAC, leading to appeal before the ITAT.

The taxpayer argued that she had invested ₹1.25 crore—well above the capital gains of ₹92.57 lakh—within months of the sale. She cited external delays due to regulatory disputes and builder defaults and demonstrated intent to construct by engaging an architect and advancing construction fees. Judicial precedents were relied upon to support a liberal reading of Section 54 when genuine investment is made within the prescribed time.

The AO contended that exemption under Section 54 requires actual purchase or construction within the statutory timeline. Since possession was not taken and construction was incomplete, the conditions were not met. The AO further noted that the agreement was executed only in 2019 and later surrendered in 2022, making the claim for AY 2017–18 untenable.

The ITAT held that the taxpayer had made substantial and timely investment and her intention to construct was bona fide. The delay in possession was due to external factors beyond her control. Recognizing Section 54 as a beneficial provision, the Tribunal applied liberal interpretation and directed the AO to allow the exemption.

While the Tribunal's decision is favourable to the taxpayer, it introduces interpretational ambiguity by referring to Sections 54 and 54F interchangeably, causing confusion about the precise statutory basis. More importantly, the ruling is fact specific. The taxpayer's case was strong due to documented investment, execution of the purchase agreement, and delays arising from large-scale regulatory issues—not private or off-record causes. Practitioners should avoid applying this ruling indiscriminately. Relief under Section 54 must be evaluated strictly on a fact-to-fact basis, and unsupported delays may not benefit from this precedent.

Important Updates

Extension of timelines for filing of various reports of audit for Financial Year 2024-25 (relevant to Assessment Year 2025-26) by auditable Assessee

Circular No. 14/2025 dated 25th September 2025

CBDT has extended the due date for furnishing report of audit under any provision of ITA for FY 2024-2025 (relevant to AY 2025-2026) to 31st October 2025 for the assessee referred to in clause (a) of explanation 2 to sub-section (1) of section 139 of ITA.

Waiver of Interest on the demand raised due to not allowing the rebate u/s 87A against the special rate income

Circular No. 13/2025 – Dated 19th September 2025

CBDT has observed that while processing the return of income, the rebate u/s 87A claimed by the taxpayer against the income chargeable to tax at special rates for taxpayer opted u/s 115BAC(1A) of ITA was allowed in certain cases. Therefore, by way of rectifications such rebate u/s 87A was denied to the taxpayer, resultantly raised the demand to such extent and if payment against such demand is delayed then the interest u/ 220(2) was charged. Therefore, the CBDT to mitigate the genuine hardship arising to the taxpayer, directed to waive off the interest payable u/s 220(2) where the demand has been raised on or before 31st December 2025.

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Indian Rulings

Coverage

Services though performed in Finland, taxable in India under Indo-Finnish DTAA

Metso OYJ v/s ACIT [2025] IT Appeal No. 616 (Kolkata - Trib.)

The taxpayer, a Finland-based company without a PE in India engaged in business of providing innovative and environmentally sound solutions, provided centralized services (such as marketing support, sales process etc) and corporate/performance guarantees to its Indian subsidiaries, earning fees for both. The Assessing Officer treated the centralized service income as Fees for Technical Services (FTS) and the guarantee fee as income from other sources, taxable in India under the India-Finland DTAA. The DRP upheld the additions.

The aggrieved taxpayer preferred an appeal before the Tribunal. It claimed that as per Article 12 of the India-Finland DTAA, FTS is taxable only in the state where services are performed. Since the services were rendered entirely from Finland without any employee visit to India, the income should not be taxable in India. The taxpayer highlighted that the "performance" clause was a deliberate inclusion in the revised DTAA effective from April 1, 2011, which was absent in earlier treaties and in DTAAs with other countries such as Korea, Cyprus, Kenya etc.

With respect to taxability of guarantee fee, citing Capgemini S.A. (ITA No. 7198/Mum/2012), the taxpayer claimed that the guarantee fee was a business income arising in the normal course of business, supported by its MOA and AOA. As no PE exists in India, such income is not taxable under Article 7. The taxpayer argued it could not be taxed under Article 21 (Other Income) either, as it is not in the nature of residual income.

The Tribunal dismissed the appeal, relying on the taxpayer's own cases for AY 2018–19 and AY 2020–21. It was held that for 1st issue though services were performed outside India, the income was taxable in India since the payment is made for benefit/result of such services which was received and utilized in India. The "performance" clause does not apply as service is said to be performed only when beneficiary is able to use it for its purpose. For 2nd issue regarding guarantee fee it was held to be in the nature of "other income" under Article 21 and not business income, as providing guarantees is a shareholder's obligation and not a commercial activity. It being passive income, no PE is required and taxable as income earned from "other sources" in India. The tribunal departed from its earlier view in AY 13-14 wherein it was held that it is income from other sources but since guarantee is given in Finland it was not said to be accrued in India and hence not taxable. However in AY 18-19 it stated that though guarantee was given in Finland it is said to be accrued in India which was evident from invoices which are addressed to Indian entity. As intended use of guarantee was ultimately in India guarantee fee accrued in India and hence taxable as "income from other sources".

Management & consultancy services escape FTS tag in absence of satisfaction of 'Make Available' clause – India-Singapore DTAA

Keller Asia Pacific Ltd v. ACIT [ITA No. 3540/Del/2023]

This appeal by the taxpayer challenges the taxability of management fees as Fee for Technical Services (FTS). The tax payer, a Singapore tax resident, is engaged in the business of providing ground engineering services used in construction of buildings. The

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taxpayer has entered into management services agreement with various Keller Group entities in Asia Pacific region (Keller India) for providing strategic management consultancy services to its. While the taxpayer receives management fees for various services, only the IT services were offered to tax, and the others do not satisfy the 'make available' clause. The Assessing Officer (AO) treated the management fees as FTS, assuming the taxpayer made available technical knowledge and skills, a position previously disputed by the taxpayer but allowed on technical grounds. The taxpayer filed objections with the Dispute Resolution Panel (DRP), which upheld the AO's findings without appreciating the facts, prompting this appeal for adjudication on merits.

The taxpayer argued that the services were purely advisory or consultancy in nature, with no transfer of technology, technical know-how, or specialized knowledge. Since the agreement is perpetual, any actual transfer would render such ongoing arrangements unnecessary. Therefore, in the absence of such transfer, the 'make available' condition under the India-Singapore DTAA is not met, and the management fees do not qualify as Fee for Technical Services.

The Department argued that the services rendered by the taxpayer fall under managerial, technical, and consultancy services as per Article 12(4)(b) of the India-Singapore DTAA. It was contended that the 'make available' condition is satisfied, based on clauses in the agreement and the nature of service delivery, including personal visits and regular communication, indicating a transfer of technical know-how and skills.

The Tribunal held that although the services appeared managerial, technical, or consultancy in nature, there was no evidence of any transfer of know-how or technical knowledge. The agreement and supporting emails showed the services were largely advisory. Since Schedule 1 did not indicate any such transfer, the 'make available' condition under Article 12(4) of the India-Singapore DTAA was not fulfilled. And directed the AO to delete the addition made by treating the receipts as FTS

While the Tribunal's decision is favourable to the taxpayer, it misses to discuss and examine at length the actual conduct and substance of the services rendered. The reliance is placed on the general language of the agreement, without bringing forth concrete evidence of any transfer of technical knowledge, weakened the Department's position. Notably, the ruling is fact-specific and largely influenced by the taxpayer's detailed documentation.

