# R. C. JAIN & ASSOCIATES LLP NEWSLETTER MAY 2025

"To become 'Unique', the challenge is to fight the hardest battle which anyone can imagine until you reach your destination."

-APJ Abdul Kalam

#### <u>Index</u>

1. Direct Tax	02-05
2. Case Laws	06-10
3. GST	11-19
4. RBI	20-21
5. ROC	22
6. Hunar Art	23

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#### **Direct Tax**

# MINISTRY OF FINANCE (Department of Revenue)

(CENTRAL BOARD OF DIRECT TAXES)

#### **Circular No. 06/2025**

The Central Board of Direct Taxes (CBDT) has extended the deadline for filing Income Tax Returns (ITRs) for the Assessment Year 2025-26. Originally set for July 31, 2025, the new deadline is now **September 15, 2025**. This extension provides taxpayers, especially salaried individuals, with additional time to accurately complete their filings without incurring penalties.

The decision to extend the deadline was influenced by delays in the issuance of ITR forms and the necessary utilities required for filing. Taxpayers are encouraged to utilize this extra time to review their financial records thoroughly and ensure timely submission to avoid penalties under Section 234B for delayed payment or filing.

#### Notification No. 42/2025 F. No. 370142/17/2025-TPL

Income-tax (Fourteenth Amendment) Rules, 2025 - New ITR-5 Form

The Central Board of Direct Taxes (CBDT) has notified via G.S.R 286(E), effective from the 1<sup>st</sup> day of April, 2025.

#### **Key Update**

As part of this update, the existing **Form ITR-5** has been replaced with a **new version**.

Click here to view Form ITR 5

#### Notification No. 43/2025 F. No. 370142/15/2025-TPL

Income-tax (Fifteenth Amendment) Rules, 2025– New ITR-2 Form

The Central Board of Direct Taxes (CBDT) has notified via G.S.R 287(E), effective from the 1<sup>st</sup> day of April, 2025.

#### **Key Update**

As part of this update, the existing **Form ITR-2** has been replaced with a **new version**.

Click here to view Form ITR 2

#### Notification No. 44/2025 F.No. 370142/16/2025-TPL

Income-tax (Sixteenth Amendment) Rules, 2025- New ITR-6 Form

The Central Board of Direct Taxes (CBDT) has notified via **G.S.R 290(E)**, effective from the 1<sup>st</sup> day of April, 2025.

#### **Key Update**

As part of this update, the existing **Form ITR-6** has been replaced with a **new version**.

Click here to view Form ITR 6

#### Notification No. 45/2025 F.No. 370142/21/2025-TPL

Income-tax (Seventeenth Amendment) Rules, 2025. – New ITR-V Form

The Central Board of Direct Taxes (CBDT) has notified via G.S.R. 294(E), effective from the 1<sup>st</sup> day of April, 2025.

#### **Key Update**

As part of this update, the existing **Form ITR-V** has been replaced with a **new version** Click here to view ITR Form V/Acknowledgement

#### Notification No. 46/2025 F.No. 370142/18/2025-TPL

Income-tax (Eighteenth Amendment) Rules, 2025. – New ITR-7 Form

The Central Board of Direct Taxes (CBDT) has notified via G.S.R. 303(E), effective from the 1<sup>st</sup> day of April, 2025.

#### **Key Update**

As part of this update, the existing **Form ITR-7** has been replaced with a **new version** 

Click here to view Form ITR 7

#### > Notification No. 47/2025 F. No. 300196/11/2023-ITA-I

The Central Government has notified the **Telangana State Pollution Control Board (PAN: AAAGT0080Q)** as a tax-exempt entity under **section 10(46)** of the Income-tax Act, 1961. This exemption applies to specific income such as consent fees, analysis and survey fees, reimbursements from the Central Pollution Control Board, authorisation fees, government grants, RTI fees, interest on staff loans, miscellaneous income, penalties, and interest earned on these incomes.

#### The exemption is subject to the following conditions:

- The Board must not carry out any commercial activities.
- The nature of activities and income must remain unchanged.
- It must file its income tax return as required under section 139(4C) (g).

This notification applies retrospectively for FYs 2021–22 to 2024–25 and also for FY 2025–26.

