

DEVMANTRA TIMES

APRIL EDITION

Issue No.49, Dated 1st April, 2025

Happy New Financial Year 2025

Kickstart Your Wealth-Building Journey
This Financial Year!



Dear Readers,

We welcome you to the Forty-Ninth edition of DevMantra Times for the month of April 2025. India's startup ecosystem continues to witness rapid growth and significant funding inflows, with government initiatives playing a crucial role in fostering innovation. From Karnataka's Elevate program selecting 101 startups for ₹25 crore in seed funding to the Union government's ₹1,000 crore allocation for space startups, the country is actively supporting emerging businesses. Meanwhile, Indian tech startups raised \$2.5 billion in Q1 2025, reflecting positive investor sentiment despite a funding slowdown in early-stage ventures. Beyond startups, the corporate and

regulatory landscape is evolving, with notable developments such as Zomato's rebranding to Eternal Ltd., NFRA's increased scrutiny on auditors, and Samsung's legal battle over a ₹5,100 crore customs demand.

Additionally, macroeconomic trends, including rising air conditioner prices and Saudi Arabia's advisory ban on PwC, are shaping business dynamics both in India and globally. Judicial and regulatory updates cover issues related to GST, income tax, and compliance matters, offering insights for businesses and taxpayers. At Aone Devmantra, we are committed to exceeding your expectations, driving innovation, and supporting you in achieving your goals.

Here's to a year filled with new

milestones, shared successes, and inspiring moments. May 2025 bring health, happiness, and prosperity to you and your loved ones. Thank you for being an essential part of our community. Together, let's make this year extraordinary!

Industry & Economic Updates India's oil imports from Russia plunge to lowest in two years

India's imports of crude oil from Russia slumped this month to the lowest level since January 2023, according to data analytics company Kpler, underlining how stringent US sanctions have disrupted supply chains. Purchases by the South Asian nation, the largest buyer of Moscow's seaborne crude in 2024, are likely to drop further in

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the next two months as the sanctions have led to a sharp cut in the fleet availability and sellers of discounted cargoes, according to a Bloomberg report published earlier this month.

India builds world's longest LPG pipeline to cut costs & deadly road accidents

India's state-run refiners will fully commission the world's longest liquefied petroleum gas pipeline by June, a key development that will sharply cut fuel transportation costs and help prevent deadly road accidents. This will be a game changer in the LPG supply chain," N. Senthil Kumar, director of pipelines at Indian Oil Corp., said in an interview. "It's like putting LPG on a conveyor belt."

India eyes increasing 20% ethanol blending in petrol, says minister Hardeep Singh Puri

Union Petroleum Minister Hardeep S Puri said on Wednesday that India is looking at increasing its target to blend ethanol with petrol to more than 20 per cent and has formed a committee under the NITI Aayog to look into this. Speaking at the Advantage Assam 2.0 investment summit in Guwahati, he noted that the country has already achieved a 19.6% ethanol blending rate. "We are considering blending more than

20% biofuel. A group under NITI Aayog has already been established to explore this possibility.

Startup Updates DeepSeek reveals theoretical margin on its AI models is 545%

Chinese artificial intelligence phenomenon DeepSeek revealed some financial numbers on Saturday, saying its "theoretical" profit margin could be more than five times costs, peeling back a layer of the secrecy that shrouds business models in the AI industry. The 20-month-old startup that rattled Silicon Valley with its innovative and inexpensive approach to building AI models, said on X its V3 and R1 models' cost of inferencing to sales during a 24-hour-period on the last day of February put profit margins at 545%.

Karnataka government selects 101 startups under Elevate, offers Rs 25 crore in seed funding

So far, since its inception, the programme under the IT-BT department has disbursed Rs 249 crore, aiding 1,084 startups. A quarter of them 25% are led by women while 30% are from regions beyond Bengaluru, the government said.

Union minister Jitendra Singh announces a Rs 1,000 crore funding scheme to boost space sector startups

The Indian government has allocated Rs 1,000 crore to support space startups, aiming to boost the sector's growth. Managed by SIDBI Venture Capital, the fund will deploy Rs 10,000 crore over five years, enhancing global competitiveness.

India's tech startups clinch \$2.5 billion funding in Q1 2025, fare better sequentially: Report

Other notable takeaways from the Tracxn report were the increase in funding for late-stage startups both sequentially and year-on-year basis, even as seed-stage startups as early-stage ventures saw total funding drop on both counts.

