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CBIC Warns Against Fake GST Summons: Verify DIN to Avoid Fraud

Press release | Dated: 24th Jan, 2025

The Central Board of Indirect Taxes and Customs (CBIC) has issued a warning to taxpayers regarding fraudulent summons being circulated by individuals posing as GST officials. These fake summons, which closely resemble genuine communications, are being used to deceive taxpayers. To combat this, the CBIC has urged taxpayers to verify the authenticity of any communication using the 'VERIFY CBIC-DIN' window on the CBIC website.

Top Trends

- Global Inflation Cooling: Inflation rates are declining in major economies, but central banks remain cautious about declaring victory.
- Interest Rate Peaks: Major central banks (Fed, ECB, BoE) are nearing the end of their rate-hiking cycles, with potential cuts expected in 2024.

Top Trends

- Budget 2025 Highlights: The new tax slabs announced in Budget 2025 have made headlines, with strategies like investing in specific instruments allowing up to ₹12 lakh to become tax-free. This has sparked discussions on tax planning and savings.
- Market Volatility: Indian markets ended flat amid high volatility, with sectors like realty, auto, and FMCG receiving a significant boost from the Budget announcements. Investors are closely watching these sectors for potential gains.
- Gold and Silver Rates: On February 1, 2025, gold and silver prices rose in India, with 22k and 24k gold rates seeing an uptick. The Budget day influenced bullion rates, making precious metals a focal point for investors

Key Highlights:

1. Fraudulent Summons:

- Fraudsters are sending fake summons to taxpayers, using the CBIC logo and fake Document Identification Numbers (DIN) to make them appear genuine.
- These summons may target taxpayers who are not under investigation by the Directorate General of GST Intelligence (DGGI) or other CBIC offices.

2.Verification of Communications:

- Taxpayers can verify the authenticity of any communication (summons, notices, or letters) by using the 'VERIFY CBIC-DIN' window on the CBIC website:
- Verify CBIC-DIN.
- If the DIN is invalid or the communication is found to be fake, taxpayers should immediately report it to the concerned DGGI/CGST office.

3.Reporting Fraud:

- Reporting fake communications will enable authorities to take law enforcement action against the fraudsters.
- The CBIC has reiterated its commitment to protecting taxpayers from such fraudulent activities.

4.Background:

- The CBIC had earlier issued Circular No. 122/41/2019-GST on November 5, 2019, mandating the use of DIN for all communications by CBIC officers to ensure transparency and authenticity.

Official Notification Link:
For detailed information, refer to the official notification:
1.Verify CBIC-DIN:
https://esanchar.cbic.gov.in/DIN/DINSearch
2.CBIC Circular No. 122/41/2019-GST:
https://pib.gov.in/PressReleasePage.aspx?PRID=2095881

CBDT Extends Deadline for Direct Tax Vivad Se Vishwas Scheme, 2024

CBDT Circular no. 20/2024 | Dated: 24 Jan 2025

The Central Board of Direct Taxes (CBDT) has issued Circular No. 20/2024 on December 30, 2024, extending the due date for determining the amount payable under Column (3) of Table specified in Section 90 of the Direct Tax Vivad Se Vishwas Scheme, 2024. The original deadline of December 31, 2024, has now been extended to January 31, 2025.

This extension provides taxpayers with additional time to calculate and settle their dues under the scheme, ensuring smoother compliance and reducing last-minute hassles.

Key Highlights:

- Extended Deadline: The due date for determining the payable amount under the scheme is now January 31, 2025.
- Applicability: This extension applies to taxpayers who are resolving disputes under the Direct Tax Vivad Se Vishwas Scheme, 2024.
- Purpose: The move aims to facilitate taxpayers in meeting their obligations without undue pressure.
- Official Document Link:
- For more details, refer to the official circular:

PDF CBDT Circular No. 20/2024

Presumptive Taxation Regime for Non-Resident Cruise Ship Operators

CBDT Notification No. 9/2025 | Dated: 21 Jan 2025

In a move to boost investment and employment in the maritime sector, the Central Board of Direct Taxes (CBDT) has notified amendments to the Income-tax Rules, 1962. These amendments introduce a presumptive taxation regime for non-resident cruise ship operators, as provided under the Finance (No. 2) Act, 2024. The new rules also offer exemptions for foreign companies earning income from lease rentals of cruise ships under specific conditions.

