

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

CHENGALPATTU DISTRICT BRANCH (SIRC)

(Formerly Known as Kanchipuram District Branch)

E-Newsletter - September 2025



Address : Flat No. 402 Fourth Floor, No.1A, Periyalwar Street,
Sundaram Colony, East Tambaram, Chennai – 600059.

Phone : 044-22390098 | 8056244300 | 7550009811

Email : chengalpattu@icai.org

Website : www.chengai-icai.org



Contents

S No	Particulars	Page No
1	From the Chairman's Desk	3
2	79th Independence Day in Pahalgam	5
3	Photo Gallery	8
4	Upcoming Programs	16
5	Legal Updates	17
6	Income Tax Updates	20
7	Recent Judgements on Direct Taxes	25

ARTICLES INVITED FROM MEMBERS

Note: Articles are invited from members for publishing in Newsletter. The articles shall be either on the specific subject or a general article. Members can send their articles with Name, Membership Number, Mobile Number, Residential Address, Office Address & Photo to our E-mail id mentioned below:

E-mail id: chengalpattu@icai.org

Note: The views expressed in the articles published, are their own views and Chengalpattu District Branch (SIRC) does not endorse or take responsibility.

From the Chairman's Desk

Dear Esteemed Members,

August 2025 was a truly remarkable month for our branch, filled with impactful professional sessions, student-focused initiatives, proud achievements, and moments of national pride. The enthusiasm and active participation of our members and students made every program a grand success. Let us take a moment to revisit the highlights.



CA. SHIVACHANDRA REDDY K

Member Programs

✦ GST Input Tax Credit Case Studies – 2nd August

Led by CA. Srinivasan V, the session offered practical case-based insights into ITC claims and reconciliations, addressing common challenges faced by practitioners.

✦ Panel Discussion on JDAs & Welfare Associations – 8th August

Moderator: CA. Sankar V | Panellists: CA. Venkatanarayanan M J, CA. Lakshminarayanan T R, CA. Bhuvaneswari R V, CA. Muthu Abirami T V & CA. Manimaran K A highly interactive discussion that clarified taxation and compliance issues in Joint Development Agreements and Flat Owners' Welfare Associations.

✦ Tax Audit & QRB Review – Open Floor Discussion – 30th August

Moderator: CA. Subhashini Ganapathy | Panellists: CA. Muthu Palaniappan C, CA. Arumugaraj P & CA. Karthik Srinivasan

This session highlighted the latest changes in tax audit reporting, QRB review mechanisms, and compliance for small trusts and ITR-3 filers, with members actively sharing queries and solutions.

Student Programs

📖 Mastering CA Exams – 3rd August

An engaging session where experienced speakers shared exam strategies, time management techniques, and motivation to help students face challenges with confidence.

📖 Paper 4 – Cost & Management Accounting Rapid Revision – 9th August

A full-day intensive workshop tailored for CA Intermediate students, sharpening conceptual understanding and enhancing exam preparation.

📖 Paper 3 – Taxation Rapid Revision – 16th & 17th August

A two-day session covering key taxation areas, offering practical insights and structured revision guidance for exam readiness.

These initiatives reflect the branch's commitment to nurturing and supporting our student community alongside our professional members.

 79th Independence Day – 15th August 2025

The National Flag was proudly hoisted at our proposed New Branch premises. The celebration included patriotic reflections, cultural activities, and student participation, making the occasion truly memorable.

 57th SIRC Regional Conference – 22nd & 23rd August 2025

Held at Jawaharlal Nehru Indoor Stadium, Chennai, the Regional Conference was a grand gathering of professionals and students. With insightful sessions by eminent speakers, it provided a rich platform for learning, networking, and professional exchange.

Awards & Recognition:

It is with great pride that I share:

- CHENGALPATTU DISTRICT **BRANCH** of SIRC of ICAI was awarded the **1st PRIZE – BEST BRANCH** (LARGE CATEGORY) for the year 2024.

CHENGALPATTU **SICASA** was awarded the **2nd PRIZE – BEST BRANCH** (SMALL CATEGORY) for the year 2024.

These accolades are the result of the dedication of Managing Committee team headed by Immediate past chairman CA. N. Raghavan and SICASA team headed by CA. Ravichandran, members, students, and the branch staff.

In Closing

August has set a high benchmark with its programs and recognitions. With this momentum, let us look ahead to September with renewed enthusiasm, embracing every opportunity for learning, growth, and service.

Stay connected, and remember our collective efforts define the strength of our branch and the profession we serve.

With warm regards,

CA. Shivachandra Reddy K

Chairman,

Chengalpattu District Branch of SIRC of ICAI

79th Independence Day in Pahalgam

ICAI Celebrates 79th Independence Day in Pahalgam; Stands in Solidarity with Armed Forces and Jammu & Kashmir

J&K, Chief Minister, thanked ICAI for standing with them in this hour of distress

- First national institution to hold a high-level meeting in Pahalgam, post-tragedy
- From Policy to Prosperity: ICAI proposes strategic collaborations in the valley and works towards restoring normalcy and rebuilding trust

The Institute of Chartered Accountants of India (ICAI) celebrated 79th Independence Day in Pahalgam with the people of Kashmir, standing in solidarity with Armed Forces and reaffirming its commitment to stand by the citizens of Jammu & Kashmir in this hour of distress.