Payment to foreign agents towards agent commission, inspection services & usage of software not taxable in India

Manisha Kiran Temkar [ITA No. 673 and 674/Mum/2025]

The taxpayer, an individual resident, is engaged in international merchant trade operating under the appellation M/s. Kathmandu Apparel Group. During the relevant financial year, the taxpayer effected foreign remittances categorized as commission payments, software usage fees, and charges for checking and inspection services to various entities located outside India, all in furtherance of business operations conducted beyond Indian jurisdiction. It is pertinent to note that these remittances were executed without the deduction of tax at source, thereby raising consequential compliance considerations under the applicable provisions of the Income Tax Act.

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The Assessing Officer (AO) was of the considered view that the expenditures incurred in foreign currency pertaining to the merchanting business squarely fall within the ambit of Section 9(1) of the Income Tax Act. Consequently, the AO held that the taxpayer was obligated to effect deduction of tax at source (TDS) on the remittances made to various non-resident entities, characterized as fees for technical services and royalty payments. Considering this position, the AO proceeded to disallow 30% of the aggregate foreign remittances classified under the heads of commission, software usage fees, as well as checking and inspection charges, on the ground of non-compliance with the TDS provisions.

Furthermore, the Commissioner of Income Tax (Departmental Representative) has endorsed the Assessing Officer's contention, submitting that the payments remitted towards commission for technical and managerial services fall squarely within the ambit of the definition of "fees for technical services" as envisaged under the relevant provisions.

The ITAT observed that the remittances made by the taxpayer to the agent were outside India and did not accrue in India. The services rendered by the foreign agent in India do not give rise to a permanent establishment or constitute a business connection. Therefore, the payments made to the foreign agent do not constitute royalty or fees for technical services. Consequently, the recipient is not liable to pay tax in India, and the taxpayer is not required to deduct tax at source on such payments made to the agent outside India. Furthermore, the ITAT placed reliance on the decision of the Hon'ble Supreme Court in PCIT vs. Vedanta Ltd. With respect to the checking and inspection charges carried out using software technology, it was held that such charges cannot be considered as royalty.

In view of the above, the appeal of Taxpayer is allowed.

Tribunal upholds DTAA relief for foreign salary, but leaves section 5 interpretation open to debate

Arumugam Rajasekar [ITA No. 1/Chny/2025]

Mr. Arumugam Rajasekar, a Malaysian tax resident employed by TCS Malaysia, performed all his duties in Malaysia. However, ₹32.88 lakh of his salary was paid into his Indian bank account by TCS India, which deducted TDS. This income was already taxed in Malaysia. While filing his Indian return, the taxpayer claimed exemption under Article 16 of the India–Malaysia DTAA. The Assessing Officer (AO) and CIT(A) rejected the claim, relying on the ITAT's earlier decision in Dennis Victor Rozario, holding the salary taxable in India since it was received here.

The taxpayer argued that under Section 5(2) read with Section 9(1)(ii) of the Income-tax Act, non-resident's salary is taxable in India only if services are performed in India. Since all work was done in Malaysia, the income did not arise in India and cannot be taxed merely because it was paid here. He relied on Article 16 of the DTAA and supporting judicial precedents.

The Revenue held that salary received in India qualifies as "income received in India" under Section 5(2) and is taxable regardless of where services are performed. They relied on the earlier ITAT ruling in Dennis Victor Rozario.

The Tribunal ruled for the taxpayer, holding that salary of a non-resident is taxable in India only if services are rendered here. It interpreted

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Section 5(2) along with Section 9(1)(ii), and referred to Explanation 2 to Section 5, accepting the view that mere receipt of income in India does not constitute accrual or receipt taxable here if the source lies outside India. The Tribunal held the salary taxable only in Malaysia under Article 16 of the DTAA and noted the earlier Dennis Victor Rozario ruling is no longer good law.

The Tribunal's ruling reinforces the importance of determining the situs of employment when assessing taxability of salary income for non-residents. While the decision is consistent with treaty provisions and prevailing judicial views, its interpretation of Explanation 2 to Section 5—particularly the conclusion that mere receipt in India does not trigger taxability if the source is foreign—is a matter of judicial construction and not a settled statutory position. The legislative intent behind Explanation 2, especially in the context of Section 5(1), warrants deeper examination. Practitioners should approach similar cases with caution, ensuring that all relevant provisions of the Act and treaty are carefully considered before drawing parallels.

Procedural delays cannot be the sole reason for denial of claiming the benefit of Foreign Tax Credit (FTC)

Krishna Dalal vs. ITAT (Bengaluru) [ITA No. 974/Bang/2025]

In the case of Krishna Dalal vs. ITAT (Bengaluru), the Income Tax Appellate Tribunal (ITAT) held that mere procedural delays cannot be the sole ground for denial of Foreign Tax Credit (FTC), provided the substantive conditions for claiming FTC are fulfilled.

The taxpayer, Mr. Krishna Dalal (hereinafter referred to as "the Taxpayer"), filed his return of income on 31st August 2018, declaring a total income of Rs. 3,12,400 comprising income under the heads "Capital Gains" and "Income from Other Sources". This included income earned from the USA which were in the nature of interest (Rs. 10,23,166) and dividend (Rs. 1,54,460), on which tax had already been paid in the USA. However, the Taxpayer failed to file Form 67 before filing the original return of income which is a prerequisite for claiming FTC. Subsequently, the Taxpayer filed the said form and a revised return on 30th January 2019. The Assessing Officer, however, disallowed the FTC on grounds of delayed filing of Form 67.

The Taxpayer challenged the disallowance before the Commissioner of Income Tax (Appeals) [CIT(A)], contending that the denial of FTC solely on procedural grounds, despite satisfying the conditions of Rule 128(8)(ii) of the Income-tax Rules, 1962, was unjustified as the said Rule requires that the foreign tax must be actually paid by the taxpayer and that appropriate documentary evidence must be furnished.

The ITAT ruled in favour of the Taxpayer, observing that procedural delay alone cannot override the Taxpayer's substantive right to claim FTC, especially when the underlying conditions of Rule 128 are fulfilled. This decision reinforces the principle that substantive compliance should not be defeated merely due to procedural lapses, provided the Taxpayer has furnished sufficient and reliable evidence of taxes paid abroad. Additionally, the rule also states that Form 67 can be filed before the end of the relevant Assessment Year of the previous year in which such income has been offered to tax.

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Nonetheless, while this decision ensures the protection of the taxpayer's rights, it must not be seen as an automatic waiver of procedural compliance. Taxpayers are reminded to strictly comply with procedural requirements, such as the timely filing of Form 67, to prevent unnecessary litigation and disallowance.

Commission paid to a non-resident not taxable, in absence of PE

Rotomag Motors & Controls (P.) Ltd. v/s DCIT [IT Appeal No. 796 (Ahd) of 2025]

The Ahmedabad Tribunal has adjudicated on the issue of tax deduction at source in respect of payments made to a non-resident agent for introducing foreign buyers to the taxpayer. The taxpayer, a public limited company engaged in the business of manufacturing engineering goods, had paid commission to the non-resident agent for facilitating introductions to foreign clients. The taxpayer did not deduct tax at source on such payments, contending that the commission was not chargeable to tax in India.