Key Highlights of the Amendment:

- **Presumptive Taxation Regime:** Non-resident cruise ship operators can now avail of a simplified tax regime, subject to certain conditions.

- **Exemption for Lease Rentals:** Income earned by foreign companies from lease rentals of cruise ships to related companies operating in India is exempt from taxation.

- **Conditions for Eligibility:** A cruise ship must carry over 200 passengers or be at least 75m long, with dining and cabin facilities. It should operate scheduled voyages, touching two Indian ports or the same port twice, solely for passenger transport, following tourism or shipping guidelines.

Top Trends

- Microfinance Relief: The government is considering a One-Time Settlement (OTS) option to reduce Microfinance Institution (MFI) loan dues, aiming to provide relief to borrowers struggling with repayments
- Stocks to Watch: Key stocks like Hero MotorCorp, Sun Pharma, ONGC, ITC, Marico, and Vedanta are in focus on February 1, 2025, due to their performance and potential impact from Budget-related policies.
- Tax Slabs Decoded: The new tax regime under Budget 2025 has introduced revised slabs, offering taxpayers more flexibility and opportunities to optimize their tax liabilities.
- Bullion Market Trends: The rise in gold and silver prices on Budget day reflects the market's reaction to fiscal policies and global economic cues, making precious metals a key asset class.
- Robo-Advisors Surge: Automated investing grows due to low fees & personalization.

Top Trends

- Sectoral Performance: Auto and FMCG stocks gained traction post-Budget, driven by favorable policies and increased consumer spending expectations.
- MFI Loan Relief: The proposed OTS scheme for MFI loans could ease the financial burden on low-income borrowers, aligning with the government's focus on financial inclusion.
- Investor Focus: Stocks like Sun Pharma, ITC, and Vedanta are under the radar due to their strong fundamentals and potential to benefit from Budget-driven sectoral boosts.
- Central Bank Digital Currencies (CBDCs): Countries like China, the EU, and India are accelerating CBDC trials, reshaping the future of digital payments and monetary policy.

Official Notification Link:
For detailed information, refer to the official notification:
CBDT Notification No. 9/2025

CBDT Issues Guidance on Principal Purpose Test (PPT) Under India's Double Taxation Avoidance Agreements (DTAAs)

CCBDT Circular no. 1/2025 | Dated: 21st January, 2025

The Central Board of Direct Taxes (CBDT) has released Circular No. 1/2025 on January 21, 2025, providing detailed guidance on the application of the Principal Purpose Test (PPT) under India's Double Taxation Avoidance Agreements (DTAAs). This circular aims to clarify the implementation of the PPT, which is a key provision introduced to prevent tax treaty abuse under the Multilateral Instrument (MLI).

Key Highlights:

- **Principal Purpose Test (PPT):** Denies tax treaty benefits if a key purpose of a transaction is to gain tax advantages rather than genuine business reasons.
- **Application of PPT:** Tax authorities assess if a transaction's main purpose is tax benefits under a DTAA by evaluating its substance and intent.
- **Guidance for Taxpayers:** Transactions must have a genuine business purpose, with proper documentation to justify commercial rationale and avoid treaty benefit denial.
- **Impact on DTAAs:** Applies to DTAAs modified by the MLI, aligning with global BEPS efforts to ensure fair taxation.

Official Circular Link:
For detailed guidance, refer to the official circular:
CBDT Circular No. 1/2025

ICAI Introduces Aggregation of LLPs Guidelines 2024

Circular no. 1-CACAF/LLP-F/2025 | Dated: 23rd January, 2025

The Institute of Chartered Accountants of India (ICAI) has introduced the Aggregation of LLPs Guidelines 2024, effective from January 23, 2025. These guidelines aim to streamline the formation and governance of Limited Liability Partnerships (LLPs) by practicing Chartered Accountants (CAs).

