R.C. JAIN AND ASSOCIATES LLP

NEWSLETTER

April 2025

"Take risks in your life. If you win, you can lead; if you lose, you can guide."

– Swami Vivekananda

INDEX

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

- **Notification No. 25 /2025 F. No. 370142/1/2025-TPL**

Income-tax (Ninth Amendment) Rules, 2025 – Aadhaar Intimation Requirement

The Central Board of Direct Taxes (CBDT) has notified via G.S.R. 217(E), effective from the date of publication in the Official Gazettes.

Key Update

A new rule (Rule 114(5AA)) mandates that individuals who were allotted a PAN using their Aadhaar Enrolment ID (instead of the Aadhaar number) before October 1, 2024, must now intimate their Aadhaar number to the Income-tax Department once it is allotted.

This intimation must be made to:

1. The Principal Director General of Income-tax (Systems),
2. The Director General of Income-tax (Systems), or
3. Any person authorized by these authorities.

Additionally, Rule 114(6) has been updated to include compliance provisions for this new requirement.

If you obtained a PAN using only your Aadhaar Enrolment ID before October 1, 2024, ensure that you submit your Aadhaar number to the Income-tax Department once available to stay compliant.

- **Notification No. 27/2025 F. No. 370142/13/2025-TPL**

The Central Government has notified that no tax deduction at source (TDS) shall be made under section 194EE on withdrawals made by individuals from schemes covered under clause (a) of section 80CCA (2)—such as National Savings Scheme—if withdrawn on or after the date of publication of this notification in the Official Gazette (4th April, 2025) If you're an individual withdrawing from specified savings schemes (like NSC or similar), no TDS will apply to the withdrawal amount from now on.

- **Notification No.30/2025 [F. No. 370142/29/2024-TPL**

The Income-tax (Tenth Amendment) Rules, 2025 amends the Income-tax Rules, 1962, with the following key changes.

1. **Effective Date:** The amendments shall come into force with effect from the 1st day of September 2024.

2. **Insertion of Rule 12AE:** In the Income-tax Rules, 1962 (hereinafter referred to as the said

rules), after rule 12AD, the following rule shall be inserted,

- The return of income required to be furnished by any person under clause (a) of sub-section (1) of section 158BC, relating to any search initiated under section 132 or requisition made under section 132A on or after the 1st day of September, 2024 shall be in the Form ITR-B and be verified in the manner indicated therein.

- The return of income referred to in sub-rule (1) shall be furnished by a person, mentioned in column (2) of the Table below in the manner specified in column (3) thereof:

Sl. No.	Person	Manner of furnishing return of income
1.	(a) person whose accounts are required to be audited under section 44AB of the Act; (b) Company; (c) Political party.	Electronically under digital signature.
2.	Any person other than a person mentioned in column (2) of Sl. No. (1) above.	(A) Electronically under digital signature; (B) Transmitting the data electronically in the return under electronic verification code.

- The Principal Director-General of Income-tax (Systems) or Director-General of Income-tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing the return in the manners specified in column (3) of the Table.

- In a case where claim of credit of the tax payments is made against undisclosed income of the block period other than by way of self-assessment tax for the block period, claim of such credits and the allow ability thereof shall be subject to the verification by and satisfaction of, the Assessing Officer."

➢ **Notification No. 31/2025/F. No. 225/06/2024/ITA-II**

The Central Government hereby notifies that bonds redeemable after five years and issued on or after 01st day of April, 2025, by the Housing and Urban Development Corporation Limited (HUDCO) (a public financial institution notified by the Central Government under section 2(72) of the Companies Act, 2013), are 'long-term specified asset' for the purposes of the said section. These bonds qualify for capital gains exemption if invested in under section 54EC.

This is subject to the following conditions:-

- HUDCO must use the money raised from these bonds only for infrastructure projects.
- Such projects must be able to repay debt from their own revenues, without relying on financial support from State Governments.

Explanation

- Infrastructure includes all sub-sectors listed in the Updated Harmonised Master List of Infrastructure sub-sectors, as notified by the Department of Economic Affairs on 11th October, 2022, and any future amendments.
- Infrastructure project refers to any project falling within the infrastructure sector.

➢ **Notification No. 34 /2025/F. No. 300164/2/2024-ITA-I**

The Central Government has specified a "Ten-Year Zero Coupon Bond issued by Housing and Urban Development Corporation Ltd. (HUDCO)" as a "zero coupon bond" under clause (48) of section 2 of the Income-tax Act, 1961.