#### Notification No. 48/2025 F. No. 300164/3/2024-ITA-1

In exercise of the powers conferred under clause (48) of section 2 of the Income-tax Act, 1961, and in accordance with the relevant provisions of Rule 8B of the Income-tax Rules, 1962, the Central Government hereby notifies the following bond as a **Zero-Coupon Bond**:

#### **Bond Details:**

- Name of the Bond: Ten-Year Zero-Coupon Bond of Indian Railway Finance Corporation Ltd. (IRFC)
- Tenure: 10 years
- Issue Period: The bond shall be issued on or before 31st March 2027
- Maturity/Redemption Amount: □10,000 crores
- Discount (i.e., difference between issue price and redemption value): □4,916.51 crores
- Total Number of Bonds to be Issued: 10 lakh bonds

#### Notification No. 49 /2025 F.no. 370142/20/2025-TPL

The Central Board of Direct Taxes (CBDT), through G.S.R. 322(E), has notified the **Incometax (Nineteenth Amendment) Rules, 2025**, effective from the date of publication in the Official Gazette. As per this amendment, the existing **Form ITR-U** (used for filing updated returns under section 139(8A) of the Income-tax Act, 1961) has been **replaced with a revised Form ITR-U** in Appendix-II of the Income-tax Rules, 1962.

#### Click here to view Form ITR -U

#### Notification No.50/2025/F. No. 370142/14/2025-TPL

The Central Board of Direct Taxes (CBDT), through G.S.R. 352(E), has made a correction to its earlier notification G.S.R. 279(E) dated 30th April 2025. In the **Schedule 80-IE**, published on page 125 of the Gazette, a new row item "ah" has been inserted after item "ag". As a result, the entire **Schedule 80-IE** has been updated and substituted with a revised version to reflect this change.

Click here to view Schedule 80IE

#### > Notification No. 51/2025/F. No. 370142/17/2025-TPL

The Central Board of Direct Taxes (CBDT) has amended its earlier notification **G.S.R. 353(E)** dated **1**<sup>st</sup> **May 2025**. In **Schedule 80IE** on page 114 of the Gazette, a new row item "ah" has been added after item "ag". As a result, the entire **Schedule 80IE** has been updated and substituted with a revised version.

Click here to view Schedule 80IE

- Compiled by Disha Dhawle and Hardik Tawte

#### Case Laws

#### **Issue Involved:**

Where assessee repaid loan in cash at lender's insistence, with transaction properly recorded in books and accepted during assessment, and no authority challenging its genuineness or bonafide nature, such circumstances would constitute a reasonable cause under Section 273B, thereby preventing imposition of penalty under section 271E

#### HIGH COURT OF CHHATTISGARH

#### Kamaljeet Kaur Gill

v.

Joint Commissioner of Income-tax
SANJAY K. AGRAWAL AND DEEPAK KUMAR TIWARI, JJ.
TAXC NO. 63 OF 2024
APRIL 24, 2025

#### **Gist of the Case:**

- For AY 2013–14, the assessee repaid a loan in cash, which the AO treated as a violation of Section 269T, imposing penalty under Section 271E.
- The assessee explained the repayment was made at the lender's insistence, the transaction was genuine, recorded in the books, and accepted in assessment under Section 143(3).
- The court held that the bonafide nature and absence of intent to evade tax constituted a "reasonable cause" under Section 273B.
- Since the authorities ignored this and levied penalty, the penalty under Section 271E was unjustified.

#### **Facts of the Case:**

- Assessment Year: 2013–14
- Reassessment: The assessee underwent reassessment under Section 143(3) read with Section 147, completed on 23.12.2017.
- Loan Repayment: During reassessment, the AO noticed a cash repayment of Rs. 15,82,407 made by the assessee to M/s. Tata Finance Corporation for a commercial vehicle loan.
- Penalty Initiation: The AO initiated penalty proceedings under Section 271E, alleging violation of Section 269T, which prohibits cash repayments exceeding Rs. 20,000.
- Assessee's Explanation: The assessee explained that the repayment was made in cash due to the lender's insistence, as there were delays in installment payments. A copy of the lender's letter dated 05.11.2012 was submitted. The transaction was genuine and recorded in the books.