The assessing officer took note of the transaction and was of the view that such commission payments made to non-resident agent were deemed to be accrue or arise from India under section 9(1)(i) of the Income-tax act, 1961. Accordingly, he held that the taxpayer was under an obligation to deduct tax at source on such payments. Since no tax was deducted by the taxpayer, he invoked section 40(a)(i) of the income tax act and consequently disallowed the commission expenditure claimed by the taxpayer.

In the appeal before the tribunal, the taxpayer referred to the case of GE India Technology Centre Pvt.Ltd v. Cit (2010), wherein it was held that the obligation to deduct tax at source on such payments only arises when such payments are chargeable to tax in India. The taxpayer has also cited the decision of the Gujarat High Court in PCIT v. Nova Technocast (P.) Ltd., where it was held that commission paid to non-resident agent for services rendered outside India is not chargeable to tax in India, and therefore, there is no requirement to deduct tax at source. In the present case, the taxpayer consistently argued that the non-resident agent did not have any permanent establishment or business connection in India. This claim by taxpayer was supported by the nature of the transaction payment of commission for introducing foreign buyers. The revenue, on the other hand has not brought any evidence to show that the services were rendered in India. ITAT held that. simply procuring export orders through agents based outside India does not, by itself, mean that the income was accrued or arise from India.

The taxpayer's case was further supported by the Double Taxation Avoidance Agreement (DTAA) between India and Germany, which provides that business profits of a non-resident are taxable in India only if the non-resident has a Permanent Establishment (PE) in India.

In light to the above conclusion, it was held that payment made to non-resident agent was not chargeable to tax in India. Accordingly, the taxpayer was under no under no obligation to deduct Tax at source on such transaction.

Receipts for use of copyrighted software, not royalty; Follows Engineering Analysis judgement

IBM Singapore PTE Ltd. v. Pr. CIT [ITA Nos. 681–683 of 2023, order dated 12 August 2025]

This case addresses the recurring question of whether payments made by Indian entities to

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foreign suppliers for software constitute 'royalty' under Section 9(1)(vi) of the Income-tax Act, 1961, and the DTAA (Double Tax Avoidance Agreement) between India and Singapore.

IBM Singapore PTE Ltd., engaged in marketing and servicing data processing equipment, supplied shrink-wrapped software copies to its Indian distributor, IBM India Ltd., under a Remarketer Agreement. IBM India merely purchased off-the-shelf software for resale to Indian end-users and was not a party to the End User Licence Agreement (EULA) between IBM Singapore and customers. Importantly, IBM India did not acquire any right, title, or interest in IBM Singapore's copyright or intellectual property.

The Assessing Officer held that IBM Singapore transferred copyright and, applying Section 9(1)(vi) of the Income-tax Act, 1961, classified the consideration as royalty. Relying on Samsung Electronics, the Revenue argued that Indian distributors should have deducted TDS under Section 195.

IBM contended that only copyrighted articles were sold, not copyright itself, and under Section 14(b) of the Copyright Act, there is a distinction between copyright in a work and a copy of that work. Indian end-users merely received limited usage rights, without sub-licensing or reproduction powers. Even if domestic law (Section 9(1)(vi)) suggested royalty, the India and Singapore DTAA definition of royalties (being narrower) prevailed, excluding such payments from taxation in India.

The Supreme Court's ruling in Engineering Analysis Centre of Excellence Pvt. Ltd. v. CIT clarified that payments for shrink-wrapped/off-the-shelf software are not royalty but consideration for copyrighted articles. IBM Singapore was also an appealing party in that batch of cases. The Court restate that possession of software does not mean transfer of copyright rights. The Court classified software cases into four categories, and IBM India fell under the second category where Indian companies act as distributors by purchasing software from foreign suppliers and reselling to resident end users.

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Supreme Court of Korea – En Banc Decision (2021Du59908, Sept. 18, 2025)

The Supreme Court of Korea, in its en banc ruling of September 18, 2025 (Case No. 2021Du59908), fundamentally reshaped the interpretation of royalty taxation where patents are registered abroad but their technology is used in Korea. The dispute arose when a Korean company, having settled a U.S. patent infringement suit, paid royalties under a worldwide license agreement covering U.S. patents not registered in Korea. The company sought a refund of Korean withholding tax on the ground that the payments were not Korean-source income. While earlier jurisprudence had consistently supported that position—reasoning that under the territoriality principle a patent can only be "used" in its country of registration—the tax authority pointed to the 2008 amendment to Article 93(8) of the Corporate Tax Act, which explicitly provides that royalties for foreign-registered patents factually used in Korea should be treated as Korean-source income, regardless of registration.

The Court seized this as an opportunity to reconsider its precedent. It held that "use" for treaty purposes is not confined to the exercise of

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exclusive rights under patent law, but includes the factual and economic deployment of patented technology within Korea, such as in manufacturing or sales. The majority reasoned that the Korea–U.S. Tax Treaty does not define "use," and under Article 2(2) of the Treaty undefined terms adopt their domestic-law meaning unless the context otherwise requires. Since the amended Corporate Tax Act defined "use" broadly, and the Treaty's text and purpose did not compel a narrower construction, the Court embraced the statutory meaning. It dismissed reliance on patent territoriality, emphasising that while enforceability of rights is territorial, technological exploitation is not. On this reasoning, it reversed the lower court's ruling in favour of the taxpayer and remanded the case to determine whether the technology had in fact been used in Korea.

The judgment expressly overruled a long line of decisions dating back to 1992, in which the Court had relied on territoriality to exclude such royalties from Korean tax. A strong dissent argued that the majority had abandoned the settled understanding that "patent" means a legal right and "use" means exercising that right in its jurisdiction of registration. The dissent warned that by allowing a later domestic amendment to shape treaty terms, the majority risked treaty override, departed from the Vienna Convention's interpretative discipline, and created serious practical difficulties in allocating royalties between Korean and foreign use.

In policy terms, the ruling gives Korea wider source taxing rights, but also imposes new compliance burdens on taxpayers, who must now demonstrate whether technology has been factually used in Korea. For the Indian context, the decision is a timely reminder of the importance of the "undefined terms" clause in treaties. India's Income-tax Act 1961, through section 90 and its Explanation, already requires recourse to domestic definitions where the treaty is silent, and the 2025 Act continues this structure in section 159. However, unlike Korea's case, where the Court accepted a later statutory amendment as applicable, India's law distinguishes between terms defined in the Act and those left undefined in both treaty and Act. Where the Act defines the term, the definition applies directly; where both are silent, the new Act provides an ambulatory timing rule. The Korean ruling thus illustrates the stakes of choosing between static and dynamic approaches and highlights why India may need greater clarity on whether Act-defined terms should be fixed at enactment or evolve year-on-year.