- Name: Ten Year Zero Coupon Bond of HUDCO
- Tenure: 10 years and 1 month
- Issue Schedule: To be issued on or before 31st March 2027
- Maturity Amount: Rs 5,000 crores
- Discount (difference between issue price and maturity value): ₹2,351.49 crores
- Number of Bonds to be Issued: 5 lakhs

This is subject to the following condition:-

HUDCO must use the funds raised from these bonds only for infrastructure projects that are capable of repaying the debt from their own revenues, without any financial support from State Governments.

➢ **Notification No. 35/2025/F. No. 370142/11/2025-TPL**

The Central Board of Direct Taxes (CBDT) has introduced the Income-tax (11th Amendment) Rules, 2025, bringing certain luxury goods and collectibles under the ambit of Tax Collection at Source (TCS) under Section 206C of the Income-tax Act, 1961.

❖ **Effective Date:** The amendments come into force from the date of publication in the Official Gazette.
❖ **Applicable TCS Rate:** 1%
❖ **Compliance:** Form 27EQ (TCS Return) revised to include new category codes for these items.
❖ **List of goods covered under the said provision:**

- Wrist watches
- Art pieces (antiques, paintings, sculptures)

- Collectibles (coins, stamps)
- Luxury transport items (yachts, rowing boats, canoes, helicopters)
- Sunglasses
- Bags (handbags, purses)
- Shoes
- Sportswear and equipment (golf kits, ski-wear)
- Home theatre systems
- Horses used for horse racing in race clubs and for polo

➢ **Notification No. 36/2025/F. No 370142/11/2025-TPL**

In continuation to the notification no. 35/2025/F. No. 370142/11/2025-TPL, the Central Board of Direct Taxes (CBDT) has notified the following as the threshold limit:

Threshold Limit:

Applicable when the **sale consideration exceeds Rs. 10 lakh per item** on the goods notified in the above mentioned notification.

➢ **Notification No. 38/2025/F. No 370142/11/2025-TPL**

The Central Government has notified that any expenditure incurred by an assessee for the purpose of settling proceedings initiated in connection with any contravention or default under the following legislations shall not be considered as expenditure incurred wholly and exclusively for the purposes of business or profession.

Accordingly, no deduction or allowance shall be permitted in respect of the following expenditure under the Income-tax Act:

- The Securities and Exchange Board of India Act, 1992
- The Securities Contracts (Regulation) Act, 1956
- The Depositories Act, 1996
- The Competition Act, 2002

This notification shall be effective from the date of its publication in the Official Gazette.

➢ **Notification No 40/2025 [F. No. 370142/3/2025-TPL**

The Income-tax (twelfth Amendment) Rules, 2025 amends the Income-tax Rules, 1962, with the following key changes:-

- Effective Date :

  The amendments shall come into force with effect from the 1st day of April, 2025

- Rule 12 Amendment :

- ❖ The assessment year figure "2024" is replaced with "2025", aligning the rules with the new assessment year.

- ❖ in clause (a), in sub-clause (iii), for the words "does not have any loss under the head, "the words" does not have any loss under the head; or" shall be substituted.

- ❖ in clause (a), after sub-clause (iii), the following sub-clause shall be inserted, namely, -
  "(iv) "Capital gains", where assessee has only long-term capital gains under section 112A not exceeding one lakh twenty-five thousand rupees and does not have any brought forward loss or loss to be carried forward under the head,"

- ❖ In clause (ca), the existing text
  "in the case of a person being an individual or a Hindu undivided family, who is a resident other than not ordinarily resident, or a firm, other than limited liability partnership firm, which is a resident deriving income under the head 'Profits or gains of business or profession' and such income is computed in accordance with special provisions referred to in section 44AD, section 44ADA and section 44AE of the Act for computation of such income, be in Form SUGAM (ITR-4) and be verified in the manner indicated therein:"

  shall be substituted with the following:

  "in the case of a person being an individual or a Hindu undivided family, who is a resident but not ordinarily resident, or a firm, other than a limited liability partnership firm, which is a resident,

  (i) who derives income under the head 'Profits or gains of business or profession' and such income is computed in accordance with the special provisions of section 44AD, section 44ADA, or section 44AE of the Act; and

  (ii) who has income under the head 'Capital gains', if any, consisting only of long-term capital gains under section 112A not exceeding ₹1,25,000,

  shall file return in Form SUGAM (ITR-4) and verify it in the manner prescribed therein."