- Penalty Order: The AO imposed a penalty on 28.12.2018, equal to the cash repayment, under Section 271E.
- Appellate Decisions: Both the Commissioner (Appeals) and the Tribunal upheld the penalty, affirming non-compliance with Section 269T warranted a penalty under Section 271E.
- Assessee's Arguments: On appeal, the assessee argued that the transaction was genuine and accepted during scrutiny assessment under Section 143(3). The penalty should be waived under Section 273B due to reasonable cause, but all authorities imposed the penalty without considering this, rendering the penalty orders unsustainable.

#### Held:

- The assessee's repayment of loan in cash to M/s. Tata Finance Corporation during AY 2013–14 was accepted as a genuine and bona fide transaction during assessment under Section 143(3), with no authority disputing its authenticity or alleging intent to evade tax.
- Despite this, the AO imposed a penalty under Section 271E for violation of Section 269T without considering the reasonable cause provided under Section 273B.
- All three authorities—the AO, CIT(A), and ITAT—failed to examine the applicability of Section 273B, which provides immunity from penalty if reasonable cause is shown.
- The assessee demonstrated that the cash repayment was made at the lender's insistence, supported by documentary evidence and duly recorded in the books.
- This constituted a reasonable cause as per judicial precedents and statutory provisions.
- Accordingly, the penalty orders were quashed, and it was held that the assessee was not liable to penalty under Section 271E.

INCOME TAX: Where assessee let out residential properties to companies for commercial use on certain rent, it was entitled to claim deduction of mixed land use charges paid to MCD against rental income received from tenants

#### IN THE ITAT DELHI BENCH 'F'

#### **Padam Chand Gupta**

v.

#### **Assistant Commissioner of Income-tax**

SUDHIR KUMAR AND SHAMIM YAHYA IT APPEAL NO.7418 (DEL) OF 2017 APRIL 30, 2025

Section 23 of the Income-tax Act, 1961 - Income from house property - Annual value (Computation of) - Assessment year 2014-15 - Assessee had let out its residential properties to two companies for commercial use and offered rental income received from same for tax under head income from house property - Assessee claimed deduction of mixed use charges paid by it to MCD towards use of residential properties for commercial activities - Assessing Officer disallowed said claim - Whether assessee would be entitled for claim of deduction of mixed uses charges paid to MCD against rental income received from tenants - Held, yes [Para 9] [In favor of assessee]

#### **Facts of the Case:**

- The assessee owned residential properties and rented them out to companies for commercial use.
- The rental income was shown under "Income from House Property" in the tax return.
- The properties were in a residential zone where commercial use wasn't allowed, so the assessee paid extra charges (called **mixed use charges**) to MCD along with regular property tax.
- The assessee claimed these extra charges as a deduction, but the **Assessing Officer** disallowed it.
- The **Commissioner** (**Appeals**) agreed with the tax officer, and when the assessee went to the **Tribunal**, the issue was reviewed again.

#### **Appeal Details:**

- Assessee challenged the CIT(A)'s order dated 21-09-2017, which upheld the disallowance of Rs. 8,91,950 made by the Assessing Officer (AO).
- The disallowance was related to Mixed Use Charges paid by the assessee to the Municipal Corporation of Delhi (MCD).

#### **Grounds of Appeal:**

• The charges should be allowed as a deduction under Section 23(1)(b).

- These are in the nature of statutory levies/taxes and necessary for letting out residential property for commercial use.
- The rent was higher only because of the payment of these charges, hence a diversion of income at source.

#### **Facts of the Case:**

- The assessee rented residential properties for commercial use.
- Paid Rs.13.40 lakhs as tax, of which Rs. 8.91 lakhs was towards Mixed Use Charges to MCD.
- AO disallowed the Rs. 8.91 lakhs claiming it was not deductible.

#### **Assessee's Argument:**

- Cited several ITAT and High Court rulings where similar charges like maintenance fees, conversion charges, municipal levies were allowed as deductions under Section 23.
- Notable citations: Haldiram Products, Mamta Kapur, R.J. Wood Pvt. Ltd., Saif Ali Khan, Sharmila Tagore, and others.

#### **Legal Framework Referred:**

- Section 23(1) (b): When rent received exceeds expected rent, actual rent should be considered as Annual Value.
- Deductions for statutory outgoings that are obligations of the owner are allowable.