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Important Updates

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CBIC notifies major amendments to CGST Rules, 2025 – expanding ISD Scope, Introducing New Tribunal Procedures, Revising GSTR-9/9C Formats, etc *(Notification No. 13/2025 – Central Tax dated 17th September 2025)*

The CBIC, through its notification, has amended the Central Goods and Services Tax Rules, 2025. The major changes introduced under the said rules are summarized below:

Area of Amendment	Key Change	Effective Date
Rule 31A (2)	The earlier fraction 100/128 has now been substituted with 100/140, thereby increasing the deemed taxable value denominator	22-Sep-2025
Rule 39(1A)	Expands the scope of ISD distribution to include tax payable under section 9 of the CGST Act as well as sections 5(3) & 5(4) of the IGST Act (i.e., reverse charge cases).	01-Apr-2025
Rule 91(2)	Refund order in FORM GST RFD-04 must be issued within 7 days from acknowledgement based on system-driven risk evaluation. Revalidation of order not required.	01-Oct-2025
Rule 110/111	Introduces provisional and final acknowledgment procedures in newly prescribed FORM GST APL-02A; self-attested documents will now be accepted; provides more transparent and electronic processing	22-Sep-2025
Rule 110A	Rule 110A permits the President or Vice-President of the GST Appellate Tribunal to transfer appeals involving no question of law and with a cumulative tax effect up to ₹50 lakh to a single-member bench. The cumulative value includes tax, ITC, fine, fee, and penalty across all issues and tax periods. Under sub-rule (3), if a similar issue for the same taxpayer has already been decided by a regular bench, the appeal must be heard by a bench comprising both a Technical and Judicial Member. This framework ensures quicker disposal of low-value cases while preserving full bench scrutiny where required	22-Sep-2025

Important Updates

Rule 113(2)	Appellate Tribunal must issue a summary of order/demand in new FORM GST APL-04A, giving a clear, structured statement of demand and disposition of appeals.	22-Sep-2025
Appeal Forms	Introduction/substitution of several forms: FORM GST APL-02A (appeal acknowledgment), APL-04A (summary of order and demand), APL-05/-06/-07 (detailed formats for appeals, cross-objections, etc.) to streamline appeal documentation.	22-Sep-2025
GSTR -9 and GSTR – 9C Changes	Significant modifications have been introduced in GSTR-9 and GSTR-9C, with several new tables, sub-tables, and instructions inserted to capture ITC details, reversals, reclaims, and turnover reconciliations with greater clarity. These changes aim to ensure more structured disclosure, better reconciliation with GSTR-3B, and enhanced transparency in reporting.	22-Sep-2025
Ready-to-Eat Popcorn	5%-18%	Based on classification: Pre-packaged & labeled attracts higher rate.

CBIC issues notification restricting provisional refunds for non-Aadhaar authenticated taxpayers and specified goods

(Notification No. 14/2025 – Central Tax dated 17th September 2025)

The Central Board of Indirect Taxes and Customs (CBIC) has issued Notification No. 14/2025 – Central Tax under Section 54(6) of the CGST Act, 2017 which specifies categories of registered persons who will not be eligible for refund on a provisional basis.

- **Aadhaar Authentication Requirement**: Any registered person who has not completed Aadhaar authentication under Rule 10B of the CGST Rules, 2017, will not be entitled to a provisional refund. This step is in line with the government's continuous efforts to link refund eligibility with verified identity and prevent fraudulent claims.

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- **Specified Goods Exclusion**: Registered persons engaged in the supply of the following goods are not eligible for provisional refunds:
  - Areca nuts (Chapter 0802 80)
  - Pan masala (Heading 2106 90 20)
  - Tobacco and manufactured tobacco substitutes (Chapter 24)
  - Essential oils (Chapter 3301)

The notification comes into force from 1st October 2025

Exemption from Annual GST Return for Turnover up to ₹2 Crore (FY 2024-25 onwards)

(Notification No. 15/2025 – Central Tax dated 17th September 2025)

The CBIC has issued Notification No. 15/2025 – Central Tax under Section 44(1) of the CGST Act, 2017 which exempts registered persons with an aggregate turnover up to ₹2 crore in any financial year from filing the annual return (Form GSTR-9).

Earlier, such exemptions were notified separately for each year. With this notification, the exemption has been made permanent, eliminating the need for repeated annual extensions and bringing certainty to small taxpayers.

Notified the effective date of the relevant section of the Finance Act, 2025, which introduces amendments to the CGST Act, 2017, effective from 1st October 2025

(Notification No. 16/2025 – Central Tax dated 17th September 2025)

The Finance Act, 2025 introduced several amendments to the CGST Act, 2017. However, many of these provisions do not take effect immediately upon enactment and require separate notification by the Government. The present notification specifies the effective date for a set of such provisions, as detailed below

Provision of Finance Act, 2025	Description of Amendment
Clauses (ii) & (iii) of Section 121	Amendment to **Section 2 (Definitions)** – incorporation of new definitions for **"local fund"** and **"municipal fund"** to provide statutory clarity on the scope of local authorities. Additionally, the concept of **"unique identification marking"** has been introduced, laying the legislative foundation for a track-and-trace compliance framework.
Section 122	Amendment to **Section 12 (Time of Supply of Goods)** – deletion of **sub-section (4)** which previously determined the time of supply in respect of vouchers (being either the date of issue if the supply was identifiable, or the date of redemption in other cases). Post-omission, such transactions will be governed by the general principles under Section 12(2).
Section 123	Amendment to **Section 13 (Time of Supply of Services)** – deletion of **sub-section (4)** which mirrored the provision for goods in relation to vouchers. Consequently, the time of supply for services involving vouchers will now be determined under the general framework of Section 13.

Important Updates

Provision of Finance Act, 2025	Description of Amendment
Section 124	Amendment to **Section 17(5) (Blocked Credits)** – substitution of the words **"plant or machinery"** with **"plant and machinery"**, with retrospective effect from **1st July 2017**. This clarification ensures consistency in interpretation of input tax credit eligibility and effectively overrides divergent judicial rulings.
Section 126	Amendment to **Section 34 (Credit Notes)** – imposition of restrictions on the extent to which output tax liability may be reduced through credit notes, thereby safeguarding revenue from post-supply adjustments that may otherwise erode the tax base.
Section 127	Amendment to **Section 38 (Communication of Inward Supplies and ITC)** – revision of the mechanism for system-based communication of inward supplies and input tax credit entitlements, enhancing reliability and reconciliation between supplier disclosures and recipient claims.
Section 128	Amendment to **Section 39 (Returns)** – introduction of additional statutory conditions and restrictions for furnishing returns, thereby reinforcing compliance discipline and ensuring accurate tax reporting.

Provision of Finance Act, 2025	Description of Amendment
Section 129	Amendment to **Section 107 (Appeals to Appellate Authority)** – explicit provision allowing appeals in cases involving **penalty-only orders**, coupled with a reduced pre-deposit requirement, thereby affording taxpayers easier access to appellate remedies
Section 130	Amendment to **Section 112 (Appeals to Appellate Tribunal)** – insertion of a proviso in sub-section (8), mandating that where an appeal pertains solely to a **penalty without any corresponding tax demand**, the appellant must pre-deposit **10% of the penalty amount**, in addition to the **10% pre-deposit already required under Section 107(6)**
Section 131	Insertion of new **Section 122B** – creation of a specific penalty provision for non-compliance with the statutory track-and-trace mechanism, thus reinforcing accountability in respect of goods requiring unique identification marking
Section 132	Insertion of new **Section 148A** – empowerment of the Government to mandate a **track-and-trace mechanism** for notified goods through unique identification marking, designed to bolster transparency and prevent tax evasion in sensitive sectors.