- ❖ In sub-rule (5), for the figures "2023 ", the figures "2024" shall be substituted.

- <u>Rule 11B amendment</u>

  After the words, figures and letters "Form No. 10BA", the words "and furnish the same along with the return of income" shall be inserted.

- Amendment of Form ITR-1 and Form ITR-4

  - ❖ In the principal rules, in Appendix II,
  - ❖ For Form ITR – 1, the Form ITR- 1 SAHAJ shall be
  - ❖ For Form ITR-4, Form ITR-4 SUGAM shall be substituted

- **Notification No 40/2025 [F. No. 370142/14/2025-TPL**

The Income-tax (Thirteenth Amendment) Rules, 2025 amends the Income-tax Rules, 1962, with the following key changes:-

- Effective Date :
  The amendments shall come into force with effect from the 1st day of April, 2025
- Form ITR-3 Amendment :
  In the Income-tax Rules, 1962 (hereinafter referred to as the said rules), in Appendix II, for FORM ITR-3, the following FORM shall be substituted.

~Compiled by Hardik Tawte

Case Law: 1

Where assesse charitable trust, engaged in providing education, had given donations to other educational trusts, which were also registered under section 12AA, and claimed that by way of such donations object of providing education was fulfilled, said donations were to be considered as application of income and were to be allowed as exemption under section 11.

[[2025] 173 Taxmann.Com 99 (Chandigarh - Trib.)

In The ITAT Chandigarh Bench 'A'

DCIT

V/s.

Indo Global Education Foundation*

Krinwant Sahay, Accountant Member

And Rajpal Yadav, Vice President

It Appeals No. 26 (Chd) Of 2020

[Assessment Year 2013-14]

April 1, 2025

Facts of the Case:

The assesse, Indo Global Education Foundation, is a charitable trust registered under section 12AA and engaged in the field of education. For the assessment year 2013–14, it donated Rs. 4.68 crores to three other trusts—Aryan Educational & Charitable Trust, Swami Vivekananda Educational & Charitable Trust, and Chaman Educational & Charitable Trust—all of which were also registered under section 12AA and shared similar educational objectives. The Assessing Officer denied exemption under section 11, treating the donations as diversions to related concerns and not an application of income.

Issues:

1. Whether donations made by a charitable trust to other registered charitable trusts having similar educational objectives qualify as "application of income" under section 11.

2. Whether such donations can be disallowed on grounds of alleged non-utilization, related party concerns, or corpus nature.

Arguments:

Revenue's Argument: The donations were not used for educational purposes; some funds were parked in FDRs. Chaman Trust was a related party (under section 13(3)). The donation trends exceeded 25% of receipts, suggesting an attempt to route income to sister concerns and avoid tax liability.

Assessee's Argument: All donations were voluntary, in line with the charitable objective of promoting education, and made to trusts registered under section 12AA. No direct or indirect benefit accrued to persons under section 13(3). Previous assessments (AY 2012–13 and 2014–15) had accepted similar donations. CBDT Instruction No. 1132 (dated 05.01.1978) supports that donations to another charitable trust for its charitable activities qualify as application of income.

Tribunal's View:

The Tribunal observed that:

1. All donee trusts were registered under section 12AA.
2. The Assessing Officer had not established any misuse or direct/indirect benefit to specified persons under section 13(3).
3. Past assessments of both donor and donee trusts (under section 143(3)) had accepted similar donations without adverse findings.
4. Donations were made from current year's income, not accumulated income.
5. As per CBDT Instruction No. 1132, such inter-charity donations qualify as proper application of income, even if not immediately utilized by the donee.
6. The law restricting corpus donations as application of income was introduced only from AY 2018–19.

Judgment Summary:

The Tribunal upheld the decision of the Commissioner (Appeals) and dismissed the Revenue's appeal. It confirmed that the donations made by the assesse trust to other registered educational trusts constitute valid application of income under section 11. Since there was no violation of section 13(3) and the facts were consistent with prior accepted assessments, the denial of exemption by the Assessing Officer was unjustified.

Principle Laid Down:

Voluntary donations by a charitable trust to other charitable institutions with similar objectives—when made from current year's income and to entities registered under section 12AA—are to be treated as "application of income" under section 11.