On this occasion, **CA. Charanjot Singh Nanda, President, ICAI** said, "As we celebrate the 79th Independence Day in Pahalgam, our message is clear - ICAI stands united with the Valley. Our presence here is more than symbolic; it is a testament to hope, a reaffirmation that normal life will return and a promise to work together for lasting peace and shared prosperity. This Council Meeting was not just an agenda of governance, it was a declaration of courage, continuity and collective resilience. By bringing our members and their families to the Valley, we wanted to show that the spirit of Kashmir remains unshaken. Beyond our role in accounting, governance reforms and economic revival, ICAI is committed to standing firm against the forces of terror and to being a partner in building a secure and thriving future for this land."

In a strong gesture of solidarity with the people of Jammu & Kashmir and the Armed Forces, ICAI also hosted its 445th Council Meeting in Pahalgam from August 12–14, 2025. The event brought together over 40 senior council members along with their families to visit the serene valley of Pahalgam, showing confidence in the region, after the tragic Baisaran incident of April 22.

Shri Omar Abdullah, Hon'ble Chief Minister of Jammu & Kashmir, graced the Council Meeting and extended heartfelt thanks to ICAI for choosing Pahalgam for this landmark event. "Your presence here has a lot of weight... it sends a powerful message of confidence and support. It reflects your belief in this place and reassures our people that better days lie ahead," he said, acknowledging ICAI's faith in the region.

CA. Prasanna Kumar D, Vice-President, ICAI, added, "ICAI is the first Institution to visit Pahalgam with its entire senior leadership after the tragic incident. It is a proud moment to celebrate this Independence Day here; it reflects our commitment to the people of the valley and solidarity with our armed forces.

ICAI reaffirmed its commitment to supporting local livelihoods, encouraging commerce and everyday joys to return to Pahalgam. As the national anthem resonated through the valley, the message was clear; ICAI believes in the power of community, especially in difficult times and celebrates the lifeblood of Jammu & Kashmir, the ordinary citizens, determined to move forward.

About ICAI

The Institute of Chartered Accountants of India (ICAI) is a statutory body set up by an Act of Parliament under the Chartered Accountants Act, 1949 for the regulation and development of the profession of Chartered Accountancy in India. The Institute functions under the administrative supervision of the Ministry of Corporate Affairs, Government of India. With over 15 Lakh Members and Students, today ICAI is the largest professional accountancy body in the world. ICAI has a wide network of 5 Regional Councils and 182 Branches within India and a global presence with 54 Overseas Chapters and 31 Representative Offices spanning 85 cities across 47 Countries worldwide.

Program

Program: 79th Independence Day

Date & Day: 15th August 2025

Venue : Pahalgam, Jammu and Kashmir



PHOTO GALLERY

CPE Meeting

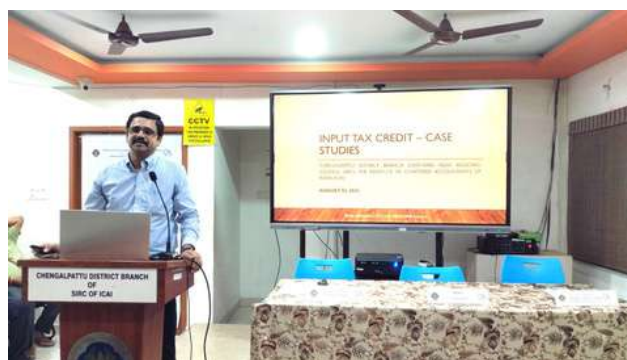
Topic : Case studies on GST Input Tax Credit

Speaker : CA. Srinivasan V

Date & Day: 2nd August 2025

Time : 5:30 PM to 7:30 PM

Venue : Branch Premises



E-Newsletter - Chengalpattu District Branch (SIRC)

Topic : Members' Queries related to: Joint Development Agreements (JDA) Taxation & Compliance for Flat Owners' Welfare Associations

Moderator: CA. Sankar V

Panelists: CA. Venkatanarayanan M J, CA. Lakshminarayanan T R, CA. Bhuvaneswari R V, CA. Muthu Abirami T V and CA. Manimaran K

Date : 8th August 2025

Time : 5:00 PM to 8:00 PM

Venue : Branch Premises



E-Newsletter - Chengalpattu District Branch (SIRC)



Program

Program: 79th Independence Day
Date & Day: 15th August 2025 & Friday
Time : 9.00 AM onwards
Venue : Proposed New Branch Premises



CPE Meeting

Topic : Open Floor Discussion on Member Queries Key changes in Tax Audit Reporting & QRB's latest Review Mechanism and Return Filing & Audit Report for small Trusts, Individuals ITR3 filing