#### **Tribunal's Findings:**

- Reiterated that statutory charges paid by the owner, which are necessary for earning rent, are deductible.
- Referred to various precedents where maintenance and related charges were held deductible from rental income.
- Held that Mixed Use Charges qualify as such deductible outgoings.

#### **Conclusion**:

- Assessee is entitled to deduct Mixed Use Charges from rent while computing income under "House Property".
- Set aside CIT (A)'s order and directed AO to delete the disallowance of Rs. 8,91,950.

#### **Result:**

- Appeal of the assessee is allowed.
  - Compiled by Apurva Shrivastava & Sanjana Jain

#### **GST**

#### **GSTN Advisories**

# Advisory dated 1<sup>st</sup> May, 2025 - Reporting of HSN codes in Table 12 of GSTR-1/1A

- Vide Notification No. 78/2020 Central Tax dated 15<sup>th</sup> October 2020, Phase-3 of reporting of HSN codes in Table 12 of GSTR-1 & 1A is being implemented from May 2025 return period.
- For the Taxpayers with AATO (Aggregate Annual Turnover) of up-to 5 crores, there should be a mandatory reporting of 4-digit HSN codes for goods & services.
- For the Taxpayers with AATO of more than 5 crores, there should be a mandatory reporting of 6-digit HSN codes for goods & services.
- Manual user entry of HSN will not be allowed.
- HSN code can be selected from drop down only.
- A customized description mentioned in HSN master will auto-populate in a new field called "Description as per HSN Code".

In Table-12 validation with regards to value of the supplies have also been introduced.

- i. These validations will validate the value of B2B supplies shown in different Tables viz: 4A, 4B, 6B, 6C, 8 (recipient registered), 9A, 9B (registered), 9C (registered), 15 (recipient registered) with the value of B2B supplies shown in table-12.
- ii. Similarly, validations will validate the value of B2C supplies shown in different tables viz: 5A, 6A, 7A, 7B, 8 (recipient unregistered), 9A (export), 9A (B2CL), 9B (unregistered), 9C (unregistered), 10, 15 (recipient unregistered), 15A (recipient unregistered) with the value of B2C supplies shown in Table-12.
- iii. In case of amendments, only the differential value will be taken for the purpose of validation.

However, initially these validations have been kept in warning mode only, that means warning or alert message shall be shown in case of mismatch in values, whereas taxpayers will be able to file GSTR-1 in such cases. Further, in case B2B supplies are reported in other tables of GSTR-1, in that case B2B tab of Table-12 cannot be left empty.

Apart from above, the following additional enhancement have been made in Table-12 of GSTR1/1A:

i. Table 12 of GSTR-1/1A is now bifurcated into two tabs, namely, "B2B Supplies" & "B2C Supplies". Taxpayers need to enter HSN summary details of B2B Supplies and B2C Supplies separately under respective tab.

- ii. A new button has been introduced in Table 12, "Download HSN Codes List". Upon clicking of this button, taxpayer would be able to download an excel file with the updated list of HSN & SAC codes for goods and services along with their description.
- iii. The button for "Product Name as in My Master" has now been made searchable. Taxpayer can search the description provided by them in My HSN Master and upon selection of the same, the HSN code, Description as per HSN Code, UQC & Quantity shall be auto-populated. This is an optional functionality.

#### Reporting of Details of Documents issued in Table 13 of GSTR-1/1A

In Table 13 of GSTR 1/1A, which requires taxpayers to provide details of documents issued, is now mandatory from May 2025 return period. Taxpayers will no longer be able to leave this table blank and proceed with filing their return. If B2B or B2C supplies are reported in any table of GSTR-1 or GSTR-1A, an error message will appear if Table 13 has not been filled.