Such donations are not disqualified solely for being corpus donations or for being made to related trusts, provided there is no benefit to specified persons under section 13(3). This treatment holds true up to AY 2017–18.

Case Study: 2

Where Assessing Officer levied penalty under section 272A(1)(d) in respect of non-compliance of notices issued under section 142(1), however, in subsequent assessment order passed under section 143(3), Assessing Officer had expressed satisfaction with compliances made by assesse, penalty under section 272A(1)(d) could not be imposed

[2025] 173 taxmann.com 342 (Mumbai - Trib.)

In The ITAT Mumbai Bench 'B'

Shilpa Shetty Kundra

V/s.

DCIT*

Sandeep Gosain, Judicial Member
And Smt. Renu Jauhri, Accountant Member

IT APPEALS NO. 995 (MUM) OF 2024
[ASSESSMENT YEAR 2020-21]

April 4, 2025

Facts of the Case:

The assessee, Shilpa Shetty Kundra, was issued two notices under section 142(1) dated 04.08.2022 and 11.08.2022 for AY 2020–21, which she could not comply with within the short deadlines provided. The Assessing Officer (AO) levied a penalty of ₹20,000 under section 272A(1)(d) for alleged non-compliance. However, before completion of the assessment, the assessee submitted the required information and documents via a reply dated 15.09.2022 in response to a subsequent notice. The assessment was completed under section 143(3) on 21.09.2022 without any adverse remarks on compliance.

Arguments:

Assessee's Argument: Insufficient time was provided for compliance during a period still impacted by COVID-19. Full compliance was eventually made, and the AO accepted the same while completing the assessment under section 143(3). Reliance was placed on Bhavana Modi v. ITO and other judicial precedents to argue that if the AO accepts subsequent compliance and completes the assessment under section 143(3), penalty is not justified.

Revenue's Argument: Relied on the orders passed by lower authorities and contended that initial non-compliance warranted penalty under section 272A(1)(d).

Tribunal's View:

The Tribunal observed:

1. The AO levied the penalty for non-compliance with two notices under section 142(1), but later accepted the assessee's detailed reply in response to a subsequent notice and completed the assessment under section 143(3).
2. By doing so, the AO effectively condoned the earlier non-compliance.
3. Since the AO completed the assessment under section 143(3) and not section 144, it showed satisfaction with the assessee's final submission.
4. The Tribunal relied on the decision in Bhavana Modi v. ITO and similar judgments which held that once compliance is accepted and assessment is completed under section 143(3), penalty under section 272A(1)(d) cannot be sustained.

Judgment Summary:

The Tribunal set aside the penalty order and allowed the assessee's appeal. It held that since the AO had accepted the assessee's final response and completed the assessment under section 143(3), there was no justification to impose penalty under section 272A(1)(d). The AO's conduct effectively condoned the earlier non-compliance, and therefore the penalty was invalid.

Principle Laid Down:

Where the assessee fails to respond to initial notices but later complies and the assessment is completed under section 143(3), indicating the AO's satisfaction with the compliance, no penalty under section 272A(1)(d) is warranted. Condonation of earlier defaults is implied when the AO accepts subsequent replies and does not resort to best judgment assessment under section 144.

~Compiled by Amrit Bodwani

1. Mandatory Input service Distributor (ISD) Registration effective from 1st April 2025.

I. An Input Service Distributor (ISD) is a taxpayer (usually a head office or centralized office) that receives invoices for input services (like audit fees, software services, rent, etc.) used by multiple branches or units under the same PAN (Permanent Account Number), and distributes the input tax credit (ITC) related to those services to the respective units.

II. Effective 1st April 2025, businesses having multiple GST registrations under a single PAN are required to **mandatorily obtain Input Service Distributor (ISD) registration**. While many businesses have traditionally preferred the cross-charge approach to allocate common input services—such as rent, audit fees, software expenses, etc.—across various units for its operational ease.

III. Under the revised framework, entities opting for the ISD model must issue ISD invoices and file GSTR-6 returns to distribute ITC across different branches. This move aims to ensure improved traceability, standardized reporting, and greater compliance in the distribution of common input services.

Case Law 1

Where petitioner, a registered entity, had supplied zero rated services to customers who were outside India, on payment of IGST, refund of unutilized input tax credit could not be denied on ground that details of services which were being supplied were not included in certificate of registration.

HIGH COURT OF ANDHRA PRADESH

Alstom Transport India Ltd.

v.