Moderator: CA. Subhashini Ganapathy

Panelists: CA. Muthu Palaniappan C, CA. Arumugaraj P and CA. Karthik Srinivasan

Date : 30th August 2025

Time : 4:00 PM to 8:00 PM

Venue : Branch Premises



Regional Conference

Program: 57th Regional Conference of SIRC of ICAI

Date & Day: 22nd and 23rd August 2025 (Friday and Saturday)

Venue : Jawaharlal Nehru Indoor Stadium, Chennai





**Best Branch - Large category
1st Prize
for the year 2024 Awarded to
Chengalpattu District Branch of SIRC of ICAI**





Best Branch - Small Category
2nd Prize
for the year 2024 Awarded to
Chengalpattu District Branch of SICASA



Upcoming Programs



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)
CHENGALPATTU DISTRICT BRANCH (SIRC)



*Cordially invites you to our **CPE** meeting on*

Navigating GST Assessments: Challenges and Practical Insights

*on **Saturday, 6th September 2025***

at Flat No.302, Third Floor, Branch Premises

CPE - 2 Hrs | Time - 5:30 PM to 7:30 PM

Speaker

CA. Bhuvaneswari R V

Scan here
for ARC Registration



Scan here
for Location



Scan here
for Event Registration



Registration Link: <https://events.cgportal-icai.org/member>

Fee - Rs.236/- Including GST

(Nil Fee for ARC Members of Chengalpattu District Branch)

Followed by Dinner

CA. Shivachandra Reddy K
Chairman

CA. Ravichandran S
Managing Committee Member

CA. Sathish T S
Secretary

CA. Suresh Kumar C
Program Coordinator

Flat No.402, Fourth Floor, No.1A, Periyalwar Street, Sundaram Colony,
East Tambaram Chennai - 600059, Ph :044-22390098 | 8056244300
Mail id: Chengalpattu@icai.org | www.chengai-icai.org

LEGAL UPDATES

by



CA. SIVAGURUNATHAN T

The Bills of Lading Act, 2025

The Bills of Lading Act, 2025 replaces The Indian Bills of Lading Act, 1856 with a modern framework for international trade and shipping, electronic bills of lading, and harmonization with conventions

Key Highlights of the Act:

Automatic Transfer of Rights: Once goods are consigned or the bill of lading is endorsed, the consignee/endorsee gains all contractual rights against the carrier (e.g., right to sue for non-delivery, damage, or delay).

Transfer of Liabilities: Along with rights, the consignee/endorsee also inherits the obligations (e.g., payment of freight or compliance with carriage terms).

Equal Standing with Shipper: The consignee/endorsee is treated as if they were the original contracting party with the carrier.

Facilitates Trade Finance: This provision makes the bill of lading a secure negotiable document of title, which is crucial in international trade and banking transactions.

Transfer of Rights & Liabilities:

Even though the Act transfers rights and liabilities from the shipper to the consignee/endorsee through the bill of lading, it safeguards certain core rights:

Right of Stoppage in Transit: The seller can still stop goods in transit if the buyer becomes insolvent, despite the endorsement of the bill of lading.

Right to Claim Freight: The carrier retains the right to claim freight charges from the original shipper/owner, irrespective of transfer of the bill.

Liability of Consignee/Endorsee: The consignee/endorsee remains liable for obligations that arise simply by being the consignee or by taking delivery of goods.

Conclusive Evidence of Shipment:

It enhances trust and certainty in shipping documentation by making the bill of lading a strong evidentiary instrument.

Conclusive Proof: A bill of lading held by a consignee or endorsee for value is conclusive evidence that goods mentioned were shipped on board, even if in fact they were not.

Protection of Holders: This strengthens the reliability of the bill of lading in trade finance (e.g., banks relying on BLs for Letters of Credit).

Carrier's Defence: Masters/carriers are protected if they can prove that the misrepresentation was due to fraud by the shipper/holder, and not their own fault.

Exception: If the consignee/endorsee already knew that the goods were not actually shipped, they cannot rely on the bill as conclusive evidence.

Empowerment of Central Government

- The Government is empowered to issue directions, circulars, or notifications to ensure smooth implementation of the Act.
- Allows India to quickly respond to global shipping practices, trade requirements, and technology changes.

Relevance in GST Practice

1. Proof of Export (Zero-Rated Supply)

- Under Section 16 of the IGST Act, exports are zero-rated.
- The bill of lading is treated as conclusive evidence of shipment, making it a vital document for export refund claims under Rule 89 of the CGST Rules.

2. Import GST & Valuation

- IGST on imports is levied on the CIF value (Cost + Insurance + Freight).
- A bill of lading contains freight and shipment particulars, helping authorities and taxpayers cross-verify customs valuation and GST liability.

3. Input Tax Credit (ITC) Documentation

- Exporters availing ITC refunds must prove that goods physically left India.
- Bills of lading, now having stronger statutory recognition, reinforce ITC refund eligibility.

4. Evidence in GST Litigation

- In disputes about fake invoices, over-invoicing, or bogus exports, a BL serves as documentary proof of movement of goods.
- With the 2025 Act declaring it conclusive evidence, it gains stronger evidentiary value under the Indian Evidence Act, 1872 during GST proceedings.

