# R. C. JAIN & ASSOCIATES LVP NEWSLETTER JUNE 2025

"TALENT WINS GAMES, BUT TEAMWORK AND INTELLIGENCE WIN CHAMPIONSHIPS." --Michael Jordan

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### MINISTRY OF FINANCE (Department of Revenue) (CENTRAL BOARD OF DIRECT TAXES)

#### Notification No. 54/2025/ F. No. 225/213/2024/ITA-II

According to Section 138(1)(a)(ii) of the Income-tax Act, 1961, the Central Government hereby specifies 'Secretary to the Government of Maharashtra, Women and Child Development' for the purposes of the said clause in connection with sharing of information regarding Income-tax payers' for identifying eligible beneficiaries under the Mukhyamantri Mazi Ladki Bahin Yojana.

#### Notification No. 56 /2025/ F.No.300164/4/2024-ITA-1

As per section 2 clause 48 of the Income-tax Act, 1961 (43 of 1961), read with rule 8B of the Income-tax Rules, 1962, the Central Government hereby specifies the bond with the following particulars as zero coupon bond:

- Name of the bond: Zero Coupon Bond of The National Bank for Agriculture and Rural Development (NABARD)
- Period of life of bond: Ten years eleven months thirteen days
- Time of issue: On or before the 31st March 2027
- Amount to be paid on maturity/redemption 19,500 crores
- Discount- 10,349.625 crores
- Number of bonds to be issued- 19.50 lakh

#### > Notification No.68 /2025/ F.No.300195/12/2025-ITA-I

In exercise of the powers conferred by sub-clause (b) of clause (46A) of section 10 of the Income-tax Act, 1961 (43 of 1961), (hereinafter referred to as "the Income-tax Act"),

- The Central Government hereby notifies "Food Safety and Standards Authority of India" (hereinafter referred to as "the assessee"), an authority constituted under the Food Safety and Standards Act, 2006 (34 of 2006), for the purposes of the said clause.
- This notification shall be effective from the **assessment year 2026-2027**, subject to the condition that the assessee continues to be an authority constituted under the Food Safety and Standards Act, 2006 (34 of 2006) with one or more of the purposes specified in sub-clause (a) of clause (46A) of section 10 of the Income-tax Act.

#### What is Section 10(46A)?

Section 10(46A) provides **income-tax exemption** to certain **statutory authorities, boards, commissions**,etc., provided:

- They are notified by the Central Government, and
- Their income is derived from activities **in the public interest** such as regulation, development, or welfare, as specified.

#### > <u>Circular No. 07/2025 dated 25<sup>th</sup> June,2025</u>

• Order u/s 119 of the Income-tax Act,196

Delayed returns filed after condonation under **section 119(2)(b)** were not processed in time due to technical issues, resulting in non-receipt of refunds.

CBDT's Action:
Time limit under section 143(1) is relaxed.
Returns filed electronically on or before 31.03.2024 (with condonation) can now be processed up to 31.03.2026.

Refunds (with interest, if applicable) will be issued after processing. No refund will be issued if PAN is not linked with Aadhaar (as per Circular 03/2023).

- The relaxation does **not apply** if the return has already been assessed or reassessed under **sections 143(3), 144, 144B, 147, 148, 153A, or 153C**.
- DGIT (Systems), Bengaluru, will issue processing guidelines to ensure intimations under section 143(1) are sent by **31.03.2026**.

### CASE LAWS

#### 1) Issue Involved:

Whether the Commissioner of Income-tax (Exemptions) was justified in denying the approval for registration under section 80G of the Income Tax Act, 1961 to a trust that:

- Is already registered under section 12A as a charitable trust,
- Reports a financial surplus annually,
- Accumulates funds in Fixed Deposits, and
- Receives high fee-based income rather than voluntary donations

#### IN THE ITAT BANGALORE BENCH 'A'

#### **Academy of General Education**

#### v.

**Commissioner of Income-tax (Exemptions)** 

PRASHANT MAHARISHI, VICE PRESIDENT AND KESHAV DUBEY, JUDICIAL MEMBER

IT APPEAL NO. 716 (BANG) OF 2025

#### JUNE 17, 2025

#### Gist of the Case:

The Academy of General Education, a trust registered under section 12A, had applied for registration under section 80G of the Income Tax Act, 1961, to allow its donors to claim deductions. The Commissioner of Income Tax (Exemptions) denied the approval for the registration stating the following:

- Financial surplus not used for the charitable purposes
- Accumulation in Fixed Deposits, and
- High fee income i.e. Tuition fees, hostel fees and management fees.