Additional Commissioner of Central Tax Appeals, Guntur*

R. RAGHUNANDAN RAO AND K. MANMADHA RAO, JJ.

WRIT PETITION NOS. 21164 & 21179 OF 2021

APRIL 21, 2025

Facts of the case:

1. Alstom Transport India Ltd. is registered under GST for supply of goods. Between June 2019 and June 2020, they exported engineering design and drawings services, which are zero-rated supplies.
2. Alstom paid IGST on these exported services and later applied for refunds totalling Rs.39.86 crore.
3. At the time of export, their GST registration did not include services, only goods. They amended their registration to include services in September 2020.
4. Tax authorities denied the refund claims, arguing Alstom wasn't registered for services when the supply was made.
5. Alstom argued that GST registration is granted to a “person”, and not separately for goods or services. They challenged the denial of refunds before the Madras High Court..

Court’s View :

1. The Court held that registration under GST is for the "person", not separately for goods or services. A registered person is not required to amend the registration before supplying a new category (goods or services).
2. The amendment in registration is only for administrative clarity, not a precondition to make a valid supply or claim a refund.
3. The Court found that Alstom’s export of services was legal and valid, even though services were added to the registration later
4. Denial of refund on a technical ground (non-amendment of registration) was deemed unjustified.
5. The Court directed the GST department to process and grant the refund to Alstom.

Judgement Summary by the High Court:

1. The Madras Court ordered the GST department to process and releases the refund, recognizing that the export of services was genuine and lawfully conducted.
2. It reaffirmed the principle that substance should prevail over form and technical lapses should not defeat legitimate claims.

Case Law 2:

Where initially a notice was issued to assessee under section 73 alleging that assessee being an SEZ unit, was not entitled to claim ITC and during pendency of proceeding, another notice was issued under section 74 with same allegation, on writ petition filed by assessee challenging same, respondents were to be directed to file response; recovery was to be stayed.

HIGH COURT OF ALLAHABAD

Neokraft Global (P.) Ltd.

v.

Union of India*

ARUN BHANSALI, CJ.

AND KSHITIJ SHAILENDRA, J.

WRIT TAX NO. 1658 OF 2025

APRIL 17, 2025

Facts of the case:-

1. The petitioner is an SEZ (Special Economic Zone) unit. Proceedings under Section 73 of the CGST Act were initiated, alleging the petitioner was not entitled to claim Input Tax Credit (ITC).
2. While those proceedings were still pending, a notice under Section 74 with the same allegation was also issued.
3. The petitioner argued that:
    a) Issuing Section 74 notice during ongoing Section 73 proceedings on the same matter is not valid.
    b) There was no suppression of facts.
    c) Three courts had already ruled in favour of the petitioner in similar cases.

Court's view

1. The Court acknowledged the petitioner's argument that Section 74 proceedings cannot be initiated during pending Section 73 proceedings on the same ground.
2. The Court took note of the absence of suppression and the fact that similar matters were decided in the petitioner's favour previously.
3. The respondents sought time to reply, and the Court agreed

Judgement summary by the High Court:

1. The Court granted time to the respondent to file a counter affidavit.
2. Next hearing is scheduled for 22.05.2025. Recovery proceedings stayed (against the petitioner) until further orders, specifically staying the effect of order dated 05.02.2025.

Case Law 3:

The authority had provisionally attached the assessee's bank account. However, since more than 16 months had passed since the investigation began, and over a year had passed since the bank account was attached—without any show cause notice being issued—the court held that it would be enough if the assessee maintained a minimum balance of 10% in the account until the case is finally decided.

HIGH COURT OF DELHI

Brijbihari Concast (P.) Ltd.

v.

Directorate General of Goods and Services Tax Intelligence Meerut Zonal Unit*

PRATHIBA M. SINGH AND RAJNEESH KUMAR GUPTA, JJ.

W.P.(C) NO. 8433 OF 2024

CM APPL. NOS. 34828 OF 2024 & 16421 OF 2025

APRIL 15, 2025

Facts of the case:

1. The GST department provisionally attached the bank account of M/s Brijbihari Concast Pvt. Ltd. due to alleged GST evasion of Rs. 15.09 crores.
2. The attachment was based on a surprise inspection where undeclared stock was allegedly found.
3. Even after 16 months of investigation and 1 year of the account being frozen, no Show Cause Notice (SCN) had been issued to the company.
4. The company claimed it had paid over ₹100 crores in GST in the last 3 years and the freeze on its account was hurting its business.