5. Prevention of Fraudulent Refunds

- By making BLs binding proof (unless fraud is proven), the Act supports GST officers in detecting fictitious exports and denying wrongful refunds.

6. Digital Future (e-Bills of Lading)

- Though the Act doesn't yet recognise electronic BLs, it empowers the Government to introduce them.
- Once adopted, e-BLs will integrate with GST e-invoicing and customs systems, reducing paperwork and easing compliance.

The Bills of Lading Act, 2025 is a crucial reform, ending a 169-year-old colonial statute and providing a modern, globally aligned framework. It ensures that trade documentation is business-friendly, globally aligned, and future-ready. Beyond shipping, it plays a vital role in GST compliance, particularly in exports, refunds, and litigation support. For practitioners, it strengthens the documentary foundation of GST, reduces disputes, and prepares India for a digital future in global trade.



RECENT DECISIONS IN DIRECT TAXES

by



CA. Muthu Abirami T V

Udan Education Charitable Trust vs. Commissioner of Income-tax (Exemption) [2025] 177 taxmann.com 584 (Ahmedabad - Trib.) [19-08-2025]

Held: Where assessee trust had been granted provisional registration under section 12AB but inadvertently filed application for registration under section 12A(1)(ac)(iv)- item (B) instead of applicable sub-clause (iii) of section 12A(1)(ac), since all facts of case were available with Commissioner (Exemption), he ought to have considered application filed under applicable sub-clause of section 12A(1)(ac) and proceeded to decide issue on grant of registration to assessee under section 12A accordingly

Section 12A of the Income-tax Act, 1961 - Charitable or religious trust - Registration of (Denial of registration) - Assessee-trust filed an application seeking registration under section 12A(1)(ac)(vi) - Commissioner (Exemption) rejected application on ground that assessee had claimed its income to be exempt under section 11 for assessment years 2022-23 to 2024-25 and thus, was not eligible to get registered under section 12A(1)(ac)(vi) - It was noted that assessee had been granted provisional registration earlier under section 12AB and accordingly, was required to file its application under section 12A(1)(ac)(iii) but inadvertently, application had been filed under sub-clause (vi) - Whether since all facts of case were available with Commissioner (Exemption), he ought to have considered application filed under applicable sub-clause of section 12A(1)(ac) and proceeded to decide issue on grant of registration to assessee under section 12A accordingly - Held, yes - Whether, thus, matter was to be restored back to Commissioner (Exemption) with direction to consider application filed by assessee under appropriate sub-clause of section 12A(1)(ac) and pass order accordingly - Held, yes [Paras 10 and 11] [Matter remanded]

Jayshreeben Jayantibhai Palsana vs. Income-tax Officer [2025] 177 taxmann.com 411 (Ahmedabad - Trib.) [12-08-2025]

Held: Where a resident individual has opted for taxation under new regime and his total income is below Rs. 7,00,000, he would be eligible to claim rebate under section 87A against tax payable on short-term capital gains arising from transfer of listed equity shares taxable at special rates under section 111A

Section 87A, read with section 115BAC, of the Income-tax Act, 1961 - Rebate (Computation of) - Assessment year 2024-25 - Whether where a resident individual has opted for taxation under new regime and his total income is below Rs. 7,00,000, he would be eligible to claim rebate under section 87A against tax payable on short-term capital gains arising from transfer of listed equity shares taxable at special rates under section 111A - Held, yes [Paras 5.9, 5.11 and 5.17] [In favour of assessee]

Tivoli Investment & Trading Co. (P.) Ltd. vs. Assistant Commissioner of Income-tax [2025] 177 taxmann.com 509 (Bombay) [18-08-2025]

I. Municipal rateable value could be taken as annual value of property under section 23(1)(a) only when annual value under municipal laws so determined had close proximity with relevant assessment year, in case of significant gap between municipal rateable value and annual rent of property, Assessing Officer could make independent enquiry under section 23(1)(a)

Section 23, read with section 22, of the Income-tax Act, 1961 - Income from house property - Annual value (Rateable value) - Assessment years 1990-91 and 1991-92 - Assessee purchased an office premises - Assessee entered into a leave and license agreement with bank for letting out said premises for a period of 10 years at a license fee of Rs. 9,825 per month - Bank also paid interest free security deposit of Rs. 1.54 crores to assessee - Assessee offered rental income of Rs. 1.18 lakhs calculated on basis of license fees of Rs. 9,825 per month to be taxed under head 'income from business' - Assessing Officer did not accept license fees indicated in license agreement as annual value of property - He determined annual value of property by taking into consideration comparable instances of license fees paid by bank in respect of other premises in same building and interest which assessee would have paid to bank if he had taken overdraft facility of Rs. 1.54 crores which it accepted as security deposit - Accordingly, he arrived at annual value of Rs. 22 lakhs - Assessee contended that municipal annual rateable value alone could be taken into consideration for purpose of determining annual value of property under section 23(1)(a) - Whether municipal rateable value determined under municipal laws can be taken as annual value of property under section 23(1)(a) only when annual value so determined under municipal laws has close proximity with assessment year in question in respect of which assessment is to be made under Income Tax laws - Held, yes - Whether thus, there was no bar for Assessing Officer from making an independent enquiry under section 23(1)(a) and if Assessing Officer noticed that gap between municipal rateable

value and annual rent of property was wide, he could not be compelled to accept municipal rateable value for purpose of section 23 - Held, yes - Whether thus, Assessing Officer was justified in fixing Rs. 22 lakhs as annual rental value of premises - Held, yes [Paras 23, 24 and 36] [In favour of revenue]