Food delivery giant Zomato gets regulatory nod for name change to Eternal Ltd

The company is rebranding itself for the second time. It was founded as Foodiebay in 2008 and was renamed Zomato in 2010. The move highlights its expansion from food delivery to Blinkit (quick commerce), Hyperpure (B2B food supply), and District (dining and events).

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Saudi wealth fund blocks PwC from advisory work for one year

Saudi Arabia's Public Investment Fund has stopped PwC from securing advisory and consulting contracts until February 2026. This move affects PwC's operations within the region, though auditing services remain unaffected.

NFRA's next inspection to target audit firms with large client base

The NFRA plans to focus on auditing firms with significant listed company audits, using data analytics to detect potential issues. Chairman Ajay Bhushan Prasad Pandey emphasized the need for auditors' independence and professionalism.

AC prices to give Indians the chills this summer; Blue Star likely to hike prices

As summer temperatures rise, the prices of air conditioners are set to increase by 4-5% due to volatile metal prices and supply chain disruptions. Manufacturers face challenges from logistical delays and reliance on Chinese imports, yet anticipate robust demand due to early summer onset and temperature forecasts.

Samsung weighs legal options on Rs 5,100 crore customs demand

Samsung India is exploring legal options after customs authorities demanded ₹5,100 crore in taxes and penalties for alleged evasion of duty on imported telecom equipment. The demand follows a January 2023 notice and subsequent unsatisfactory response from the company.

Xiaomi eyes settlement route for release of ₹4,704.21 cr frozen assets

Xiaomi Technology India's ₹4,704.21 crore remains held up as authorities have attached its bank accounts amid ongoing investigations. The company is open to settlement negotiations and faces multiple probes related to tax and customs compliance.

Why this Volume of Newsletter is important for reader?

Through the series of this newsletter, we aim at covering all relevant Income Tax, Goods & Service Tax and Companies Act, Start-up Update, notification, circulars and case laws which may directly or indirectly impact our readers.

At DevMantra, it is our utmost priority to help our readers to be informed with respect to the changes in relevant laws for a smoother compliance.

DevMantra was founded based on the unalterable premise of excellence, acuity, integrity and an unwavering commitment to delivery. These principles continue to form the edifice of our approach as an organization, to our clients, our professionals and our community, and this has served us well in our journey so far. This approach has allowed DevMantra to work with and advise the very best clients, both in India and internationally. We encourage our people to strive for excellence and innovation within a meritocratic working environment and support their entrepreneurial spirit. It is our consistent endeavor with our people, to ensure that they imbibe the culture of the firm and form part of the weft and weave of the fabric of DevMantra. Our core values remain the guiding principles for everything we do, and we would like to emphasize "Knowledge" as one of the fundamental beliefs which drive the success of our operations. As we keep on reiterating, Knowledge is our number one priority. We don't count time when it comes to gain any new knowledge or to reinstate the earlier one. Our clients trust our expertise and putting countless hours in keeping ourselves up to date on the subject we are advising on, deserve their trust.

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Judicial Updates

Authority should consider application of restoration of GST registration upon payment of outstanding dues by petitioner: HC

Editorial Note: When a petitioner is willing to deposit all outstanding tax dues, including interest and penalties, within a week, the competent authority should consider their application for the reversal of GST registration cancellation.

Under GST laws, cancellation of registration can significantly impact business operations, and provisions exist to allow revocation in genuine cases where the taxpayer is ready to comply with tax obligations. If the petitioner demonstrates a bona fide intent to clear dues within a stipulated time, the competent authority should exercise discretion judiciously and consider reinstating the registration.

This approach aligns with the principles of natural justice, ensuring that businesses are not unduly penalized when they show willingness to rectify non-compliance. Hence, if the petitioner fulfills the conditions by making the necessary payments, the application for revocation of GST registration cancellation should be duly considered and processed.

Limitation period for appeal against order starts from date of rejection of rectification application and not from date of original order: HC

Editorial Note: Under GST law, the limitation period for filing an appeal against an original assessment order begins from the date of rejection of the rectification application, not from the date of the original order.

As per Section 161 of the CGST Act, 2017, a taxpayer can file a rectification application for correction of errors or omissions in an order. If such a rectification application is rejected, the time limit for filing an appeal under Section 107 starts from the date of rejection, as that is when the order attains finality.