# Revisions in the Refund Submission Process for Different Refund Categories - Reg

- 1. GSTN has implemented significant modifications in the refund submission process for the following categories:
  - Services exported with tax payment
  - Supplies delivered to SEZ Unit/SEZ Developer with tax payment
  - Refunds initiated by the Supplier of Deemed Export
- 2. The necessity to specify a particular tax period ('From' and 'To') while submitting refund applications for the categories mentioned above has been eliminated. Taxpayers can now simply choose the refund category and click on "Create Refund Application."
- 3. It is essential for taxpayers to ensure that all requisite returns (GSTR-1, GSTR-3B, etc.) are filed up to the date of the refund application.
- 4. The refund categories have transitioned from 'Tax Period based filing' to 'Invoice based filing'. Taxpayers can now upload qualifying invoices and request refunds in the following statements:
- (a) Export of Services with payment of tax (Statement 2)
- (b) SEZ Supplies with payment of tax (Statement 4)
- (c) For Deemed Exports, the application must be made by the Supplier (Statement 5B)

Once an invoice is uploaded with a refund request, it will be restricted from any further changes and will not be accessible for additional refund requests. These invoices can only be unlocked if the refund request is retracted or if a deficiency memo is provided.

#### **Updates in Refund Filing Process for Recipients of Deemed Export**

GSTN has made the following changes in the refund filing process under the category "On account of Refund by Recipient of deemed export":

- 1. Refund applications under this category is **no longer need to be filed in chronological order** of Tax Period which means Taxpayers are not required to select **"From Period" and "To Period"** while filing refund application.
- 2. Taxpayers must ensure that all the returns (GSTR-1, GSTR-3B etc) due till the date of refund application, are filed.
- 3. Under the afore said category, the table <u>"Amount Eligible for Refund"</u> has been modified. The columns of the revised table are explained hereunder:
  - a. Col. 1 'Balance in ECL at the time of filing of refund application'. This column will reflect the balance available under various Head in Electronic Credit Ledger at the time of filing of application. It will be auto populated.
  - b. Col. 2 'Net Input Tax Credit (ITC) of Deemed Exports (as per uploaded invoices)', in this column the amount of claimed ITC, under respective major Heads will be auto populated based on invoices furnished in Statement 5B.
  - c. Col. 3 'Refund amount as per the uploaded invoices' reflects the sum of the amount of ITC claimed under all major Heads (IGST/CGST/SGST/UT) as per the invoices uploaded by the taxpayer in Statement 5B and shall be downward editable.
  - d. Col. 4 'Eligible Refund Amount'. In this column, maximum amount of ITC which is available for refund claim will be auto populated. It will be auto-calculated based on the order of debit specified in Circular No. 125/44/2019-GST dated 18.11.2019.
  - e. Col. 5 "Refund amount not eligible as insufficient balance in the ECL (5)". This column reflects the difference between the total amount of claimed ITC and the total amount of ITC available in Electronic Credit Ledger under various major Heads.
- 4. Functionality has been improved to maximize the amount of refund a taxpayer can claim in terms of uploaded invoices, irrespective of the fact that sufficient balance is available in the respective Head of electronic credit ledger or not. Here, the total amount of claim under various Heads (IGST, CGST, SGST) will be compared with total amount of ITC available under various Heads in electronic credit ledger.

#### **INSTRUCTIONS / GUIDELINES**

# Grievance Redressal Mechanism for processing of application for GST registration -reg.

Reference is invited to instruction No. 03/2025 dated 17.04.2025 issued by Central Board of Indirect Taxes and Customs ("Board") for processing of GST registration application.

If your **Application Reference Number (ARN)** has been given to the **Central jurisdiction**, and you have any complaint—like if a query was raised or your application was rejected **against the rules mentioned in the instruction**—you can contact the **Zonal Principal Chief Commissioner or Chief Commissioner** in your area for help.

In order to provide a quick and effective grievance redressal mechanism to applicants, the following instructions are being issued:

- i. Principal Chief Commissioner/Chief Commissioner of CGST Zones may publicize an email address on which the applicants can raise their grievances. Wide publicity may be given to this email id.
- ii. The applicants may send grievances containing ARN details, jurisdiction details (Centre/State) and issue in brief on that email address.
- iii. In case where grievance received pertains to State Jurisdiction, the office of Principal Chief Commissioner/Chief Commissioner shall forward the same to the concerned State jurisdiction and a copy endorsed to the GST Council Secretariat.
- iv. Principal Chief Commissioner/Chief Commissioner may ensure timely resolution of grievances received by them and intimate the applicants regarding the same. In case where queries raised by the officer are found to be proper, the applicants may be suitably advised.
- v. Principal Chief Commissioner/Chief Commissioner may submit a monthly report on the status of grievance redressal to DGGST who would compile the same and put up for perusal of the Board.