Important Updates

Provision of Finance Act, 2025	Description of Amendment
Section 133	Amendment to **Schedule III** – retrospective clarification that transactions involving warehoused goods in FTWZ/SEZ, prior to clearance for home consumption, shall **not constitute a supply** for GST purposes
Section 134	Introduction of a restriction on refunds – prohibition of refund claims in respect of taxes already collected on transactions covered under the amended Schedule III, thereby preventing unintended revenue outflows.

With this notification, these provisions become legally enforceable from 1st October 2025, and taxpayers must align their systems and compliance accordingly.

CBIC Issues notification revising tax rates pursuant to recommendations of the 56th GST council meeting

(NO. 9/2025-Central Tax (Rate) dated 17th September 2025)

The Government of India has issued Notification No. 9/2025–Central Tax (Rate) dated 17th September 2025, superseding Notification No. 01/2017–Central Tax (Rate). This was introduced on the recommendations of the 56th GST Council Meeting to simplify the rate structure and remove ambiguities caused by multiple amendments.

The notification consolidates GST rates into seven schedules, aimed at reducing the tax burden on essentials while retaining the 5% and 18% slabs for a wide range of standard goods and services to safeguard revenue.

Schedule	Rate of Central Tax	Broad Coverage of Goods
Schedule I	2.5%	Essential food items, dairy, cereals, pulses, natural goods
Schedule II	9%	Standard goods and services, manufactured items
Schedule III	20%	Specified luxury and demerit goods
Schedule IV	1.5%	Precious metals and specified items
Schedule V	0.125%	Rough, precious and semi-precious stones
Schedule VI	0.75%	Gold, silver, platinum, jewellery
Schedule VII	14%	Luxury items, sin goods (tobacco, aerated waters, etc.)

CBIC Issues exemption notification pursuant to the recommendations of the 56th GST council meeting

(No. 10/2025-Central Tax (Rate) dated 17th September 2025)

Notification No. 10/2025–Central Tax (Rate), dated 17th September 2025, has been issued in pursuance of the recommendations of the 56th GST Council meeting. It supersedes the earlier 2017 exemption notification and consolidates exemptions for a broad range of essential goods.

The notification will come into effect from 22nd September 2025 and similar notification has also been issued under the Integrated Tax (IGST) Act, 2017.

The GST rate has been increased from 6% to 9% on the supply of specified goods covered under Notification No. 3/2017 – Central Tax (Rate)

Important Updates

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(Notification No. 11/2025- Central Tax (Rate) Dated 17th September 2025)

Notification No. 11/2025–Central Tax (Rate) dated 17th September 2025, amends Notification No. 3/2017–Central Tax (Rate). The earlier concessional GST rate of 6% under Serial No. 1 of the Table has now been increased to 9%. This change will be effective from 22nd September 2025.

A similar notification has also been issued under the Integrated Tax (IGST) Act, 2017

The CBIC has issued a notification for GST rate rationalization on handicraft goods
(Notification No. 13/2025-Central Tax (Rate) Dated 17th September 2025)

Notification No. 13/2025-Central Tax (Rate) dated 17th September 2025, the Government has amended Notification No. 21/2018-Central Tax (Rate) to rationalize GST rates on handicraft goods. With effect from 22nd September 2025, all specified handicraft products – including candles, handbags, carved wooden and stone articles, imitation jewellery, brassware, toys, paintings, sculptures, and other artisan-based goods – will uniformly attract GST at 2.5%

The notification will come into effect from 22nd September 2025, and a similar notification has also been issued under the Integrated Tax (IGST) Act, 2017

The CBIC has issued a notification revising the GST rates applicable to bricks and related goods
(Notification No. 14/2025-Central Tax (Rate) dated 17th September 2025)

The Central Government, on the recommendation of the GST Council, has notified the applicable Central Tax (CGST) rate of 6% on certain construction-related goods. This applies to intra-State supplies of fly ash bricks, fly ash aggregates, fly ash blocks, building bricks, bricks of fossil meals or similar siliceous earths, and earthen/roofing tiles. The notification clearly specifies the tariff classification under the Customs Tariff Act for each category of goods, ensuring uniformity in interpretation.

The notification will come into effect from 22nd September 2025 and similar notification has also been issued under the Integrated Tax (IGST) Act, 2017

Circulars

10. The CBIC has issued a clarification addressing various doubts regarding the treatment of secondary or post-sale discounts under GST
[Circular No. 251/08/2025-GST - dated 12th September 2025]

The CBIC Circular No. 251/08/2025-GST issued on September 12, 2025, clarifies the GST treatment of post-sale or secondary discounts. The following table summarizes the clarifications made:

Important Updates

Issue	Clarification
Input Tax Credit (ITC) on financial/commercial credit notes	Dealers or recipients of supply who receive financial or commercial credit notes resulting in discounted payments are entitled to full ITC. This is because such credit notes do not reduce the original transaction value or the supplier's tax liability. Hence, recipients need not reverse ITC claimed related to such discounts.
Post-sale discounts as consideration for dealer's outward supply to end customer	Normally, sales from manufacturer to dealer and dealer to end customer are independent, principal-to-principal transactions. Post-sale discounts given by manufacturers to dealers mainly reduce dealer's purchase price and serve as competitive pricing incentives and are not considered additional "consideration" for supplies made by dealers to end consumers. Thus, they do not form part of dealer's supply value for GST.
Exception when manufacturer has agreement with end customer for post – sale discount	If the manufacturer has a direct agreement with the end customer for sale at a discounted price, and issues credit notes to the dealer enabling the dealer to supply goods at that discounted price, then the post-sale discount is an inducement. It forms part of the consideration for the dealer's supply to the customer and is taxable under GST.
Post-sale discounts as payment for promotional activities	Usually, discounts encourage dealer's own sales and are not treated as payment for service. However, if dealers perform distinct promotional services (e.g., advertising, co-branding, exhibitions, customer support) under explicit agreements with defined consideration, GST applies to the value of such services as separate supply.

CBIC issues clarification on DIN requirement for communications issued through eOffice+

[Circular No. 252/09/2025 -GST - dated 23rd September 2025]

The CBIC, through Circular No. 252/09/2025-GST dated 23rd September 2025, has streamlined the requirement of Document Identification Number (DIN) for taxpayer communications. It explains that documents issued through the public option in CBIC's eOffice already carry a system-generated unique Issue Number.

An online facility has now been provided at verifydocument.cbic.gov.in, where taxpayers can authenticate such Issue Numbers and verify details like file number, date, type of communication, issuing office, and masked recipient details. Since the Issue Number itself is unique and verifiable, quoting a separate DIN on these eOffice communications is no longer necessary.

At the same time, CBIC has clarified that the requirement of quoting DIN will continue to apply for all other communications — i.e., those not dispatched through eOffice (public option) or those that do not carry a verifiable Reference

Number (RFN) generated by the GST common portal.

This prevents duplication of identifiers (DIN + Issue Number) while still ensuring transparency and verifiability.