The tribunal overruled the rejection by CIT, clarifying that the approval under Section 80G hinges on the genuineness of the charitable activities and compliance with Section 80G (5) conditions, not on how the income is applied. As a result, the appeal of the assesse was allowed, and the Commissioner of Income Tax was directed to allow the registration to the assesse.

#### Facts of the Case:

The assesse is an education-trust registered under section 12A from AY. 2022-23 till AY. 2026-27. Further, the assesse trust had been granted provisional approval for Section 80G from 04.04.2022 in form 10AC. The assesse trust there after applied for permanent registration under form 10AB on 10.08.2024.

The Ld. CIT (Exemptions), Bangalore however rejected the application on the grounds on grounds that

- Annual Surpluses were not utilised for charitable purposes and were instead accumulated in FDs and received interest income on the same.
- The institution is well funded by high fee receipts and management fee which under goes increase each year but the same is not being passed on, in form of tangible or intangible benefits.
- The 80G registration is more deserving to government aided/weaker institutions situated in remote areas and not to wealthy private institutions that already generate significant income through high fees.
- The fee receipts do not fall under the purview of donation u/s 80G of the Income Tax Act, 1961.

Aggrieved by the same, the assesse filed the appeal before the Tribunal.

#### Held:

The Income Tax Appellate Tribunal (ITAT) noted that the trust was registered under Section 12A for AY 2022-23 to AY 2026-27, and such registration would have been granted only after verifying the genuineness of its activities and legal compliance. It had also received provisional approval under Section 80G for earlier years.

The tribunal found that:

- The trust had incurred substantial capital expenditure towards educational activities.
- Under Section 11(1), 15% income accumulation is permissible and capital spending qualifies as application of Income.
- The commissioner erred by examining surplus utilisation, which is an assessment matter, not relevant to approval under Section 80G.

Regarding the fee, the Commissioner made sweeping, unsubstantial claims regarding lack of tangible or intangible benefits to the students. Fee receipts were from regular educational activities and no 80G certificates were issued for them. Donations and grants separately, received, were eligible for deduction under 80G.

It was emphasized that the Commissioner's role under Section 80G is limited to verifying the genuineness of activities and compliance with clause (i) to (v) of Section 80G (5). Furthermore, since the commissioner did not provide any evidence that the trust's activities were non-genuine or that statutory conditions were unmet, denial of approval was unjustified.

#### 2) <u>Issue Involved:</u>

Whether an appeal pending before the Income Tax Appellate Tribunal should be treated as withdrawn once the assesse has opted for settlement under the Direct Tax Vivad Se Vishwas Schedme (DTVSV), 2024, and has received Form-2 under Section 92(1) if the Finance (No.2) Act, 2024.

#### IN THE ITAT BANGALORE BENCH "B' LM Wind Power Blades (India) (P.) Ltd.

v. DCIT

WASEEM AHMED, ACCOUNTANT MEMBER AND PRAKASH CHAND YADAV, JUDICIAL MEMBER IT (TP) APPEAL NO. 275 (BANG) OF 2021 [ASSESSMENT YEAR 2016-17] JUNE 16, 2025

#### 1. Gist of the Case:

- The assesse opted to resolve its disputed tax demands for AY 2016–17 under the DTVSV Scheme, 2024.
- DTVSV is a dispute resolution scheme by the Government of Income, this scheme aims to reduce the pending income tax litigation by offering taxpayers a chance to settle tax disputes by paying only the tax amount (or a reduced portion), waiving off the penalties and interest.
- The assesse filed the necessary declarations under Form 1, and the Principal Commissioner issued Form 2 i.e. certificate of undertaking. Since the law deems the appeal withdrawn upon such issuance, the Tribunal held that the appeal stood dismissed as withdrawn, even though the final settlement order under Form 4 was still awaited.

#### 2. Facts of The Case:

- The assesse had a pending appeal before the ITAT for AY 2016–17.
- It opted for resolution under DTVSV 2024, filing Form 1 which contains the declaration for settlement.

- The Principal Commissioner issued Form 2 on 20-01-2025 under section 92(1). The assesse filed the intimation of payment on 04-02-2025.
- The final order (Form 4) was awaited at the time of hearing.
- A letter dated 05-03-2025 was submitted by the assesse requesting withdrawal of appeal since the assesse was already in process of receiving the Final Order under DTVSV Scheme. The revenue (Department Representative) had no objection to this.

The assesse also submitted a letter requesting a withdrawal and fulfilled the scheme requirements, there was no reason to keep the appeal pending.

#### Held:

Under section 91(2) of the DTVSV Scheme, once Form 2 is issued, the appeal is deemed to be withdrawn.