#### Timely production of records/information for audit -reg

This is to inform you that Audit Report No. 7 of 2024, which was released by the Comptroller and Auditor General of India (C&AG), shows that during the GST (Goods and Services Tax) audit, departments frequently failed to disclose the necessary data in full or shared them late.

This issue has been raised several times by the C&AG's office in meetings with the Ministry. Delays or failure to provide records make it difficult for them to complete their audit properly and reflect badly on our Department.

All officers are requested to fully cooperate with the audit teams and provide the necessary information and documents without any delay.

- As per the Constitution (Article 149), the Comptroller and Auditor General of India (C&AG) has the right to check (audit) the accounts of government departments, public companies, and any organization that gets government money or is controlled by the government.
- Because of this, it is very important that all offices (field formations) share any records or information they have or are supposed to maintain, whenever the C&AG audit team asks for them.
- All officers should be told clearly to give the required information to the audit team quickly and without delay.
- If the documents needed by the audit team are with a taxpayer, then officers should write to the taxpayer and ask them to share the documents as soon as possible. Officers should also follow up if needed, so that the audit team gets the information on time.
- This message is being sent with the approval of the Chairman, CBIC.

#### **CASE LAWS**

## Supreme court decision on the mandatory pre-deposit can be paid through the input tax credit or the credit ledger

#### SUPREME COURT OF INDIA

Union of India

Vs.

#### Yasho Industries Ltd

Rule 96(10) of the CGST Act, 2017 mandates a pre-deposit of 10% of the disputed tax amount for appeals. Recent rulings allow taxpayers to utilize their Electronic Credit Ledger for this pre-deposit, providing significant relief and facilitating smoother appeal processes.

In a landmark ruling with wide-reaching implications for businesses across India, the Supreme Court on Monday, May 19, upheld the Gujarat High Court's decision allowing the use of the Electronic Credit Ledger (ECL) which contains accumulated input tax credit (ITC) to make the mandatory pre-deposit required for filing an appeal under the Goods and Services Tax (GST) law.

The decision comes at a time when businesses have already been demanding for reforms in the usage of ITC, seeking urgent attention from the government over allowing businesses to use accumulated ITC for various payments under the GST regime, this being one of the demands.

The Supreme Court, in a matter between the Revenue Department and Yasho Industries, who are global manufacturers and suppliers of specialty and fine chemicals, dismissed the **Special Leave Petition (SLP)** filed by the Revenue Department, affirming that Section 107(6) of the CGST Act does not restrict the mode of pre-deposit payment to cash alone.

The controversy cantered on whether the 10% pre-deposit required to admit an appeal under Section 107(6) of the CGST Act could be paid using the ITC available in the ECrL or whether it must be strictly paid in cash through the Electronic Cash Ledger. The Gujarat High Court had ruled in favour of the assesse, and with the Supreme Court's dismissal of the revenue's challenge, the legal position is now settled in favour of taxpayers.

During Supreme Court proceedings, Yasho Industries' counsel, Abhishek A. Rastogi, argued that Section 49(4) of the CGST Act permits the use of the Electronic Credit Ledger (ECrL) for any output tax payment, including pre-deposits for appeals. Rule 86(2) and Circular No. 172/04/2022-GST were cited to support this position, with the circular not treating pre-deposits as penalties or interest, thus not restricting their payment via the ECrL.

The **Supreme Court,** in its oral and final pronouncements, agreed that **pre-deposits are procedural**, and since the funds are already with the government, their use from the ECrL **does not affect revenue**. This judgment is seen by experts as a **landmark precedent**, likely to influence **pending disputes** involving **major corporations like Flipkart**, and reinforces a **taxpayer-friendly interpretation** of GST law.

#### **Implications for the industry:**

Experts also suggested that when it comes to the implications, this judgement comes as a relief for taxpayers nationwide, to begin with. Several taxpayers who have been filing appeals before the Commissioner (Appeals) or, once operational, the GST Appellate Tribunal (GSTAT), may now utilise ITC to meet pre-deposit requirements.

Another one could be that this could extend major support for exporters and MSMEs. This judgment is expected to ease cash flow pressures, particularly for export-oriented and small businesses facing ongoing litigation.