This ensures that the taxpayer is not deprived of the right to appeal while awaiting a decision on rectification. Hence, the appellate authorities should compute the appeal filing period from the rejection date of rectification, allowing the taxpayer a fair chance to challenge the order.

Central authorities can issue summons even if State authorities are in possession of the documents: HC

Editorial Note: When an assessee challenges summons issued by the CGST authorities, arguing that the documents have already been submitted to the State GST

Authority, which has passed final orders under Section 73 of the CGST Act, the issue of jurisdiction and separate proceedings arises.

A search conducted by CGST authorities is distinct and independent from assessment proceedings initiated under Sections 73 or 74 of the GST Act. While Sections 73 and 74 deal with the determination of tax liability due to non-payment, short payment, or erroneous refunds, a search operation is an enforcement action under Section 67, aimed at unearthing potential tax evasion or suppression of facts.

Since CGST and SGST authorities operate independently, the existence of a State GST assessment order does not automatically preclude a separate CGST search or investigation. Therefore, unless the summons is found to be without jurisdiction or in violation of legal principles, it cannot be interdicted (restrained) merely on the ground that the State GST authority has already taken action.

Limitation period for filing refund of unutilized ITC on export of goods to be computed from shipping date: HC

Editorial Note: Under Section 54(1) of the CGST Act, 2017, the limitation period for claiming a

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a refund of GST paid on exports is two years from the "relevant date", as defined in Explanation 2 to Section 54.

For exported goods, the "relevant date" is the date of shipping or the date on which the goods leave India. Since the statute clearly prescribes a maximum period of two years, this limitation cannot be extended beyond the prescribed timeline.

Even if delays occur due to procedural issues or department-related matters, no relaxation is provided under the law to extend this period. Therefore, exporters must file their refund claims within two years from the shipping date to avoid rejection on grounds of limitation.

Prior cancellation of GST registration does not make assessee ineligible to apply for fresh registration: HC

Editorial Note: Where the petitioner-assessee challenged the cancellation of GST registration by the respondent department, but the registration had already been suspended from 03.07.2017, it indicates that the assessee was aware of the cancellation and had ample opportunity to take corrective action.

Furthermore, Circular No. 95/14/2019-GST dated 28.03.2019 clarifies that a prior cancellation of GST registration does not bar an assessee from applying for fresh

registration. This means that even if the cancellation order is upheld, the petitioner still has the option to apply for a new registration and

continue business operations under the GST framework.

Given these circumstances, the challenge to the cancellation order may not hold merit, as the assessee retains the right to seek fresh registration under GST law.

'Month' term in GST appeals means calendar month as per General Clauses Act and not 30-day period: HC

Editorial Note: In the context of GST appeals, the term "month" refers to a calendar month as per the General Clauses Act, 1897, and not a fixed 30-day period.

As per Section 3(35) of the General Clauses Act, unless specified otherwise, a "month" means a calendar month and is calculated from a given date to the corresponding date in the following month.

Thus, for GST appeals, when the law prescribes a limitation period in "months" (e.g., three months for filing an appeal under Section 107(1) of the CGST Act), it should be interpreted as full calendar months rather than a strict 30-day computation. This distinction is important for determining the exact deadline for filing an appeal.

Services provided by way of grant of long-term lease of land shall not be treated as exempt supply: AAAR

Editorial Note: When a commercial office complex is built on land leased from a port authority for the long term and is subsequently sub-leased or rented out, the grant of long-term lease of land cannot be treated as an exempt supply under GST.

Under GST law, the exemption for long-term lease of land (typically 30 years or more) applies only in specific cases, such as leases granted for the construction of residential projects or public utilities. However, when the leased land is used for commercial purposes, such as sub-leasing or renting out office spaces, the transaction is considered a taxable supply of services rather than an exempt supply.

Thus, in this case, the long-term lease from the port authority is subject to GST, and the exemption does not apply since the land is used for commercial activities rather than for purposes covered under the exemption provisions.

Order to be set aside as ITC cannot be denied due to wrong address and GSTN in invoices: HC

Editorial Note: When an impugned order creates a

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demand against an assessee for excess Input Tax Credit (ITC) claims, but the issue arises due to an inadvertent error in the supplier's invoices, the demand may not be justified.