Key Highlights:

- **Eligibility Criteria:** LLPs with more than 50% of partners as practicing CAs can form a Parent LLP or Partner LLP.
- **Governance & Compliance**: All LLPs must adhere to the Chartered Accountants Act, 1949, LLP Act, 2008, and ICAI guidelines.
- **Naming & Registration:** New LLPs must follow ICAI's naming conventions and register under these guidelines.
- **Board of Management:** Parent LLPs will have a structured board to oversee governance, audits, and compliance.
- **Profit Sharing & Collaboration:** LLPs can pool resources, maintain uniform policies, and share work among partners.
- **Exit & Reconstitution:** Defined processes ensure smooth transition, dispute resolution, and regulatory compliance. ICAI's initiative strengthens professional collaboration while ensuring legal and ethical compliance within LLP structures.

- **For official details, refer to the ICAI notification:**

PDF No. 1-CACAF/LLP-F/2025

Top Trends

- Green Bonds Surge: Global issuance of green bonds has hit record highs as investors prioritize ESG (Environmental, Social, Governance) investments.
- Inflation Hedge Strategies: With inflation persisting in many economies, investors are turning to commodities, real estate, and TIPS (Treasury Inflation-Protected Securities).
- Rise of Decentralized Finance (DeFi): DeFi platforms are gaining traction, offering alternatives to traditional banking services like lending and borrowing.
- Private Equity Boom: Private equity firms are raising record funds, targeting tech startups, healthcare, and renewable energy sectors.
- Fractional Investing: Small investors access high-value stocks via fractional shares.

Top Trends

- SPACs Cooling Off: After a frenzy in 2021-2022, Special Purpose Acquisition Companies (SPACs) are facing regulatory scrutiny and declining investor interest.
- AI in Financial Services: Banks and fintech firms are leveraging AI for fraud detection, credit scoring, and personalized financial advice.
- Geopolitical Risks Impacting Markets: Tensions in the Middle East and Eastern Europe are causing volatility in oil prices and global equity markets.
- Cryptocurrency Regulation: Governments worldwide are introducing stricter regulations for crypto exchanges and transactions to curb money laundering and tax evasion.
- Retail Trading Boom: Apps like Robinhood, Zerodha fuel retail investor surge.

Smt. Vimla Tripathi v. ITO

Case Law | Court: Income Tax Appellate Tribunal (ITAT), Lucknow Bench | Case No. :IT Appeal No. 310 (LKW) | Date: December 31, 2024

In a significant ruling, the Income Tax Appellate Tribunal (ITAT), Lucknow Bench, has held that the provisions of Section 56(2)(viib) of the Income Tax Act, 1961, do not apply to transactions carried out in the Financial Year 2012-13. The case involved the purchase of agricultural land by the assessee, Smt. Vimla Tripathi, on August 1, 2012, which the Assessing Officer (AO) had sought to tax under the amended provisions of Section 56(2)(vii)(b)(ii).

Key Highlights of the Case:

- **Transaction Details:** Assessee and another individual bought agricultural land on Aug 1, 2012, for ₹12 lakhs, while its stamp duty value was ₹71.30 lakhs. AO added ₹29.65 lakhs as deemed income under Section 56(2)(vii)(b)(ii).
- **Assessee's Argument:** Claimed Section 56(2)(vii)(b)(ii) was effective from Apr 1, 2014, so it didn't apply to FY 2012-13. Also argued the transaction wasn't without consideration, as ₹6 lakhs was paid.
- **ITAT's Ruling:** Ruled that pre-amendment provisions applied to FY 2012-13, and AO wrongly applied the law. ₹29.65 lakhs addition was deleted, and appeal was partly allowed in favor of the assessee.

Ankur Bansal v. DCIT Circle-1

Case Law | Court: Income Tax Appellate Tribunal (ITAT), Raipur Bench | Case No. : IT Appeal No. 344 (RPR) of 2024 | Date : October 24, 2024

In a recent ruling, the Income Tax Appellate Tribunal (ITAT), Raipur Bench, held that no additions under Section 68 of the Income Tax Act, 1961, can be made if the capital balance in the personal balance sheet of an assessee matches the balance in the proprietary business balance sheet. The case involved Ankur Bansal, a transporter, who maintained separate balance sheets for his personal finances and his proprietary concern, M/s Tanvi Roadways

Key Highlights of the Case:

- **Background:** Assessee filed AY 2018-19 return with ₹97.46 lakhs income. AO found discrepancies in the capital balance and added ₹1.61 crores as unexplained cash credit under Section 68 due to consolidation errors in personal and business balance sheets.