II. Where assessee let out office premises at a nominal license fee and substantial amount of security deposit, since assessee had contemporaneously availed overdraft facility of Rs. 51 lakhs, security deposit was real return for assessee and thus, Assessing Officer was justified in fixing annual rental value by taking into consideration twin factors of comparable rents and notional interest on security deposits

Section 23, read with section 22, of the Income-tax Act, 1961 - Income from house property - Annual value (Notional Interest) - Assessment years 1990-91 and 1991-92 - Assessee purchased an office premises in a building - Assessee entered into a leave and license agreement with a bank for letting out said office premises for a period of 10 years - License fees were fixed at Rs. 9,825 per month - Bank paid interest free security deposit of Rs. 1.54 crores to assessee - However, Assessing Officer determined annual value of property by taking into consideration comparable instances of license fees paid by bank in respect of other premises in same building and interest which assessee would have paid to bank if he had taken overdraft facility of Rs. 1.54 crores which it accepted as security deposit - He arrived at annual value of Rs. 22 lakhs - Assessee contended that notional interest receivable on security deposit could not be sole factor for deciding annual value of property under section 23(1)(a) - Whether since Assessing Officer had conducted independent analysis by taking into consideration twin factors of comparable instance and return on overdraft facility and instead of choosing either of two figures, arrived at independent sum as reasonable rent, no element of perversity was found in findings recorded by Assessing Officer - Held, yes - Whether since assessee had contemporaneously availed overdraft facility of Rs. 51 lakhs, it showed that assessee was in need of funds for business purposes, thus, security deposit was real return for assessee and not amount indicated as license fees - Held, yes - Whether, thus, neither amount of license fee of Rs. 9,825 per month nor municipal rateable value of Rs. 10,200 could be taken into consideration as a sum under section 23(1)(a) - Held, yes - Whether thus, Assessing Officer was justified in fixing Rs. 22 lakhs as annual rental value of premises - Held, yes [Paras 35, 36 and 38] [In favour of revenue]

Sainath Education Cheritable Trust vs. Commissioner of Income-tax(Exemption) [2025] 177 taxmann.com 582 (Ahmedabad - Trib.)[19-08-2025]

Held: Where assessee-trust filed an application for registration under section 12A(1)(ac) mentioning incorrect sub-clause, same could not be rejected as non-maintainable merely for having been furnished under an incorrect sub-clause, when error was not material enough for purposes of granting registration and facts relating to applicability of correct sub-clause were available on record with Commissioner (Appeals)

Section 12A of the Income-tax Act, 1961 - Charitable or religious trust - Registration of (Procedure) - Assessee-trust filed an application before Commissioner (Appeals) for registration under section 12A(1)(ac) - Same was rejected as non-maintainable on ground that it was filed under sub-clause (ii) whereas it ought to have been filed under sub-clause (iii) - Whether sub-clause (ii) of section 12A(1)(ac) lists circumstance where a trust is registered under section 12AB and period of registration is due to expire and sub-clause (iii) lists circumstance where provisional registration is granted to assessee under section 12AB and period of same is about to expire - Held, yes - Whether since in both circumstances, Commissioner (Exemption) has to verify genuineness of assessee trust vis-a-vis its charitable objects and activities, mere mentioning of incorrect sub-clause has no material impact on facts of trust seeking registration - Held, yes - Whether, fact of trust being registered or provisionally registered was available with department - Held, yes - Whether therefore, application of assessee could not have been rejected as non-maintainable merely for having been furnished under an incorrect sub-clause, when error was not material enough for purposes of granting registration and facts relating to applicability of correct sub-clause were available on record with Commissioner (Appeals) - Held, yes [Paras 10 and 11] [Matter remanded]

Ltimindtree Ltd. vs. Joint Commissioner of Income-tax (OSD) [2025] 177 taxmann.com 603 (Karnataka)[21-08-2025]

Held: Where Tribunal quashed assessment order as it was passed in name of the merged company, without giving any direction to reopen but revenue issued a notice under section 148 in 2019 for Assessment Year 2008-09, since section 150 could not be invoked (no specific finding/direction by Tribunal), notice was time-barred and invalid under section 149