Court's View:

1. The court noted that the alleged tax evasion is not yet proven, and until properly adjudicated, the company should not suffer a complete freeze on its operations.
2. It observed that no SCN was issued despite the long delay, and the company had a solid financial track record.
3. The court emphasized that only a portion of the suspected amount should be held, not the entire amount.

Judgement summary by the high court:

1. The company is allowed to operate its bank account, provided it maintains a minimum balance of Rs. 1.5 crores (10% of the alleged evasion).
2. No third-party interest should be created in the company's residential property until the final decision.
3. The petition was disposed of with these directions, favoring the assessee.

Case Law 4:

When the tax department alleged that the assessee (a contractor) received supplies from a non-existent supplier, the assessee reversed the input tax credit (ITC) and the case was closed. However, a new order was later passed raising a demand for the same period, without considering the relevant facts. This new order cannot be upheld.

HIGH COURT OF PATNA

Ahluwalia Contractors India

v.

Union of India*

RAJEEV RANJAN PRASAD AND ASHOK KUMAR PANDEY, JJ.

CIVIL WRIT JURISDICTION CASE NO. 10139 OF 2024

APRIL 10, 2025

Facts of the case:

1. The petitioner (assessee) is a company engaged in construction work and had undertaken the construction of the Bihar Police Bhawan.
2. For the construction project, the petitioner placed work orders with three suppliers:
    a) M/s Harshit Trading Company
    b) M/s Classic Trade
    c) M/s Manav International
3. Materials were received and payments were made through banking channels. GST invoices were issued and the suppliers reported these in GSTR-1. The petitioner claimed Input Tax Credit (ITC) based on GSTR-2A for FY 2017–18.
4. The petitioner received a summons from the DGGI, Gurugram in 2022. During the inquiry, it was found that the above three suppliers were not available at their premises at the time of inspection.
5. To avoid further complications, the petitioner reversed the ITC and paid tax, interest, and penalty totaling Rs. 15,36,770 via DRC-03. The proceedings were then closed by the DGGI.
6. Despite the earlier closure, the State Tax Department issued a fresh show cause notice for the same FY 2017–18, alleging wrongful ITC of Rs. 4,25,358. Subsequently, an order was passed imposing tax, interest, and penalty totaling Rs. 13,22,863 without considering the earlier reversal or closure of proceedings.

Court's Views:

1. The Assessing Officer failed to consider the complete and relevant materials placed on record, especially:
    a) The ITC had already been reversed.
    b) The same invoices were subject to proceedings before DGGI, which had been closed after payment.
    c) Evidence and documents such as purchase orders, payments, and tax invoices were provided.
2. The invoices in question were clearly part of the previous proceeding, and a second demand on the same transactions leads to double taxation.
3. Even the State Counsel did not dispute that the invoices under review were the same as those considered earlier.

Judgement summary by High Court:

1. The impugned order dated 20.05.2024 (Annexure-P/10) passed under Section 74 of BGST Act read with Section 20 of IGST Act was set aside.
2. The writ petition was disposed of in favour of the assesse.

Case Law 5:

When transactions between parties are entered into pursuant to a development agreement involving the sharing of revenues, such transactions do not fall within the purview of GST, as they pertain to immovable property

HIGH COURT OF BOMBAY

Nirmal Lifestyle Developers Pvt. Ltd.

V.

The Union of India & Others

B.P. COLABAWALLA & FIRDOSH P. POONIWALLA, JJ.

WRIT PETITION (L)NO. 11011 OF 2025

APRIL 09, 2025

Facts of the case:

1. The petitioner entered into a development agreement with L&T Asian Realty Project LLP on a revenue sharing basis.
2. The central question is whether this revenue sharing arrangement constitutes a "supply of service" under Section 7 read with Section 9 of the CGST Act and is therefore liable to GST.
3. The petitioner argues that:
    a) The arrangement is not a "supply" under GST law.
    b) It is essentially a sale of land/immovable property, which falls outside the scope of GST as per Article 246, 246A of the Constitution and Schedule III of the CGST Act.

Court's View:

1. It drew parallels to a Gujarat High Court decision, where the assignment of lease rights was held to be a transfer of immovable property, and hence not exigible to GST.
2. In this case, the petitioner goes a step further by claiming that no transfer occurred at all.
3. Even assuming a transfer exists, the court noted that it would relate to immovable property, which does not attract GST.