- **Assessee's Argument:** Claimed the discrepancy was a clerical error, as his personal capital balance (₹6.72 crores) already included ₹1.61 crores from his proprietary concern. Asserted it was revenue-neutral with no impact on taxable income.

- **ITAT's Ruling:** Accepted the explanation, citing AS-21, which mandates eliminating common amounts in consolidated statements. As the error didn't affect taxable income, the Section 68 addition was deleted.

Key Takeaways:

- **Importance of Accurate Consolidation:** Taxpayers must ensure that common amounts are eliminated while consolidating personal and business balance sheets to avoid discrepancies.

- **Clerical Errors:** Genuine clerical errors, especially those that are revenue-neutral, should not result in tax additions if properly explained.

- **Accounting Standards:** Compliance with accounting standards like AS-21 is crucial for presenting a true and fair view of financial statements

Chamber of Tax Consultants v. Director General of Income Tax (Systems)

Case Law | Court: Bombay High Court Bench | Case No. : Public Interest Litigation (L) No. 32465 of 2024 |
Date : January 24, 2025

In a landmark judgment, the Bombay High Court has directed the Central Board of Direct Taxes (CBDT) to allow taxpayers to claim rebate under Section 87A of the Income Tax Act, 1961, even if they opt for the new tax regime under Section 115BAC. The court held that the revenue authorities cannot unilaterally modify the e-filing utility to prevent taxpayers from making such claims, especially when the issue is highly debatable.

Top Trends

- Sustainable Investing: ESG funds are attracting record inflows, with investors focusing on companies with strong sustainability practices.
- Tech Stock Resurgence: After a slump in 2022, big tech stocks like Apple, Microsoft, and Nvidia are rebounding due to strong earnings and AI-driven growth.
- Emerging Markets Outperformance: Countries like India, Vietnam, and Indonesia are seeing strong equity market performance due to robust economic growth.
- Energy Sector Volatility: Oil and gas stocks are fluctuating amid OPEC+ production cuts and the transition to renewable energy.
- Healthcare Sector Growth: Biotech and pharmaceutical companies are thriving due to increased R&D spending and aging populations.

Top Trends

- EV Stocks in Focus: Electric vehicle manufacturers like Tesla, BYD, and Rivian are gaining attention as governments push for cleaner transportation.
- IPO Market Recovery: After a slow 2023, the IPO market is showing signs of revival, with several high-profile listings expected in 2024.
- Dividend Stocks in Demand: Investors are shifting to dividend-paying stocks for stable returns amid market uncertainty.
- Small-Cap Rally: Small-cap stocks are outperforming large-caps in some regions, driven by domestic economic recovery and investor optimism.
- Alternative Investments: Investors hedge risk with art, wine, & collectibles.

Key Highlights of the Case:

- **Background:** The Chamber of Tax Consultants filed a PIL challenging the CBDT's modification to the e-filing utility, which, from July 5, 2024, barred taxpayers from claiming the Section 87A rebate under the new tax regime, even if eligible, arguing the rebate should apply to both Section 115BAC and other provisions of Chapter XII of the Income Tax Act.

- **Court's Observations:** The court found the applicability of Section 87A debatable, stating revenue authorities cannot unilaterally interpret the law to block claims, and taxpayers have the right to make claims, with validity determined during assessment or appeals.

- **Key Rulings:** The court ruled the e-filing utility cannot restrict Section 87A claims, directed the CBDT to modify it for 2024-25 and beyond, and clarified claim eligibility would be verified during assessment.

Key Takeaways:

- **Taxpayer Rights:** Taxpayers have the right to make claims based on their interpretation of the law, and the revenue authorities cannot unilaterally restrict such claims.

- **Debatable Issues:** When the interpretation of a provision is debatable, the revenue authorities must allow taxpayers to make claims and resolve the issue through the assessment or appeal process.