Further, there is a potential for getting refund claims. Since taxpayers who previously made cash pre-deposits may explore legal remedies to seek refunds and adjust payments from their ECL.

"This landmark ruling by the Supreme Court will streamline the appellate process under GST and provide substantial relief to taxpayers who were otherwise compelled to arrange cash for mandatory pre-deposits despite having legitimate ITC balances," said Abhishek A Rastogi, who argued in the matter.

"The judgment upholds the true spirit of the GST framework, which is meant to be seamless and technology-driven. It corrects the course that had been diverted by a restrictive approach adopted by some departments and will now allow taxpayers, particularly MSMEs, to pursue appeals without facing unnecessary liquidity pressure."

This judgment is expected to reduce litigation, enhance trust in the appellate framework, and pave the way for smoother functioning of the soon-to-be operational GST Appellate Tribunal.

# Refund of ITC of cess paid on purchase of coal used in manufacture of goods exported under LUT is admissible

The petitioner, a GST-registered manufacturer, purchased coal on which Compensation Cess was paid. This coal was utilized in the manufacture of goods that were subsequently exported by the petitioner under a Letter of Undertaking (LUT) with payment of Integrated Goods and Services Tax (IGST). The petitioner received a refund of the IGST paid on such exported goods from the Customs Authorities under Section 54(3) read with Section 16(3) of the IGST Act, recognising the exports as zero-rated supplies.

Subsequently, the petitioner filed refund applications claiming Input Tax Credit (ITC) on the portion of unutilised Compensation Cess paid on the purchase of coal used in manufacture. However, the department issued show cause notices proposing to reject the refund claims, relying on Paragraph 42 of Circular No. 125/44/2019 dated 18-11-2019 read with Paragraph 5 of Circular No. 45/19/2018 dated 30-05-2018. These circulars stated that refund of unutilized ITC of cess is admissible only if exports are made without payment of tax, whereas in this case, the petitioner had exported goods on payment of IGST. The department thus contended that the refund of cess ITC was not permissible. The petitioner, then filed an appeal before Gujarat High Court.

#### **High Court Held**

The Hon'ble High Court held that the department had misinterpreted the relevant circulars while rejecting the petitioner's refund applications. A conjoint reading of Section 54(3) of the CGST Act, Section 16(3) of the IGST Act, and Section 11(2) of the Goods and Services Tax (Compensation to State) Act, along with the aforementioned circular provisions, established that the petitioner was entitled to refund of the unutilized ITC of cess paid on coal used for manufacturing goods exported as zero-rated supplies. Although the petitioner paid IGST on export, no Compensation Cess was payable on the exported goods because they were exempt from cess levy.

Consequently, the proviso to Section 11(2) of the Cess Act, which disallows refund of cess ITC if IGST is paid, was not applicable. The petitioner, having paid IGST under Section 16(3) of the IGST Act on zero-rated supplies and being entitled to a refund of such IGST, was also entitled to refund of unutilized ITC of Compensation Cess paid on inputs used in manufacture. Accordingly, the Court directed the department to process the petitioner's refund applications, affirming the entitlement to refund in favour of the petitioner.

## Appeal allowed as show cause notice was not served under correct tab and portal access was contested by assesses

#### **DELHI HIGH COURT**

#### Sandeep Garg Vs. Sales Tax Officer

- In the GST portal, the department issued a Show Cause Notice (SCN) under the "additional notices and orders" area rather than the appropriate "notices and orders" tab. Despite receiving a reminder notification about the SCN, the assesses failed to submit a response.
- The assessee asserted that technological difficulties prevented their accountant from accessing the portal, which hindered them from responding.
- According to the court, the department was not liable for the error since the assessee was careless in verifying the portal.
- The assessee was permitted to file an appeal, nonetheless, given the particular facts and circumstances of the case.

#### License cannot be cancelled based on Unwitnessed visit note by Superintendent

#### **BOMBAY HIGH COURT**

#### In Empire Steel Holdings Vs. Union of India & Ors

It was disputed that the GST registration was terminated based on physical verification at a location that was evacuated due to bad business. After validating the authenticity of the inward supplies in GSTR-2A, the Joint Commissioner terminated the penalty proceedings, it was reported as follows: -

- Decided that a business is not "bogus" only because its storefront was locked!
- Draw attention to mistakes in the physical verification process that were in violation of Rule 25 of the CGST Rules, 2017.
- Levied a 10,000 arbitrary action cost on the department.