Judicial updates

Karnataka High Court Quashes GST Demands on University Affiliation and related university fees

[W.P. No. 4254 of 2024 (T-RES) C/W WRIT PETITION NO. 26064 OF 2023 (T-RES) C/W WRIT PETITION NO. 26067 OF 2023 (T-RES)]

The petitions were filed challenging the levy of GST on affiliation fees, postgraduate registration fees, convocation fees, and allied charges collected from affiliated colleges and students. The tax department, relying on CBIC Circulars, demanded GST at 18% on such fees, The universities contended that their activities are statutory and educational in nature, not commercial, and hence outside the scope of "supply" under GST law. They further argued that even if treated as services, they are exempt under Entry 66 of Notification No. 12/2017-CT(R).

The petitioners relied on judgments including Goa University (Bom HC), Rajiv Gandhi University (Kar HC, affirmed by SC), and Supreme Court rulings in T.M.A. Pai Foundation, P.A. Inamdar, and Sai Publication Fund, to contend that education is a constitutional obligation, not a commercial venture. They argued that affiliation and examination-related functions are intrinsic to education and qualify as exempt services under GST.

Conversely, the Revenue contended that "business" and "services" are defined widely under GST, and affiliation services are distinct from admission or examination, thus taxable. Reliance was placed on contrary rulings of Madras HC and Telangana HC.

High Court held that the activities of universities are neither commercial nor in the nature of "supply" under Section 7 of the CGST Act. Affiliation fees, PG registration fees, admission and convocation fees are integral to the educational process and fall within the exemption provided under Entry 66 of Notification No. 12/2017-CT(R). The Court quashed the tax demands and declared the CBIC Circulars (Nos. 151/07/2021-GST and 234/28/2024-GST) invalid, holding that TRU lacked authority under Section 168 to override statutory exemptions. It applied the ratio of Bombay HC's Goa University judgment and reaffirmed that education-related statutory functions cannot be taxed under GST.

This judgment significantly reinforces the principle that education is not a commercial activity and protects universities from retrospective GST demands on affiliation and allied fees. By invalidating the CBIC circulars, the Court has curtailed the Department's attempt to widen the tax net through administrative clarifications beyond the statute.

Apex Court dismisses revenue's SLP - upholds IGST refund for services exported to foreign universities

[SLP - 21104-21105/2025]

Assessee was an Indian consultancy firm engaged into direct contract with foreign universities to facilitate student admissions. It had filed a refund application of IGST considering its services as an export of services under the IGST Act,2017. The revenue has rejected the refund claim classifying the services as an intermediary.

Important Rulings

Hon'ble Bombay High Court held that the definition of 'export of services' u/s 2(6) of the IGST Act, has to be read in whole, and not in a piecemeal manner and concluded that Assessee did not fall within the definition of 'intermediary' and that commissions received from foreign universities for facilitating overseas student admissions constituted export of services.

The revenue challenged above ruling of Bombay High Court by filing special leave petition before the Apex Court. The Supreme Court examined and considered the nature of the contractual relationship, the recipient of the service, and the flow of consideration. It emphasized that the services were rendered on a principal-to-principal basis and the beneficiary of the service were located outside India.

The Supreme Court upheld the Bombay High Court's decision and dismissed the Revenue's Special Leave Petition. It concluded that respondent's services were not intermediary in nature but constituted export of services under the IGST. Consequently, the respondent was entitled to claim IGST refunds, reinforcing the principle that genuine service exports should not be denied tax benefits under GST.

This landmark ruling strengthens the position of education consultants, enabling them to claim refunds and operate with greater legal certainty aligning with the recent amendment of "intermediary services" in GST law followed by GST Council's recommendation.

No GST Liability on JDA where Developer Becomes Property Owner upon Conveyance – Refund Directed

(WP No. 5 of 2022 – Bombay HC)

The petitioner into a JDA with a landowner, under which it was alleged that construction services were provided, attracting GST at 12%. The Revenue demanded GST based on Section 13 of the CGST Act, 2017 and relevant notifications. However, the landowner later sold the entire land to the petitioner through a sale deed, thereby extinguishing all rights and obligations under the JDA. The petitioner deposited ₹7 crores under protest and subsequently filed a writ petition seeking refund.

The petitioner argued that no taxable supply arose at the stage of the JDA since the developer eventually became the owner of the property by virtue of the sale deed, and all claims under the JDA were extinguished. They also contended that in view of Notification No. 4/2018-CT (Rate), GST is applicable only upon transfer of possession or right in the completed property, not merely upon execution of a JDA. Additionally, they highlighted that limitation under Sections 73, 74, and 75 had lapsed, as no proper adjudication order was issued within time.

The Revenue initially insisted on taxability at the JDA stage but later conceded in its affidavit that liability arises only at the stage of transfer of possession or conveyance, in line with the 2018 Notification.

The Bombay High Court held that no GST liability arose upon execution of the JDA. Since the petitioner subsequently became the owner of the property under the sale deed, no taxable supply was involved at the JDA stage. The Court also accepted the petitioner's plea on limitation, holding that adjudication proceedings had concluded by operation of law. Accordingly, the Court directed the Revenue to refund ₹7 crores deposited under protest along with 6% interest from the date of deposit, within six weeks.

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Important Updates - RBI

Master Direction on Regulation of Payment Aggregator (PA)

RBI/DPSS/2025-26/141 CO.DPSS.POLC.No.S-633/02-14-008/2025-26 dated September 15, 2025

Digital payments have emerged as the new normal for majority of the population in India. For simple day to day, routine transactions to international transactions are now taken care of through the digital medium. Individuals for personal requirements now want to send and receive payments online and have taken to digital payment and receipt mode as fish to water. Consequently, businesses are also actively seeking ways to simplify payments using different digital payment solutions.

Government of India had carved out special provisions for digital payments by the notification of Payment and Settlement Systems Act, 2007 and designated Reserve Bank of India ("RBI") to regulate and supervise the payment systems in India. Over the years the digital payment landscape has undergone a sea of change and RBI has been issuing various notifications and circulars to this effect. In continuation of providing appropriate guidance and direction to the changes in this area, the RBI has released **Master Direction on Regulation of Payment Aggregator (PA), named as Reserve Bank of India (Regulation of Payment Aggregators) Directions, 2025** to further rationalize the regulations for various categories of Payment Aggregators ("PA").

As per the Master Direction, **Payment Aggregator (PA)** is an entity that facilitates aggregation of payments made by customers to the merchants through one or more payment channels through the merchant's interface (physical / virtual) for purchase of goods, services or investment products, and subsequently settles the collected funds to such merchants.

The Master Direction has elaborated on the Payment and Settlement Systems and provided guidelines on various aspects affecting the payment landscape including:

- Applicability – both banks and non banks
- Definitions – including Payment Aggregator, Payment Gateway, Market Place, Merchant etc.
- Registrations – banks do not require authorisation whereas non bank entity has to seek authorisation from RBI before operating as PA.
- Capital requirements – initial capital of 15 crores to be increased to 25 crores by the end of third financial year of authorization.
- Code of conduct and KYC compliance norms
- Settlement of funds and maintaining funds in ESCROW account
- Risk management and reporting compliances to RBI

Effective date: Immediate effect

Important Updates - SEBI

Framework for Intraday Position Limits Monitoring for Equity Index Derivatives

SEBI/HO/MRD/TPD/CIR/P/2025/ 122 dated September 01, 2025

Securities and Exchange Board of India ("SEBI") has introduced a comprehensive framework for intraday position limits monitoring in equity index derivatives. Large and potentially disruptive intraday positions, especially on options contract expiry days were the primary reason for introduction of intraday limits. The Table below gives the Existing and Revised Intraday Position Limits, with no change in End of the Day Limits:

(In Crores)

Sr. No.	Position Type	Existing Limits		Revised Limits	
		Net FutEq	Gross FutEq	Net FutEq	Gross FutEq
1	End of Day	1,500.00	10,000.00	1,500.00	10,000.00
2	Intraday	Not Specified	Not Specified	5,000.00	10,000.00

These limits will be minutely monitored by the stock exchanges randomly during each trading day (minimum four times), including one near market close when activity is highest.