Section 149, read with sections 148 and 150, of the Income-tax Act, 1961 - Income escaping assessment - Time limit for issuance of notice (Limitation) - Assessment year 2008-09 - Assessee-company was engaged in business of development and export of software - Assessing Officer passed an order under section 143(3) read with section 144C in name of a company that existed prior to merger with assessee - Tribunal quashed order reserving liberty to revenue to take action in accordance with law - Pursuant to said order, a notice was issued under section 148 read with section 150 proposing to reopen assessment of assessee for assessment year 2008-09 in year 2019 - Assessee objected to same on ground that notice

was issued 10 years after assessment - It was noted that Tribunal set aside assessment order on ground that assessment order was passed in name of merged company and not in name of assessee and he did not give any finding or direction for reopening assessment - Whether section 150 enables revenue to reopen an assessment pursuant to an order in appeal, but on twin conditions, i.e., to give effect to any finding or direction -Held,yes - Whether impugned notice under section 148 could not be saved by addition of section 150 as it did not satisfy two conditions with regard to findings in furtherance of order in appeal and direction as contained in section 150 and, thus, writ petition challenging said notice would be maintainable notwithstanding availability of an alternative remedy - Held, yes - Whether since reopening of assessment was for assessment year 2008-09 and notice was issued in year 2019, since 10 years had elapsed, it was barred by time limit prescribed under section 149(1)(a) or (b) - Held, yes [Paras 11 and 12] [In favour of assessee]

Commissioner of Income Tax (TDS)-2 vs. Nish Developers (P.) Ltd. [2025] 177 taxmann.com 472 (Bombay)[06-08-2025]

Held: Where assessee entered into an agreement with one ADPL to develop a plot of land and made a payment to ADPL, since transactions entered into by assessee and ADPL were on a principal to principal basis, said payment made by assessee to ADPL was not on account of 'commission or brokerage' as defined under section 194H

Section 194H, read with section 201, of the Income-tax Act, 1961 - Deduction of tax at source - Commission, brokerage, etc. (Joint venture) - Assessment year 2010-11 -Assessee, owner of a plot of land, entered into an agreement with one ADPL to develop said plot of land - Pursuant to survey action under section 133A, it was observed that assessee had made a payment of Rs. 80 crores to ADPL during financial year 2009-10 - Assessing Officer was of view that payment made by assessee to ADPL was on account of 'commission or brokerage' as defined under section 194H and, hence, assessee was required to deduct tax at source at 10 per cent on said payment - Tribunal held that transactions entered into by assessee and ADPL were on a principal to principal basis and, thus, not covered under section 194H - Whether since revenue had not challenged any of factual findings given by Tribunal, impugned order passed by Tribunal did not give rise to any substantial question of law - Held, yes [Paras 5 and 6] [In favour of assessee]



RECENT JUDGEMENTS ON DIRECT TAXES

by



CA. Arumugaraj P

1. Delay In Filing Income Tax Appeal Due to Auditor's Death: ITAT Condone 338 Days of Educational Institution.

The Cochin Bench of ITAT (ITAT) condoned a 338-day delay in filing an Income tax appeal citing the death of the assessee's auditor as sufficient cause, and remanded the matter for adjudication on merits. The Cochin Bench of the Income Tax Appellate Tribunal (ITAT) condoned a 338-day delay in filing an appeal by The Centre for Management Development, citing the death of the assessee's auditor as sufficient cause, and remanded the matter to the Commissioner of Income Tax (Appeals) [CIT(A)] for a decision on its merits.

2. Income from Live Sports Licensing Not Taxable as Royalty Due to Lack of Copyright Protection: ITAT.

The Delhi bench of the Income Tax Appellate Tribunal (ITAT) held that income earned from licensing live sports broadcasts is not taxable as royalty because live broadcasts do not enjoy copyright protection under Indian law. Trans World International LLC, a company based in the United States, had licensed broadcasting rights for sports events such as football and badminton.

3. House gifted to daughter not to be considered while evaluating exemption u/s. 54F: ITAT Hyderabad

ITO Vs Narasimha Reddy Duthala (ITAT Hyderabad) ITAT Hyderabad held that denial of exemption under section 54F on allegation of more than one residential house unwarranted as one residential house is gifted to his daughter. Accordingly, exemption allowed and appeal of revenue dismissed. Facts- AO rejected exemption claimed by the assessee under section 54F of the Act on three grounds including having more than one residential house as on the date of transfer of original asset i.e., shares of companies and further, no investment was made in capital gain account.

4.ITAT Mumbai allows Interest Deduction as Advances were for Business Purpose.

ACIT Vs J M Financial Properties and Holdings Limited (ITAT Mumbai) The Income Tax Appellate Tribunal (ITAT) Mumbai has dismissed appeals filed by the Assistant Commissioner of Income Tax (ACIT) against JM Financial Properties and Holdings Limited, affirming the deletion of interest expense disallowances for Assessment Years 2013-14 and 2014-15. The ruling, issued on May 28, 2025, upholds the decision of the National Faceless Appeal Centre (NFAC), Delhi, which had sided with the assessee.

5.Disallowance of Related Party Payments u/s 40A(2)(b): ITAT Deletes Additions for AO's Failure to Prove Excessiveness.