- **E-filing Utility:** The e-filing utility should facilitate tax compliance and not restrict taxpayers from making legitimate claims.

Authority for Advance Rulings (Income-tax) v. Tiger Global International II Holdings

Case Law | Court: Supreme Court of India | Case No. : SLP (Civil) Diary No. 1251 of 2025 | Date : January 24, 2025

In a significant development, the Supreme Court of India has stayed the operation of a Delhi High Court ruling that allowed Tiger Global International II Holdings, a Mauritius-based company, to claim tax exemption on capital gains arising from the sale of shares of Flipkart Singapore. The High Court had ruled that the transaction was grandfathered under Article 13(3A) of the India-Mauritius Double Taxation Avoidance Agreement (DTAA). However, the Supreme Court found that the issues raised in the Special Leave Petition (SLP) filed by the revenue authorities required thorough consideration, and thus stayed the High Court's ruling pending its final decision.

Key Highlights of the Case:

- **Background:** Tiger Global International II Holdings, a Mauritius-based company, acquired shares of Flipkart Singapore between October 2011 and April 2015 and later transferred its shareholding to a Luxembourg entity. While the AAR denied its claim for tax exemption on capital gains, the Delhi High Court overturned this, ruling the transaction was grandfathered under Article 13(3A) of the India-Mauritius DTAA.
- **High Court's Ruling:** The High Court held that the company had economic substance in Mauritius, evidenced by significant expenses, liabilities, and shareholders' equity, and ruled that the Limitation of Benefits (LOB) clause under Article 27A did not apply as it was not a puppet of the Tiger Global Group. It also clarified that Article 13(3B), prescribing tax rates for shares acquired after April 1, 2017, did not apply to shares acquired earlier, making the transaction exempt under Article 13(3A).
- **Supreme Court's Interim Order:** The Supreme Court stayed the High Court's ruling, noting the issues in the SLP required thorough consideration, issued a notice to Tiger Global International II Holdings, and scheduled the next hearing for February 14, 2025, staying the operation and implementation of the High Court's ruling until its final decision.

Top Trends

- Commodities Supercycle: Analysts predict a commodities supercycle driven by demand for metals like lithium, copper, and nickel for green energy technologies.
- Real Estate Investment Trusts (REITs): REITs are gaining popularity as investors seek income-generating assets in a low-yield environment.
- Dollar Weakness: The US dollar is under pressure due to expectations of Fed rate cuts and a stronger euro and yen.
- Euro Resilience: The euro is strengthening as the European Central Bank maintains a hawkish stance on interest rates.
- Yen Volatility: The Japanese yen is experiencing fluctuations due to the Bank of Japan's ultra-loose monetary policy and rising inflation.
- Emerging Market Currencies: Currencies like the Indian rupee, Brazilian real, and South African rand are gaining strength due to improving economic fundamentals.

Top Trends

- Cryptocurrency as Legal Tender: El Salvador's Bitcoin experiment is being closely watched, with other countries considering similar moves.
- Currency Hedging: Multinational corporations are increasing currency hedging activities to mitigate forex risks.
- Digital Yuan Expansion: China's digital yuan is being tested for cross-border payments, challenging the dominance of the US dollar.
- Sterling Recovery: The British pound is recovering as the UK economy shows signs of stabilization post-Brexit.
- Gold-Backed Currencies: Some countries are exploring gold-backed digital currencies to reduce reliance on fiat currencies.

Key Takeaways:

- **Grandfathering Clause:** The case revolves around the interpretation of the grandfathering clause under Article 13(3A) of the India-Mauritius DTAA, which exempts certain transactions from capital gains tax.
- **Economic Substance:** The High Court ruled that the company had economic substance in Mauritius, but the Supreme Court has now questioned this finding.
- **Limitation of Benefits (LOB):** The applicability of the LOB clause under Article 27A of the DTAA is also under scrutiny, as the revenue authorities argue that the company may be a mere puppet of the Tiger Global Group.
- **Pending Decision:** The Supreme Court's final decision will have significant implications for cross-border transactions and the interpretation of tax treaties.

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