In this case, the supplier's invoices incorrectly mentioned the assessee's Bombay address and GSTN instead of the Delhi GSTN, leading to a mismatch in records. However, if the actual supply of goods/services was made to the Delhi entity, and all other conditions for availing ITC were met (such as payment of tax by the supplier and proper accounting in GSTR filings), then the error in address and GSTN should be considered a procedural lapse rather than a ground for denying ITC.

Since GST law emphasizes substance over form, the impugned order should be set aside, and the matter should be reconsidered in light of the actual transaction details and intent of the parties.

Withdrawal of writ allowed as assessee is willing to avail benefit of waiver of interest and penalty under Section 128(A): HC

Editorial Note: When an assessee challenges an order issued under Section 73 of the CGST Act but later seeks to withdraw the petition to avail the waiver of interest and penalty for the

period from 1st July 2017 to 31st documentation rules, making the detention and subsequent action under Section 129(3) of the CGST Act, the court should permit the withdrawal.

Since the CGST (Amendment) Act has provided relief by allowing taxpayers to settle their dues without interest and penalty, it is within the assessee's right to opt for this benefit instead of pursuing litigation. In such a case, the writ petition should be dismissed as withdrawn, enabling the assessee to proceed under the relief scheme.

Penalty upheld as goods sent for job work without mentioning descriptions on challan as required under GST Rules: HC

Editorial Note: When an assessee's goods are found at a destination different from the one mentioned in the accompanying documents, and after physical verification and detention, the assessee claims that the goods were sent for job work, compliance with Rule 55 of the CGST Rules becomes crucial.

As per Rule 55, specific details such as the nature of the movement, proper description of goods, and relevant challan information must be mentioned when goods are transported without an invoice (such as for job work). If the required descriptions were missing or incom-

plete, the movement of goods violates GST documentation rules, making the detention and subsequent action under Section 129(3) of the CGST Act legally valid.

Since the challan was incomplete and did not comply with Rule 55, there was no justification for interference in the impugned order issued under Section 129(3), which deals with detention, seizure, and release of goods in transit.

INCOME TAX Regulatory Updates

Issuance of shares at a discount isn't short receipt of capital; eligible deduction u/s 37: ITAT

Editorial Note: The issuance of shares at a discount can be considered an expenditure incurred for the purposes of Section 37(1) of the Income Tax Act. This is because the primary objective of issuing discounted shares is not to cause a loss of capital or to waste financial resources but rather to generate long-term business benefits.

In this case, the company offers shares to its employees at a discounted rate as a part of an employee stock option plan (ESOP) or a similar incentive scheme. The rationale behind such an exercise is to ensure the continued and dedicated services of employees, which ultimately

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contributes to the company's profitability and growth. By offering shares at a discount, the company aims to enhance employee motivation, loyalty, and retention, leading to better productivity and efficiency.

Since the expenditure incurred through the discount on shares directly contributes to securing and sustaining business operations, it qualifies as a legitimate business expense under Section 37(1). This section allows the deduction of any expenditure incurred wholly and exclusively for business purposes, provided it is not in the nature of capital expenditure or personal expenses. Therefore, the discount on shares issued to employees is not considered a gratuitous expense but a strategic move to foster long-term gains and profitability.

No specific requirement for auditor to observe admissibility of exp. in audit report: ITAT

Editorial Note: When an employer deposits employees' contributions toward Provident Fund (PF) and Employees' State Insurance Corporation (ESIC) beyond the due date specified under the respective Acts, such contributions are treated as the employer's income under Section 2(24)(x) of the Income Tax Act. While these amounts can be deducted under Section 36(1)(-

va), the deduction is allowed only if the contributions are deposited within the statutory due date prescribed by the relevant Acts. If deposited late, the deduction is disallowed, even if the payment is made before the due date for filing the income tax return. The Supreme Court ruling in Checkmate Services (P) Ltd. vs. CIT (2022) reaffirmed this position, clarifying that employees' contributions are distinct from the employer's contributions, which are governed by Section 43B and eligible for deduction if paid before the return filing due date. Hence, delayed deposit of employees' PF and ESIC contributions leads to an increase in taxable income, as no deduction is permitted under Section 36(1)(-

AO can't treat turnover of firm running nursing home as professional income if doctors declared fees in their ITRs: ITAT

Editorial Note: When an assessee-firm operates a nursing home, the income generated from doctors' fees should not be included in the firm's professional income if the respective doctors have separately declared their earnings in their individual tax returns. In such a case, the turnover of the nursing home should not be classified as professional income, especially when the

remaining receipts from the nursing home have already been treated as business income. If the Assessing Officer (AO) attempts to make an addition on account of undisclosed income, such an action would be unwarranted, particularly when the net profit rate applied to the business income has already been accepted. Since the firm's earnings are derived from running the nursing home rather than directly rendering professional medical services, the classification of income should align with business income rather than professional income. Therefore, any addition made by the AO without substantive evidence of undisclosed income would not be justified.