"The learned Commissioner has already examined GSTR-2A and concluded that the supplier is operational and legitimate, proving the purchase's legitimacy." This ruling emphasizes the significance of:

- Verification of substance rather than formalities
- Respecting the rights of taxpayers
- Reducing excessive departmental involvement
  - Compiled by Sanjana Tambe and Aryan Shejwal

#### **RBI**

#### RBI/2025-26/35 FMRD.FMD. No.01/14.01.006/2025-26

May 08, 2025

#### <u>Investments by Foreign Portfolio Investors in Corporate Debt Securities</u> through the General Route – Relaxations

Previously, FPI investments in corporate debt through the General Route were subject to certain restrictions: a short-term investment limit and a concentration limit, which are prescribed by the master directions on the matter. With a view to ease investment for Foreign Portfolio Investors (FPI), the RBI has now withdrawn both of these requirements with immediate effect.

#### RBI/2025-26/38 DoR.RET.REC.20/12.07.160/2025-26

May 21, 2025

# Alteration in the name of "North East Small Finance Bank Limited" to "Slice Small Finance Bank Limited" in the Second Schedule to the Reserve Bank of India Act, 1934

The name of "North East Small Finance Bank Limited" has been changed to "Slice Small Finance Bank Limited" in the Second Schedule to the Reserve Bank of India Act, 1934, which is published in the Gazette of India (Part III-Section 4) dated May 16, 2025.

#### RBI/2025-26/41 DoR.RET.REC.21/12.07.160/2025-26

May 27, 2025

### Inclusion of "The Vishweshwar Sahakari Bank Ltd., Pune" in the Second Schedule of the Reserve Bank of India Act, 1934

"The Vishweshwar Sahakari Bank Ltd., Pune" has been included in the Second Schedule of the Reserve Bank of India Act, 1934 and published in the Gazette of India (Part III - Section 4) dated May 09, 2025.

#### RBI/2025-26/39 FIDD.CO.GSSD.BC. No 06/09.16.003/2025-26

May 21, 2025

The Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM), which was one of the Government of India schemes for helping the poor by providing skill training, has officially been concluded on September 30, 2024.

- Compiled by Ved Gori

#### ROC

# The Ministry of Corporate Affairs is launching set of 38 Company Forms [including 13 Annual filing forms, 6 Audit/Cost audit forms] on 14<sup>th</sup> July 2025

To facilitate implementation of these forms in V3 MCA21 portal, stakeholders are advised to note the following points:

- (1) Company e-Filings on V2 portal will be disabled from 18<sup>th</sup> June 2025 12:00 AM. Thus, all the stakeholders are advised to ensure that no SRNs are under pending payment/Resubmission status.
- (2) Offline payments in V2 using Pay later option will be stopped from 08<sup>th</sup> June 2025 12:00 AM. Therefore, you are requested to make payments for these forms in V2 through online mode only. (Credit/Debit Card and Net Banking)
- (3) In view of the upcoming launch, V3 portal will not be available from 09<sup>th</sup> July 2025 12:00 AM to 13<sup>th</sup> July 2025 11:59 PM. Accordingly, stakeholders are advised to plan and file/resubmit current V3 forms before 09<sup>th</sup> July 2025 as there will be no waiver of fees or extension of resubmission period, if the due date/resubmission date fall within the mentioned downtime period i.e. 09<sup>th</sup> July 2025 12:00 AM to 13<sup>th</sup> July 2025 11:59 PM.
- (4) Stakeholders are advised to create user ID/upgrade existing V2 ID/Merge V2 ID in V3 system under "Business user" category and associate the DSC if not already done.
- (5) Stakeholders are requested to check the SRNs that are currently pending with status
  - a) Pending for upload of Investor details
  - b) Pending for Subsidiary Details

And upload the details by using services available on MCA portal by 17<sup>th</sup> June 2025, failing which SRN will be marked under NTBR status.

- Compiled by CS Reena Jain

### <u>Hunar Art</u>



- By Sanjana Tambe

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