SEBI though has permitted additional exposures against eligible securities or cash holdings but breaches, if any on expiry days will attract severe penalties or additional surveillance deposits as determined by exchanges.

The framework aims to balance ease of participation for entities such as market makers with the need for market balance and stability. Stock exchanges and clearing corporations have been mandated to create and implement a joint Standard Operating Procedure ("SOP") for setting up the monitoring mechanism. SEBI's actions reinforce its commitment to investor protection, orderly trading, and proactive risk management in the derivatives market ecosystem.

Effective Date: October 01, 2025

Securities And Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025

SEBI/LAD-NRO/GN/2025/265 dated September 08, 2025

SEBI through notification dated September 08, 2025, amended the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 and has introduced the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, wherein framework for the following two concepts have been revamped:

1. Co-investment within the AIF structure under SEBI (Alternative Investment Funds) Regulations, 2012
2. Angel Funds within the AIF structure under SEBI (Alternative Investment Funds) Regulations, 2012

Effective Date: September 08, 2025

Important Updates - SEBI

Framework for AIFs to make co-investment within the AIF structure under SEBI (Alternative Investment Funds) Regulations, 2012

SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/126 dated September 09, 2025

SEBI has amended the AIF Regulations, 2012 to allow Category I and Category II AIFs to launch Co-investment Schemes ("CIV Schemes") within the Alternative Investment Fund ("AIF") structure for accredited investors, in addition to the existing Portfolio Management Scheme ("PMS") route.

"Co-investment" means an arrangement wherein an investor in an AIF is offered the opportunity to invest directly in the same company in which the AIF has made an investment. Such co-investments are typically made in unlisted securities of the investee company.

The circular lays down operational modalities, including:

- Managers must choose either PMS route or CIV scheme for an investor's co-investment in a company.
- CIV schemes require filing of a shelf placement memorandum and must maintain separate bank and demat accounts with ring-fenced assets.
- Investor co-investments in a company via CIV schemes are capped at 3x of their contribution in the main AIF scheme except for multilateral/bilateral DFIs, government entities, sovereign wealth funds, etc.
- Investors excused/excluded or in default in the AIF scheme cannot co-invest in the same company.
- CIV schemes cannot borrow or use leverage; they must follow bona-fide purpose standards set by SEBI's Standard Setting Forum.
- Investor rights and expense sharing must be proportionate to contributions.

This framework is intended to not only enhance ease of doing business for the AIF Fund Managers but also provides more structured co-investment opportunities for the investors.

Effective Date: Immediate

Ease of Doing Investment - Smooth transmission of securities from Nominee to Legal Heir

SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/130 dated September 19, 2025

SEBI has streamlined the process of transmission of securities from nominee to legal heir. Currently, nominees transferring securities to legal heirs were facing inappropriate capital gains tax liability, even though such transmissions are exempt under Section 47(iii) of the Income Tax Act, 1961.

To address this anomaly, SEBI formed a Working Group which, in consultation with Central Board of Direct Taxes ("CBDT"), recommended a new reporting mechanism. Henceforth, reporting entities i.e. RTAs, Depositories, Issuers, and DPs, must use a standard reason code **TLH** ("Transmission to Legal Heirs") while reporting such transactions to CBDT. This will ensure the correct application of tax provisions and prevent unnecessary tax liability on the nominee and the refund thereof.

Important Updates - SEBI

The procedural requirements for succession and transmission remain governed by SEBI (LODR) Regulations, 2015 and the Master Circular for RTAs. Entities are required to make necessary system changes to adopt the new reporting code.

Effective Date: January 01, 2026

Ease of Regulatory Compliances for FPIs investing only in Government Securities

SEBI/HO/AFD/AFD-PoD-3/P/CIR/2025/127 dated September 10, 2025

SEBI has relaxed norms for Foreign Portfolio Investors ("FPIs") that invest exclusively in Government Securities ("GS-FPIs"). These investors are exempt from providing investor group details, ownership / structure disclosures and periodic declarations of "no change" while renewing registration. However, material changes must still be reported within 30 days. Renewal for GS-FPIs will now only require payment of fees to Designated Depository Participants ("DDPs").

To facilitate smooth transition between investor categories, SEBI has laid down a framework, allowing regular FPIs to shift to GS-FPI status and vice versa with appropriate declarations to the DDPs.

Effective Date: February 08, 2026

Revised regulatory framework for Angel Funds under AIF Regulations

SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/128 dated September 10, 2025

SEBI has introduced a revised framework for Angel Funds governed by the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"), to enhance ease of doing business, provide operational clarity, and strengthen risk management.

Some of the key provisions introduced through this circular are as follows

- Angel Funds which are granted registration by SEBI post the issuance of this circular, to on-board and offer investment opportunities to Accredited Investors only.
- For Angel Funds registered with SEBI on or before the issuance of this circular;
    - implement SEBI mandate on or before September 08, 2026 and not offer investment opportunity to more than 200 non-Accredited Investors during this period.
    - Existing investors may continue to hold their investments made in the Angel Fund as per the terms of the Private Placement Memorandum (PPM) / fund document.
- Angel Fund shall on-board at least five Accredited Investors before declaring its first close, subject to;
    - first close of an Angel Fund shall be declared not later than 12 months from the date of SEBI communication for taking the PPM.
    - Existing Angel Funds which have not yet declared first close, shall do so on or before September 08, 2026.
- Angel Fund shall not launch any schemes for soliciting funds from angel

Important Updates - SEBI

investors or making any investments, in the following manner;

  - Investments in investee companies will be made directly by the Angel Fund, without the requirement of launching a scheme
  - Requirement of filing term sheet with SEBI for launching scheme and making investment has been discontinued with.

- Angel Funds may make additional investments in their existing investee companies which are no longer start-ups ('follow-on investments'), subject to the conditions;
  - Follow-on investment allowed to the extent that the post-issue shareholding percentage of the Angel Fund does not exceed the pre-issue shareholding percentage.
  - Total investment in an investee company by an Angel Fund, including follow-on investments, shall not exceed INR 25 Crore.

- Investment by an Angel Fund in an investee company shall be subject to lock-in period
  - Investment by an Angel Fund in an investee company shall be locked-in for a period of one year
  - lock-in requirement shall be for a period of six months if the exit from the investment by Angel Fund is by way of sale to a third party.

- The circular also provides guidelines on methodology of allocation of investments in the PPM by the Manager, the rights of investors in the investments and distribution of proceeds as well as other obligations by the AIF including preparation of "Compliance Test Report" by the Manager.