Penalty proceedings require satisfaction recording in assessment order for sec. 269T violation: ITAT

Editorial Note: When the Assessing Officer (AO) imposes a penalty under Section 271E for violating Section 269T—which prohibits repayment of certain loans or deposits in cash beyond the prescribed limit—it is essential that the AO records satisfaction in the assessment order stating that the case warrants penalty proceedings. If the AO fails to explicitly mention such satisfaction in the assessment order, the penalty imposed under Section 271E lacks legal validity. In such a

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scenario, the penalty order deserves to be set aside, as held in various judicial rulings emphasizing that penalty proceedings must be initiated only after due satisfaction is recorded in the assessment stage. The absence of such satisfaction renders the penalty unsustainable in law.

Recording separate satisfaction note is sine qua non before initiating action u/s 153C: HC

Editorial Note: When proceedings under Section 153C are initiated against an assessee company based on a search conducted at the premises of its chairman, the Assessing Officer (AO) must record separate satisfaction that the documents seized from the searched person (the chairman) actually belong to the assessee (i.e., the "other person"). If such a satisfaction is not recorded, the entire proceedings under Section 153C become void ab initio. The law mandates that before initiating proceedings against a person other than the searched individual, the AO must establish a clear nexus between the seized documents and the assessee. Failure to do so renders the proceedings legally unsustainable, as reaffirmed in multiple judicial rulings emphasizing strict compliance with procedural requirements under Section 153C.

Directors cannot be discharged from TDS remittance offence if they were principal officers as per Sec. 2(35): HC

Editorial Note: When a complaint specifically states that the accused were at the helm of affairs of the company, responsible for its business conduct, and actively connected with its management and administration, they are deemed principal officers under tax laws. If such individuals fail to ensure the remittance of Tax Deducted at Source (TDS) to the Central Government, they can be held liable for the offense. In such a case, if the Trial Court discharges them without properly considering their role and responsibility, it amounts to an error in law. The law imposes a duty on key managerial personnel to ensure statutory tax compliance, and any failure in this regard can attract penal consequences. Therefore, the discharge of the accused in such circumstances is legally unjustified.

No concealment penalty for income additions made on estimation after rejecting books of account: ITAT

Editorial Note: When the Assessing Officer (AO) makes additions to an assessee's income by applying an estimated net profit (NP) rate on gross receipts after rejecting the books of account, such an addition is

based on estimation rather than concrete evidence of concealment or inaccurate particulars of income. In such cases, the imposition of penalty under Section 271(1)(c) for concealment of income or furnishing inaccurate particulars is not justified. Courts have consistently held that penalty cannot be sustained when income is determined on an estimated basis, as estimation inherently involves discretion and approximation rather than a direct finding of wrongdoing. Therefore, unless there is specific evidence of deliberate concealment, the penalty under Section 271(1)(c) is unwarranted.

Sale deed executed by general power of attorney holder after death of original owner was invalid: SC

Editorial Note: When the original owner of an immovable property executes a General Power of Attorney (POA) and an agreement to sell in favor of another person, but these documents are not registered, the legal validity of the transferee's claim over the property becomes questionable. Even though the POA and agreement to sell are contemporaneous documents executed by the same owner in favor of the same beneficiary, their non-registration under Section 17(1)(b) of the Registration Act, 1908 makes them legally insufficient to confer own-

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ership rights.

Under Section 17(1)(b) of the Registration Act, any contract for the sale of immovable property that creates an interest or right in the property must be registered to be legally enforceable. In the absence of such registration, the holder of the POA cannot claim a valid right, title, or interest in the property, as an unregistered document does not transfer ownership. Therefore, the claim of ownership based solely on an unregistered POA and agreement to sell would not hold legal standing.