The Tribunal noted that Form 2 had been issued and the payment was intimated. When Form 2 any related pending appeal is automatically treated as withdrawn by operation of law even without any formal withdrawal order from the tribunal. The appeal was dismissed as withdrawn as per the Scheme and assesse's request.

The decision was rendered in the favour of the assesse, ensuring closing of the tax dispute for AY 2016-17.

# <u>GST</u>

#### 1. <u>Circular No. 249/06/2025-GST</u>

#### **Quoting of Document Identification Number (DIN) on GST Communications**

The Central Board of Indirect Taxes and Customs (CBIC) has issued a clarification regarding the need to mention **Document Identification Number (DIN)** on communications issued via the **GST common portal**.

#### **Background**

Earlier, CBIC made it mandatory (via Circulars No. 122/2019 and 128/2019) to generate and quote a **DIN** on all official communications with taxpayers for better **transparency** and **accountability**.

- Documents generated through the **GST common portal** (like notices, orders, and summaries) already have a **Reference Number** (**RFN**).
- This **RFN is unique, verifiable online**, and includes details like date, office, and type of communication.
- As per Section 169 of the CGST Act, documents served via the common portal are valid and legally acceptable.

#### **CBIC's Clarification:**

If a document is issued through the GST portal and already has an RFN, there is no need to additionally quote a DIN.

#### 2. <u>Circular No. 250/07/2025-GST</u>

<u>Subject</u>: Clarification on Reviewing, Revisional & Appellate Authorities for Orders Passed by CAA for DGGI Show Cause Notices

The Central Board of Indirect Taxes and Customs (CBIC) has issued a clarification regarding who will handle appeals, reviews, and revisions of orders passed by Common Adjudicating Authorities (CAA) — i.e., senior officers (Joint/Additional Commissioners) designated to adjudicate Show Cause Notices (SCNs) issued by the DGGI.

#### What's the Issue?

Earlier circulars designated CAAs but did not clarify **who will review or hear appeals** against their decisions.

#### **CBIC's Clarification (in simple terms):**

- **Reviewing Authority** (under Section 107 CGST Act): The **Commissioner or Principal Commissioner** of the CGST Commissionerate where the CAA is posted will review such orders.
- **Revisional Authority** (under Section 108 CGST Act): The **same Commissioner or Principal Commissioner** will also act as the **Revisional Authority** if revision is required.
- Appeal Filing (also under Section 107 CGST Act): If a taxpayer wants to **appeal the CAA's decision**, the appeal must be filed with the **Commissioner (Appeals)** who has jurisdiction over the CGST Commissionerate where the CAA is posted.

#### Who Represents the Department in Appeals?

The **Commissioner/Principal Commissioner** (where the CAA is posted) will represent the department and may appoint officers for appeal-related tasks.

# <u>RBI</u>

#### RBI/2025-26/52 DOR.SOG(LEG).REC/32/09.08.024/2025-26 June 12,2025

#### Inoperative Accounts/ Unclaimed Deposits in Banks - Revised Instructions (Amendment) <u>2025</u>

The Reserve Bank of India has amended its instructions regarding inoperative accounts and unclaimed deposits (those inactive or unclaimed for 10 years or more) that must be transferred to the Depositor Education and Awareness (DEA) Fund.

Key updates include:

Banks must now provide KYC updation facilities for activating such accounts at all branches, including non-home branches.

Banks are encouraged to enable Video-Customer Identification Process (V-CIP) for KYC updates, following the relevant KYC Master Directions.

Business Correspondents may also be used to facilitate KYC updation and account activation.

These revised instructions are effective immediately and aim to simplify the process of reactivating dormant or unclaimed bank accounts.

#### RBI/2025-26/53 DOR.AML.REC.31/14.01.001/2025-26 June 12, 2025

#### **Updation/ Periodic Updation of KYC – Revised Instructions**

The Reserve Bank of India has noted significant delays in the periodic KYC updation process, particularly in accounts related to government benefit transfers like DBT, EBT, scholarships, and PMJDY accounts. To address this, RBI has amended the KYC norms (via the 2025 amendment) to permit Business Correspondents (BCs) to assist customers in updating their KYC details.

Similar changes have also been made to rules concerning inoperative accounts and unclaimed deposits, as per the circular dated June 12, 2025.

Banks are further directed to conduct special KYC updation camps, especially in rural and semiurban areas or where pendency is high. They are also expected to take a sympathetic and customer-friendly approach in reactivating accounts, as emphasized in earlier RBI guidance from December 2024.

To support implementation, a consolidated summary of KYC-related instructions has been provided in an Annexure 1 for easy reference.