The Ahmedabad Bench of Income Tax Appellate Tribunal (ITAT) deleted disallowances made under Section 40A(2)(b) for payments to related parties, holding that the Assessing Officer (AO) failed to justify the excessiveness of the amounts. Virbala Kiritkumar Patel, appellant-assessee, was engaged in the business of building and land development.

6.Non-Commencement of Activities Not a Valid Ground to Deny 12AB Registration

Ujwal Foundation Vs CIT (Exemption) (ITAT Hyderabad) Hyderabad, June 6, 2025: The Income Tax Appellate Tribunal (ITAT) Hyderabad bench has set aside orders from the Commissioner of Income Tax (Exemption) (CIT(E)), Hyderabad, which had rejected the applications of Ujwal Foundation for approval under Section 80G and registration under Section 12AB of the Income Tax Act, 1961. The tribunal has remanded both matters back to the CIT(E) for fresh adjudication, emphasizing the need to consider proposed charitable activities, a principle established by the Supreme Court.

7. ITAT Mumbai dropped non-compliance of penalty of Actress Shilpa Shetty as compliance with notices was done prior to assessment order

Judiciary has repeatedly held that no penalty under Section 272A(1)(d) can be imposed when the assessment order is not finally passed under section 144 on ex parte basis. With this observation, often the judiciary deleted the penalty of ₹10,000 imposed under Section 272A(1)(d) for alleged non-compliance with a notice issued under Section 142(1).

One such judgement is by ITAT Mumbai in the case of a celebrity Shilpa Shetty Kundra Vs. DCIT, Mumbai [ITA No. 995/Mum/2024] has dropped the penalty levied under section 272A(1)(d). It observed that the reply is being filed in respect of all the earlier notices and has thus assisted the AO in completion of the assessment. Moreover the assessment order in the present case was passed u/s 143(3) and not u/s 144 of the Act, which means that AO had expressed his satisfaction with compliances made by the assessee.

8.Co-op Society wins ₹10.14L Tax Relief: ITAT rules FDR Interest Eligible for 80P Deduction

The Pune Bench of the Income Tax Appellate Tribunal (ITAT) has granted substantial tax relief to a cooperative credit society, holding that interest earned on fixed deposits (FDRs) with cooperative banks qualifies for deduction under Section 80P(2)(d) of the Income Tax Act.

9.ITAT gives Taxpayer Second Chance: Ex-Parte CIT(A) Order Set Aside for Natural Justice

In a significant decision, the Income Tax Appellate Tribunal (ITAT), Nagpur Bench, has set aside an ex-parte order passed by the Commissioner of Income Tax (Appeals) [CIT(A)] and granted the taxpayer a fresh opportunity to present his case. The ruling emphasizes the importance of adhering to the principles of natural justice in tax proceedings.

10.ITAT upholds PCIT Order on Depreciation Disallowance, holds AO Ignored Rental Terms and Asset Usage Facts

The ITAT upheld that the AO failed to properly examine the extent of the property let out as per the rent agreement, leading to an incorrect depreciation disallowance and an assessment order deemed erroneous and prejudicial to Revenue By - Akhaigha T Josh | 26 June 2025 1:10 PM The ITAT Ahmedabad bench of the Income Tax Appellate Tribunal (ITAT) has upheld the revisionary order passed by the Principal Commissioner of Income Tax (PCIT) under Section 263 of the Income Tax Act, 1961. The Tribunal held that the Assessing Officer (AO) had disallowed depreciation based on an incomplete understanding of the property usage and rental terms, thereby warranting action.

11. 148A Notice Must Be Issued Before S. 147 Order: Jharkhand HC Quashes Order, Finds Lapse by Income Tax Dept

According to the new provision, the income tax officer must investigate the information indicating that the income subject to tax has eluded assessment or give the taxpayer a chance to be heard. By - Navasree A.M | 26 June 2025 1:40 PM The Jharkhand High Court has quashed an order passed under Section 147 of the Income Tax Act, 1961, after the Income Tax Department Counsel admitted failure to issue the mandatory notice under Section 148A. The petitioner, Anvari Khatun had challenged the reassessment order dated 28.11.2024 passed by respondent no. 4 under Sections 147 read with 144 and 144B of the Act.

12. TAT upholds Revision on AO's Lapses in Verifying TDS on Rent and Unsecured Loans

Despite claims from the assessee that TDS was deducted where applicable, the ITAT held that there was no clarity or adequate evidence to support that TDS under Section 194-I had been properly applied across all payments. By - Manu Sharma | 26 June 2025 2:34 PM The Income Tax Appellate Tribunal (ITAT), Ahmedabad Bench, has upheld the Principal Commissioner of Income Tax's (PCIT) revisionary action under Section 263 of the Income Tax Act, 1961, against the assessee, citing critical lapses by the Assessing Officer (AO) in verifying TDS compliance and unsecured loan transactions during assessment.