Demerger isn't valid if only assets are transferred while keeping all liabilities with assessee: ITAT

Editorial Note: When an assessee-company claims the transfer of its treasury unit as a demerger, it must fulfill the conditions laid out under Section 2(19AA) of the Income Tax Act, which mandates that both assets and liabilities of the undertaking must be transferred. In this case, since the assessee transferred only the assets of the treasury unit while retaining its liabilities, the transaction does not qualify as a demerger under tax laws. A valid demerger requires a proportionate transfer of both assets and liabilities to the resulting entity. Given that the statutory conditions were not met, the

Revenue authorities correctly treated the transaction as a transfer of capital assets, making it taxable under the head "Income from Capital Gains." The mere label of "demerger" does not change the nature of the transaction if the fundamental legal requirements are not satisfied. Therefore, the taxation of the transaction as capital gains was justified.

No prosecution for non-disclosure of foreign assets in ITR if it occurred before enactment of Black Money Act: HC

Editorial Note: When the Revenue initiated criminal prosecution under Section 72 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (BMI Act) against petitioners for allegedly failing to disclose beneficial ownership of foreign assets in their tax returns for the assessment years 2007-08 and 2009-10, a key constitutional issue arose. Since the alleged non-disclosure occurred five years before the BMI Act came into force (i.e., before 2015), the prosecution violated Article 20(1) of the Constitution of India, which prohibits the application of ex post facto laws in criminal cases. Article 20(1) states that no person shall be convicted of any offense except for a violation of a law in force at the time of the

commission of the act charged as an offense. Since the Black Money Act was enacted in 2015, it cannot retrospectively criminalize acts committed before its enforcement. Consequently, the prosecution initiated under Section 72 of the BMI Act is legally unsustainable and cannot stand the test of constitutional validity.

Wife couldn't be held liable for business dealings conducted by Co. in which her deceased husband was director: ITAT

Editorial Note: When a company violates the provisions of Section 269SS (prohibiting acceptance of loans or deposits in cash beyond a certain limit) or Section 269ST (restricting cash transactions exceeding the prescribed limit), the liability for such violations falls on the company and its responsible officers, such as directors or key managerial personnel. In this case, the assessee was neither a shareholder nor a director in the company, and the alleged violations were committed by a company in which her deceased husband was a director.

The Revenue's attempt to impose liability on the assessee for the business dealings of the company, merely because of her relation to the deceased director, is neither legally permissible nor justified. Under corporate law, a

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company is treated as a separate legal entity, and liability does not automatically transfer to family members unless they held an official position in the company or directly benefited from the transactions. Therefore, fastening such liability on the assessee without any legal basis would be unjust and unsustainable in law.

Section 167B not applicable to charitable trust if it was carrying out charitable activity as per trust deed: ITAT

Editorial Note: When an assessee is a charitable trust engaged in activities as per its trust deed, the provisions of Section 167B of the Income Tax Act, which prescribes Maximum Marginal Rate (MMR) taxation for entities where the shares of beneficiaries are indeterminate or unknown, do not apply.

A charitable trust operates for public benefit and is governed by Section 11 and Section 12 of the Income Tax Act, which provide tax exemptions if the trust complies with the prescribed conditions. Since such a trust does not have identifiable beneficiaries with determinable shares, but instead works for charitable purposes, it is not comparable to an association of persons (AOP) or a private discretionary trust, to which Section 167B applies.

Therefore, the income of the charitable trust would be

chargeable to tax at normal rates applicable to trusts and not at the Maximum Marginal Rate (MMR) under Section 167B.

AO can't disallow commission payment for failure to produce parties if assessee filed their confirmation: ITAT

Editorial Note: When an assessee makes commission payments to certain parties, and the Assessing Officer (AO) disallows the expense solely on the ground that the assessee failed to produce those parties for examination, such disallowance is unjustified if the assessee has provided sufficient documentary evidence. In this case, the assessee had already furnished the names, addresses, copies of accounts, and confirmation statements from all the parties to whom the commission was paid.

Once the assessee has provided prima facie evidence to substantiate the payments, the onus shifts to the AO to conduct further verification or summon the parties under Section 131 or 133(6) of the Income Tax Act. A mere failure to produce the parties in person cannot be the sole basis for disallowance when supporting documents have been submitted. Therefore, the impugned disallowance of commission expenses should be deleted, as it lacks legal merit.

CIT(E) cannot reject trust's application for sec. 80G approval with valid registration under sec.12AB: ITAT

Editorial Note: Approval under Section 80G of the Income Tax Act cannot be denied if the assessee already holds a valid registration under Section 12AB, as both provisions serve interconnected purposes. Section 12AB governs the registration of charitable or religious trusts, ensuring that the entity operates for genuine charitable purposes. Section 80G, on the other hand, provides deduction benefits to donors contributing to such registered entities.