Judgement summary by Bombay:

1. Interim stay granted: The court restrained the tax authorities from taking any further steps based on the impugned Order-in-Original dated 02.01.2025 and Form DRC-07 dated 14.01.2025 (as per prayer clause 'd' of the petition).

~ Compiled by Ayush Shah

RBI/2025-26/26
DOR.MCS.REC.17/01.01.003/2025-26
April 21, 2025

Opening of and operation in deposit accounts of minors

The Reserve Bank of India (RBI) has revised its guidelines on the **opening and operation of deposit accounts by minors** to rationalize and harmonize existing norms:

1. **Accounts through Guardians**: Minors of any age can open and operate savings and term deposit accounts through their natural or legal guardian, including the mother.
2. **Independent Operation**: Minors aged 10 years and above may independently open and operate savings or term deposit accounts, subject to conditions set by banks based on their risk management policies.
3. **Upon Attaining Majority**: When the minor turns 18, banks must obtain new operating instructions and signature, and confirm balances for guardian-operated accounts.
4. **Additional Facilities**: Banks may provide internet banking, debit cards, cheque books, etc., to minor account holders at their discretion, considering product suitability and risk.
5. **Account Restrictions**: Minor accounts must always remain in credit; overdrafts are not permitted.
6. **KYC Compliance**: Banks must follow customer due diligence and ongoing KYC requirements per the RBI's Master Direction (2016).
7. **Implementation Deadline**: Banks must align their policies with these guidelines by **July 1, 2025**. Existing policies may continue until then.

RBI/2025-26/34
DIT.CO.No.S-106/07.71.039/2025-26

April 28, 2025

Processing of Regulatory Authorizations/ Licenses/ Approvals through PRAVAAH

The Reserve Bank of India (RBI) launched PRAVAAH (Platform for Regulatory Application, Validation And Authorization) on May 28, 2024, as a centralized, secure web-based portal for submitting applications for regulatory authorizations, licenses, and approvals. Despite receiving around 4,000 applications through PRAVAAH, some Regulated Entities continue to apply through other means. As per the April 11, 2025, press release, starting May 1, 2025, all Regulated Entities are required to use PRAVAAH for submitting such applications using the forms available on the portal.

~ Compiled by Purav Vakil

CASE LAW

Brief on Adjudication Order passed by Registrar of Companies	
Section No. **And Name**	Section 203 of the Companies Act,2013 **Appointment of KMP**
Date of Order	04th December, 2024
Name of Company	Cornerstone Properties Private Limited
Name of ROC	ROC, Bangalore, Karnataka
Brief Facts	• The Company failed to appoint a whole-time Company Secretary, violating Section 383A of the Companies Act, 1956, and Section 203 of the Act. This non-compliance occurred despite the Company's paid-up capital exceeding Rs. 2 Crore in 2007. • To rectify the situation, the Company filed a Suo-moto application on August 14, 2024. Following this, a notice of hearing was issued on October 14, 2024, and a physical hearing took place on October 24, 2024. • Advocate Gouri K Chandra, the authorized representative, attended the hearing and made submissions on behalf of the Company and its directors. • The Company and its officers have been found to be in default of Section 383A (1) of the Companies Act, 2013, which requires the appointment of a whole-time Company Secretary. • The default period spans 5479 days, specifically:

<table>
<tr><td></td><td>From September 17, 2008, to March 31, 2019, and again, from November 05, 2019 to June 30, 2024.</td></tr>
<tr><td>Reply by Company</td><td>The Company has filed a suo moto application and admits the default for violation of section 2023 of the Companies Act, 2013</td></tr>
<tr><td>Penalty</td><td>
<table>
<tr><th>Particular</th><th>Amount (Rs.)</th></tr>
<tr><td>Penalty on Company</td><td>5,00,000/-</td></tr>
<tr><td>Penalty on Director</td><td>5,00,000/- each on Four directors

20,00,000/-</td></tr>
<tr><td>Penalty on CS / KMP</td><td>95,200/-</td></tr>
<tr><td>Total Penalty</td><td>25,00,000/-</td></tr>
</table>
</td></tr>
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~ Compiled by Omkar Pawar

#HUNAR ART

~ By Vedant Gaikwad.

Daksh S. Darekar

~ By Daksh Darekar.

Allow us to tell you more!

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