13. Concluded assessments cannot be reopened merely based on suspicion: Delhi HC

Sanjay Kaul Vs ITO (Delhi High Court) Delhi High Court held that concluded assessments cannot be reopened merely based on suspicion. Accordingly, reassessment quashed as there is no tangible material to form 'reason to believe' that income has escaped assessment. Facts- The Petitioner has filed the present petition under Article 226 read with Article 227 of the Constitution of India, impugning a notice dated 30.03.2019 issued by the Respondent No.1 under Section 148 of the Income Tax Act, 1961 in respect of Assessment Year 2014-15.

14. Major Win for Assessee: ITAT Confirms Deductibility of CSR Donations u/s 80G of Income Tax Act

In a recent ITAT ruling that clarifies the eligibility of companies to claim tax deductions under Section 80G for donations made as part of their Corporate Social Responsibility (CSR) obligations, setting a significant precedent against tax authorities' past objections. By - Haritha B Menon | 8 July 2025 11:40 AM The Mumbai bench of Income Tax Appellate Tribunal (ITAT) has confirmed that donations made as part of mandatory Corporate Social Responsibility (CSR) expenditure under the Companies Act, 2013 are indeed eligible for deduction under Section 80G of the Income Tax Act, 1961. The decision came in an appeal filed by ACG Pam Pharma Technologies Private Limited.

15. ITAT Delhi Accepts Cash Deposits as Salary Savings, Religious Practice and Lack of Other Income cited

The assessee, a salaried teacher, deposited ₹23.22 lakhs in cash during the demonetization period, which the Assessing Officer treated as unexplained and added ₹21.22 lakhs under Section 69A after allowing ₹2 lakhs for household expenses. The assessee contended that he routinely withdrew his entire salary in cash due to religious beliefs and had accumulated the deposited amount over several years. Though the CIT(A) granted partial relief by accepting withdrawals from only the last three assessment years, the Tribunal found this restrictive.

The ITAT noted that there was no evidence of any alternate income source and accepted that all cash deposits were out of past salary savings. Consequently, the entire addition was deleted and the appeal was allowed in full.

16.ITAT Bangalore ruled in favor of Thejaswini Jakkaraju, allowing the Section 87A tax rebate on a revised return filed to rectify an omission in the original filing.

Thejaswini Jakkaraju Vs ITO (ITAT Bangalore) Assessee filed her original income tax return on 22.06.2024 under the old tax regime but inadvertently did not claim the rebate of ₹21,350 available u/s 87A. To rectify this omission, she submitted a revised return on 11.07.2024, claiming the rebate. However, the CPC, Bangalore processed the return u/s143(1) & denied the rebate. Aggrieved by this denial, Assessee first sought rectification u/s 154.

17.Loose Papers Found with Third Party Cannot Justify Addition Without Corroborative Evidence: ITAT Nagpur

ACIT Vs Sanjay Gaurishankar Agrawal (ITAT Nagpur) During a search conducted at the premises of Shri Suresh Bajoria certain loose were found. These papers contained handwritten financial entries & the name "Chhotubhai". In his statement recorded u/s 132(4), Shri Bajoria initially stated that the papers related to him & his friend "Chhotubhai", whom the AO assumed to be the assessee, Sanjay Agrawal. The total credit on these pages was ₹5,33,550.

18. ITAT Condone 66-day Delay in Filing Appeal due to COVID Lockdown and CA's Preoccupation

The ITAT observed that the CIT(A) had incorrectly calculated the delay from the date of the assessment order (05.12.2019) instead of the date of its service (06.02.2020) By - Saagarika Gopinath | 1 July 2025 3:20 PM The Bangalore bench of the Income Tax Appellate Tribunal (ITAT), condoned a 66-day delay in filing an appeal, noting the COVID-19 lockdown and the preoccupation of the assessee's Chartered Accountant (CA) as sufficient cause for the delay. Coming to the facts of the case, the Income Tax Officer (ITO) had assessed the assessee's income at Rs. 8.74 lakh.

19.ITAT Allows 64.72 Cr Project Loss as Business Deduction

In AY 2012–13, the assessee reported a loss of Rs. 64.72 crores as a result of the cancellation of its Amritsar project due to disagreements among its directors. The CIT(A) upheld the Assessing Officer's decision to deny the loss, which was deemed to be capital in nature and prior period. After the Tribunal rejected the assessee's appeal and other applications, the High Court issued a writ ordering the filing of a substantive appeal.

The High Court remanded the case as the Supplementary Paper Book was not considered. The Tribunal held the loss was revenue in nature and crystallized on July 20, 2012, per the compromise deed. The assessee filed the current appeal with the Income Tax Appellate Tribunal after being displeased with the previously upheld disallowance.

20.Registration u/s. 12A cannot be cancelled with retrospective effect: ITAT Delhi

Lala Sher Singh Memorial Jeevan Vigyan Trust Society Vs PCIT (Central)-3 (ITAT Delhi) ITAT Delhi held that registration granted under section 12A of the Income Tax Act cannot be cancelled with retrospective effect as the concept of 'specified violations' u/s. 12AB(4) is effective only from 1st April 2022. Accordingly, order retrospectively cancelling registration quashed. Facts- The assessee is an educational society duly registered under section 12AA of the Act and enjoying exemption under section 80G of the Act.