#### Annexure 1

The RBI's Master Direction on KYC (2016, as amended) instructs banks and other regulated entities (REs) to use the customer's KYC Identifier from CKYCR as the primary reference for identity verification. With the customer's consent, REs must download existing KYC records from CKYCR without asking for resubmission, unless changes exist.

For customer onboarding, three modes are permitted:

- Face-to-face onboarding using Aadhaar biometric e-KYC, with self-declaration allowed for a different current address.
- Non-face-to-face (NFTF) onboarding via Aadhaar OTP e-KYC or other digital/non-digital modes (e.g., DigiLocker documents, certified OVDs for NRIs), which requires strict monitoring and CDD completion within a year.
- Video-based Customer Identification Process (V-CIP), which allows secure, real-time video verification, is considered equivalent to in-person onboarding.

For KYC updation, REs can accept self-declarations from customers (confirming no change or address change only) through various channels like email, mobile, ATM, online banking, or through Business Correspondents (BCs).

Updation is allowed at any branch, and Aadhaar OTP and V-CIP are valid methods for this purpose.

Finally, REs must update customer records based on any notifications received from CKYCR ( Central KYC Records Registry)

#### RBI/2025-26/55 A.P. (DIR Series) Circular No. 07 June 13,2025

#### Import of Shipping Vessel – Relaxation

To improve ease of doing business and considering industry-specific needs, the RBI has allowed importers to make advance remittances up to USD 50 million for the import of shipping vessels without requiring a bank guarantee or unconditional, irrevocable standby Letter of Credit.

Authorised Dealer (AD) banks are advised to inform relevant clients about this change.

These directions are issued under Sections 10(4) and 11(1) of FEMA, 1999, and are subject to compliance with other applicable laws.

#### RBI/2025-26/61 DOR.LIC.REC.36/16.13.218/2025-26 June 20, 2025

#### **Review of Priority Sector Lending norms - Small Finance Banks**

As per earlier RBI guidelines, Small Finance Banks (SFBs) were required to allocate 75% of their Adjusted Net Bank Credit (ANBC) to Priority Sector Lending (PSL)—with 40% earmarked for specific PSL sub-sectors and the remaining 35% allowed to be deployed in any PSL sub-sectors based on the bank's strength.

Now, effective from FY 2025–26, the overall PSL target for SFBs has been reduced to 60% of ANBC or CEOBE (whichever is higher). Of this, 40% must still go to specified sub-sectors under PSL, while the remaining 20% can be allocated flexibly to other PSL sub-sectors.

These changes are issued under Section 22(1) of the Banking Regulation Act, 1949.

# <u>ROC</u>

### CASE LAW

Brief on Adjudication Order passed by Registrar of Companies		
Section No. And Name	Section 96 – Annual General Meeting (AGM) Section 173 – Meetings of Board of Directors (BM)	
Date of Order	12 <sup>th</sup> March, 2025	
Name of Company	Not Disclosed	
Name of ROC	ROC, Bangalore, Karnataka	
Brief Facts	<ul> <li>The company conducted its AGM and Board Meeting on the same day.</li> <li>This is not compliant with the provisions of the Companies Act, which mandates adequate notice, separation, and purpose for each type of meeting.</li> <li>Such practice was flagged during scrutiny by ROC, Bangalore.</li> <li>The company failed to justify the scheduling, and no legal exception applied.</li> </ul>	
Reply by Company	<ul> <li>The company acknowledged the violation, citing it was an oversight and unintentional.</li> <li>They assured the ROC that corrective steps would be taken in future.</li> </ul>	

	Particular	Amount (Rs.)
	Penalty on Company	1,00,000/-
Penalty	Penalty on Director	50,000/- each on Two
		directors
		1,00,000/-
	Total Penalty	2,00,000/-
Legal Takeaways	<ul> <li>AGMs and Board Meetings must not only be held separately but also follow due process under the law for notice, quorum, and agenda.</li> <li>Oversight is not an excuse – Companies and directors must ensure procedural compliance at all times.</li> <li>Adjudication under Section 454 empowers ROC to levy penalties for non-compliance, even where no explicit mens rea (intent) is proven.</li> </ul>	
Compliance Note	<ul> <li>This case serves as a reminder for professionals and companies to:</li> <li>Maintain a compliance calendar for statutory meetings.</li> <li>Ensure board meetings are distinct from shareholder meetings, even if held on the same day (e.g., early morning/evening slots are discouraged).</li> <li>Keep proper minutes, notices, and director attendance records separately for each meeting.</li> </ul>	

# <u>Hunar Art</u>



By Sharvari kochrekar

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