Effective Date: Immediate

Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2015

Notification dated September 04, 2025

MCA has revised the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2016 and enlarged the scope of Fast Track Mergers:

Rule 25(1A) of CAA Rules is now amended to cover following cases of merger between:

- two or more unlisted companies (each of which not being company referred to in section 8 of the CA'13), where every company involved in such merger fulfils following conditions:
  - aggregate of outstanding loans, debentures or deposits is not exceeding INR 200 crores, and
  - company has not defaulted in repayment of loans, debentures or deposits referred above.

  Both the above conditions are required to be met on a day not more than thirty days before the date of notice inviting suggestions / objections is filed with Registrar of Companies ("ROC"), Official Liquidator ("OL") and sector regulators; and on the date of filing scheme with Regional Director, ROC and OL;
- A holding company and a subsidiary company, where transferor company(ies) is not listed while transferee company may be listed or unlisted;
- One or more subsidiary company of a holding company with one or more other subsidiary company of the same holding company where the transferor company or companies are not listed;
- Merger of the transferor foreign company incorporated outside India being a holding company with the transferee Indian company being its wholly owned subsidiary company incorporated in India referred to in sub-rule (5) of Rule 25A.

Detailed analysis of the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2016 has been taken up via KCM Flash dated September 11, 2025.

Clarification on holding of Annual General Meeting [AGM] and Extraordinary General Meeting [EGM] through Video Conference

General Circular No. 03/2025 dated September 22, 2025

Ministry of Corporate Affairs ("MCA") vide this circular clarified that the Companies are allowed to conduct their Annual General Meetings [AGMs] through Video Conference [VC] or other Audio-Visual Mode [OAVM] till further orders.

Also, the Companies are allowed to conduct their Extraordinary General Meetings [EGMs] through Video Conference [VC] or other Audio-Visual Mode [OAVM] or transact items through postal ballot till further orders. The AGM and EGM need to be conducted virtually in accordance with the framework prescribed under the circulars.

This circular should not be construed as conferring any extension of statutory time for holding of AGMs by the Companies.

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Abbreviations

Abbreviation	Meaning
AA	Advance Authorisation
AAR	Authority of Advance Ruling
AAAR	Appellate Authority of Advance Ruling
AAC	Annual Activity Certificate
AD Bank	Authorized Dealer Bank
AE	Associated Enterprise
AGM	Annual General Meeting
AIR	Annual Information Return
ALP	Arm's length price
AMT	Alternate Minimum Tax
AO	Assessing Officer
AOP	Association of Person
APA	Advance Pricing Arrangements
AS	Accounting Standards
ASBA	Applications Supported by Blocked Amount
AY	Assessment Year
BAR	Board of Advance Ruling
BEAT	Base Erosion and Anti-Avoidance Tax
CBDT	Central Board of Direct Tax
CBIC	Central Board of Indirect Taxes and Customs
CCA	Cost Contribution Arrangements
CCR	Cenvat Credit Rules, 2004
COO	Certificate of Origin

Abbreviation	Meaning
CESTAT	Central Excise and Service Tax Appellate Tribunal
CGST Act	Central Goods and Service Tax Act, 2017
CIT(A)	Commissioner of Income Tax (Appeal)
Companies Act	The Companies Act, 2013
CPSE	Central Public Sector Enterprise
CSR	Corporate Social Responsibility
CTA	Covered Tax Agreement
CUP	Comparable Uncontrolled Price Method
Customs Act	The Customs Act, 1962
DFIA	Duty Free Import Authorization
DFTP	Duty Free Tariff Preference
DGFT	Directorate General of Foreign Trade
DPIIT	Department of Promotion of Investment and Internal Trade
DRI	Directorate of Revenue Intelligence
DRP	Dispute Resolution Panel
DTAA	Double Tax Avoidance Agreement
ECB	External Commercial Borrowing
ECL	Electronic Credit Ledger
EO	Export Obligation
EODC	Export Obligation Discharge Certificate

Abbreviation	Meaning
EPCG	Export Promotion Capital Goods
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investor
FIFP	Foreign Investment Facilitation Portal
FIRMS	Foreign Investment Reporting and Management System
FLAIR	Foreign Liabilities and Assets Information Reporting
FPI	Foreign Portfolio Investor
FOCC	Foreign Owned and Controlled Company
FTC	Foreign Tax Credit
FTP	Foreign Trade Policy 2015-20
FTS	Fees for Technical Service
FY	Financial Year
GAAR	General Anti-Avoidance Rules
GDR	Global Depository Receipts
GMT	Global Minimum Tax
GILTI	Global Intangible Low-Taxed Income
GSTN	Goods and Services Tax Network
GVAT Act	Gujarat VAT Act, 2006
HSN	Harmonized System of Nomenclature

Abbreviations

Back

Abbreviation	Meaning
IBC	Insolvency and Bankruptcy Code, 2016
ICDS	Income Computation and Disclosure Standards
ICDR	Issue of Capital and Disclosure Requirements
IEC	Import Export Code
IIR	Income Inclusion Rule
IMF	International Monetary Fund
IRP	Invoice Registration Portal
IRN	Invoice Reference Number
ITC	Input Tax Credit
ITR	Income Tax Return
IT Rules	Income Tax Rules, 1962
ITAT	Income Tax Appellate Tribunal
ITR	Income Tax Return
ITSC	Income Tax Settlement Commission
JV	Joint Venture
LEO	Let Export Order
LIBOR	London Inter Bank Offered Rate
LLP	Limited Liability Partnership
LOB	Limitation of Benefit
LODR	Listing Obligations and Disclosure Requirements
LTA	Leave Travel Allowance
LTC	Lower TDS Certificate

Abbreviation	Meaning
LTCG	Long term capital gain
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs
MeitY	Ministry of Electronics and Information Technology
MSF	Marginal Standing Facility
MSME	Micro, Small and Medium Enterprises
NCB	No claim Bonus
OECD	The Organization for Economic Co-operation and Development
OM	Other Methods prescribed by CBDT
PAN	Permanent Account Number
PE	Permanent establishment
PPT	Principle Purpose Test
PSM	Profit Split Method
PY	Previous Year
QDMTT	Qualified Domestic Minimum Top-up Tax
RA	Regional Authority
RMS	Risk Management System
ROR	Resident Ordinary Resident
ROSCTL	Rebate of State & Central Taxes and Levies
RoDTEP	Remission of Duties and Taxes on Exported Products

Abbreviation	Meaning
RPM	Resale Price Method
SC	Supreme Court of India
SCN	Show Cause Notice
SDS	Step Down Subsidiary
SE	Secondary adjustments
SEBI	Securities Exchange Board of India
SEP	Significant economic presence
SEZ	Special Economic Zone
SFT	Specified Financial statement
SION	Standard Input Output Norms
SOP	Standard Operating Procedure
ST	Securitization Trust
STCG	Short term capital gain
SVLDRS	Sabka Vishwas (Legacy Dispute Resolution Scheme) 2019
TCS	Tax collected at source
TDS	Tax Deducted at Source
TNMM	Transaction Net Margin Method
TP	Transfer pricing
TPO	Transfer Pricing Officer
TPR	Transfer Pricing Report
TRO	Tax Recovery Officer
UTPR	Undertaxed Profits Rules
u/s	Under Section
WOS	Wholly Owned Subsidiary