Since the conditions under Section 80G(5) largely overlap with the compliance requirements of Section 12AB, fulfilling the technical requirements of Section 12AB automatically implies compliance with Section 80G(5). Therefore, once a trust has been granted Section 12AB registration, its eligibility for Section 80G approval should be presumed, barring any specific reasons for denial. Arbitrary rejection of 80G approval despite valid 12AB registration would be unjustified and contrary to the intent of the law.

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NFAC has no jurisdiction to initiate further proceedings in respect of issues that were remanded by Tribunal: HC

Editorial Note: Where the Tribunal remanded the issue of disallowance under Section 14A to the Assessing Officer (JAO) for fresh consideration, and the JAO subsequently passed an order to give effect to the Tribunal's directions, the key question arises regarding the continuation of assessment proceedings. Once the JAO completes the assessment and passes an order, there is no specific provision under the Income Tax Act allowing for the continuation of assessment proceedings beyond that stage.

If the JAO were to take further action without statutory backing, such action would be beyond jurisdiction and legally untenable. The Tribunal's remand directions may require fresh examination, but once the JAO concludes the reassessment and passes an order, the assessment cannot be kept open indefinitely unless a specific provision under the Act permits further revision or rectification. Therefore, any subsequent action beyond the final assessment order would lack legal validity.

Fifth Proviso to Sec. 32(1) restricting aggregate deduction of dep. is applicable only in year of succession: HC

Editorial Note: When an assessee claimed depreciation on goodwill for assessment years 2015-16 and 2016-17, and the Tribunal disallowed it solely based on the Fifth Proviso to Section 32(1), the disallowance was incorrect if the Proviso was only applicable to the year of succession (AY 2014-15).

The Fifth Proviso to Section 32(1) states that in the year of succession, amalgamation, or demerger, depreciation shall be apportioned between the predecessor and successor entities. However, this Proviso does not govern subsequent assessment years beyond the year of succession. Since the assessee's claim for depreciation on goodwill pertained to AYs 2015-16 and 2016-17, the Tribunal's reliance on this Proviso was misplaced and legally unsustainable.

Therefore, the Tribunal's order should be set aside, and the matter should be remitted back for reconsideration, ensuring that depreciation on goodwill is evaluated independently of the inapplicable Fifth Proviso.

Seller isn't required to verify Form 27C; not liable to collect TCS if buyer provides false declaration: HC

Editorial Note: In the context of Form 27C under the Income Tax Act, the declarant is the purchaser/buyer and not the seller. Form 27C is a declaration made by the buyer stating that the goods purchased are not meant for trading but for manufacturing, processing, or producing articles or things, thereby seeking exemption from Tax Collection at Source (TCS) under Section 206C.

Since the buyer is responsible for submitting Form 27C, the seller is required to accept it without conducting independent verification. The seller's duty is limited to collecting and submitting the form to the income tax authorities within the prescribed time. If any buyer submits a false declaration, the responsibility for such misrepresentation rests solely with the buyer, and the seller should not be held liable for the buyer's false statement. The tax authorities, if needed, may take action against the buyer for any fraudulent declaration, but the seller cannot be penalized for relying on a duly submitted Form 27C.



TAX



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Assessee entitled to interest on refund till same was paid to him even if delay was on his part to validate bank a/c: HC

Editorial Note: When an assessee opts for the Direct Tax Vivad Se Vishwas (DTVSV) Scheme, 2020, and a refund is sanctioned by the Jurisdictional Assessing Officer (JAO) through an order giving effect, the assessee is entitled to interest on the refund amount until it is actually paid.

The payment of interest on refunds is governed by Section 244A of the Income Tax Act, which mandates that the assessee shall receive interest on the refund amount from the relevant date until the refund is granted. In such cases, the question of whether the delay was due to the assessee's failure to validate the bank account or the Revenue's negligence in releasing the refund is immaterial. The right to interest on delayed refunds is absolute, and the Revenue cannot deny it based on procedural lapses.

Therefore, the assessee is

entitled to interest on the refund from the due date until the date of actual payment, irrespective of the cause of delay.

CORPORATE LAW UPDATES Limitation period for appointing an arbitrator starts after a valid notice is issued & the other party fails to appoint

Editorial Note: Limitation period for filing an application seeking appointment of arbitrator commences only after a valid notice invoking arbitration has been issued by one of parties to other party and there has been either a failure or refusal on part of other party to make an appointment as per appointment procedure agreed upon between parties

SEBI proposes allowing AOPs to hold units of MFs, corporate bonds and govt. securities in their own demat accounts

Editorial Note: SEBI has proposed allowing associations of persons (AOPs) to hold units of mutual funds (MFs), corporate bonds and government securities

in their own demat accounts.

This would encourage dematerialisation of securities held in physical form. In the case of AOP, the beneficiary owner (BO) account can be in the name of AOP and securities (other than equity shares) can be held in its own name. Further, the demat account must not be used for subscribing/holding equity shares.

ICSI caps signing of Annual Returns by practicing Company Secretaries to 75 companies annually w.e.f. F.Y. 2025

Editorial Note: ICSI's Council, in its 312th meeting, introduced a ceiling on the number of Annual Returns (MGT-7) that a Company Secretary (CS) in Practice can sign. A CS can sign for up to 75 companies per financial year, while a Peer Reviewed CS can sign for up to 125 companies, effective from FY 2025. Also, it has been advised that the CS in practice shall observe mandatory compliance with the ICSI Unique Document Identification Number (UDIN) Guidelines, 2019.



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Tax Compliance Calendar for April 2025

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
1 ST April	January 2025 to March 2025	Give notice of Board Meeting to consider prescribed matters	The company shall give an advance notice of atleast 5 working days for Financial Results; in case of other matters as stated in Regulation 29(1)(b) to (f) – two working days in advance (Excluding the date of the intimation and date of the meeting) to the Stock Exchange. Outcome of the Board meeting is to be informed to the exchange within 30 minutes of the conclusion of Board Meeting.
		Hold Board Meeting for quarter April to June	Section 173 provides for holding at least four board meetings in a year in such manner that not more than 120 days shall intervene between two board meetings. Regulation 17(2) of SEBI (LODR) Regulations, 2015 provides for holding at least one board meeting in a quarter with the stipulation that maximum time between two board meetings should not exceed four months.
11 TH April		GSTR-1 (Outward supply return)	Every regular taxable person who is required to furnish details of outward supply every month, is required to furnish monthly statement of outward supply for the month of March, 2025.
15 th April	January 2025 to March 2025	File Corporate Governance Report for the quarter ended 31-3-2025	To be submitted within fifteen days from the close of quarter.
20 th April		GSTR-3B (Summary return)	A regular taxpayer having aggregate turnover more than Rs. 5 crore in the preceding financial year is required to make payment of tax and furnish monthly return for the month of March, 2025.
22 nd April		Monthly Return	A regular taxpayer having an aggregate turnover of upto Rs. 5 crore in the previous financial year, whose principal place of business is in category A States, is required to make payment of tax and furnish monthly return for the month of March, 2025
30 th April		Deposit of TDS	Tax deducted on amount credited or paid by deductors other than Government authorities in the month of March 2025

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CELEBRATING 17 YEARS OF DEV MANTRA FINANCIAL SERVICES PVT. LTD. A JOURNEY OF EXCELLENCE AND GROWTH



Seventeen years ago, on **February 29, 2008**, Dev Mantra Financial Services Pvt. Ltd. was founded with a clear vision, to empower businesses with **strategic insights, scalable growth solutions, and financial expertise**. As a leap year company, we celebrate this milestone on **March 1, 2025**, marking **17 years of innovation, resilience, and success**.

From humble beginnings, Dev Mantra has grown into a trusted financial partner, delivering **comprehensive financial advisory, investment strategies, and business consulting services** to clients across diverse industries. Our journey has been defined by a **commitment to excellence, client-centric solutions, and the ability to adapt to an ever-evolving financial landscape**.

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Over the years, we have navigated market shifts, embraced emerging opportunities, and strengthened our expertise to provide **tailored financial solutions that drive sustainable growth**. Our success is built on the trust of our clients, the dedication of our team, and the strong relationships we have fostered along the way.

As we celebrate this remarkable milestone, we extend our heartfelt gratitude to our **clients, partners, and employees** for their unwavering support. Looking ahead, we remain committed to innovation, integrity, and delivering **exceptional financial services** that help businesses and individuals achieve their goals.

Here's to **17 years of excellence**, and many more to come!

